



بنك الشارقة
Bank of Sharjah



INTEGRATED REPORT 2024

2024
EDITION

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Board of Directors' Report to the Annual General Assembly
Thursday, 23 April 2025

The Chairman's Message

To the Esteemed Shareholders,

We are pleased to present the annual report of Bank of Sharjah P.J.S.C. (the "Bank") and its subsidiaries (collectively referred to as the "Group") for the financial year that concluded on December 31, 2024. The Bank has delivered an outstanding performance in 2024, marked by substantial profitability growth, strategic expansion, and key leadership appointments that further strengthened our position in the market. Several transformational initiatives were executed to drive sustainable long-term growth:

- **Robust Financial Performance:** The Bank recorded a significant increase in profitability, reflecting the strength of our core business, the focus on sustainable and disciplined growth, enhanced operational efficiency, and a prudent risk management approach.
- **New Leadership Team:** The appointment of key executives in critical senior positions has injected new expertise and momentum, fostering an agile and growth-driven corporate culture.
- **Diversification and Strategic Growth:** New business lines were launched, particularly in Debt Capital Markets (DCM), Financial Institutions (FI) and International Banking, expanding the Bank's service offerings and market reach.
- **Technological Advancements:** Continued investment in digital transformation and cutting-edge financial solutions enhanced customer experience and operational efficiency.
- **Market Confidence and Stronger Balance Sheet:** The Bank's capital adequacy, liquidity, and asset quality improved significantly, resulting in an upgrade of the viability rating by Fitch, hence reinforcing confidence among investors and stakeholders.
- **Progress on the De-Linking of Emirates Lebanon Bank (ELBank):** Encouraged by positive economic and financial developments in Lebanon, the Bank is actively engaged in discussions with potential buyers regarding the divestment of ELBank. These discussions align with our strategic focus on enhancing transparency and optimizing the Group's financial position.

Despite these remarkable results, the Board of Directors has decided to retain the full profit for the financial year ended December 31, 2024, opting not to distribute dividends. This strategic decision reflects the Bank's commitment to further strengthening its capital base, enhancing financial resilience, and supporting its long-term growth objectives. By retaining earnings and reinforcing its capital fundamentals, the Bank is well-positioned to pursue expansion opportunities, strengthen its market presence, and navigate evolving economic conditions with greater stability. This approach aligns with our vision for sustainable growth, ensuring we continue to create long-term value for our stakeholders.

Economic & Market Review

2024 was a year of disciplined growth, resilience and strategic opportunities. Despite persistent global uncertainties, the UAE economy remained strong, with GDP growth projected at 4.2% in 2024, driven by economic diversification efforts, non-oil sector expansion, real estate resilience, and increased foreign investment.

Key developments shaping the economic landscape:

- **Monetary Policy & Inflation:** The U.S. Federal Reserve's gradual shift towards rate stabilization contributed to improved global market sentiment. The UAE remained well-insulated, with inflation staying manageable and domestic demand robust.
- **Stock Market Performance:** UAE equity markets surged, fuelled by strong IPO activity, investor confidence, and government-led economic reforms.
- **Real Estate & Foreign Investments:** The UAE's property market continued to flourish, driven by high demand from international investors and population growth.
- **Sustainability & Future Growth Sectors:** Following COP28, the UAE doubled down on its commitment to renewable energy, AI, and healthcare, setting the stage for long-term economic transformation.

The UAE's sustained economic and financial resilience, coupled with its role as a regional stability anchor and its favourable business environment, augurs well for future socioeconomic outcomes and prospects, aligning seamlessly with the Bank's ambitious growth strategy for the upcoming years.

Closing Remarks

The Bank's remarkable progress in 2024 is a testament to the solid support of our shareholders, customers, employees, and key stakeholders. Your trust and commitment drive our continued success. With a clear strategic vision and strong foundation in place, the Bank is well positioned to sustain solid performance. We remain optimistic about the future and committed to delivering long-term value to all stakeholders.

On behalf of the Bank's Board of Directors, we extend our sincere appreciation to The Central Bank of the UAE for their continuous support, guidance, and collaborative partnership, and express our gratitude to all regulatory and supervisory authorities for their guidance and support.

Our deepest gratitude goes to the President of the UAE, His Highness Sheikh Mohamed bin Zayed Al Nahyan, for his visionary leadership and stewardship of the nation. We also extend our sincere thanks to His Highness Sheikh Mohamed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, and His Highness Sheikh Dr. Sultan bin Muhammad Al Qasimi, Supreme Council Member and Ruler of Sharjah, for their exemplary leadership and guidance.



Mohammed bin Saud Al Qasimi
Chairman



بنك الشارقة
Bank of Sharjah

BANK OF SHARJAH AT A GLANCE





History & Development

The Bank was originally founded in Sharjah in 1973, commenced operations in 1974 and opened its first branch in Abu Dhabi in 1988, followed by Dubai in 1996, Al Ain in 2007, Dubai Media City in 2011, Dubai Motor City in 2012, and Mussafah, Abu Dhabi, in 2018. In 2004, the Bank was listed on the ADX.

In July 2007, the Bank completed the acquisition of Banque de la Bekaa SAL in Lebanon, after obtaining approval from the UAE Central Bank and the Central Bank of Lebanon. This marked the Bank's first step outside of the UAE. By the end of September 2008, the Bank had finalised the acquisition of the assets and liabilities of Banque Nationale de Paris Intercontinental, Beirut, a member of the BNP Paribas Group. The Bank combined both purchases to form Emirates Lebanon Bank, which represented the first full banking venture by a UAE bank in Lebanon.

In 2012, in order to enhance the Bank's Private Banking Wealth Management office (**PBWM**), a collaboration agreement was signed between PBWM and Commerzbank International S.A., Luxembourg (**Commerzbank Luxembourg**). In January 2017, PBWM signed a new collaboration agreement in respect of its private banking and wealth management business with Bank Julius Baer & Co. Ltd (**Bank Julius Baer**). PBWM's operations are based in Dubai Motor City.

Strategy

The Bank's new strategy is built on three fundamental pillars: Growth, People and Governance. These pillars are supported by core values including sustainable business growth, people development, high performance culture, ethics, transparency, organisational efficiency, risk management framework and key stakeholder management.

The Bank's strategy focuses on the following:

Focus on wholesale and commercial banking with government-related entities and large to mid-sized corporate customers

The Bank intends to maintain commercial banking as its core focus, with an increased emphasis on government-related entities (GREs), large corporates and family offices to grow and diversify its portfolio. Commercial banking is core to the Bank's business and the Bank considers it as an important contributor to the UAE economy which it expects will continue to grow. As a result of the Bank's historical focus on large to mid-sized corporate customers and the emphasis it has traditionally placed on developing strong relationships with key corporate customers, the Bank believes that it is well placed to continue to grow its commercial banking business in the future and consequently to continue to enhance its ability to generate significant revenues from this segment of banking services in the UAE, with an enhanced focus on ancillary businesses. Conversely, the Bank does not plan to substantially increase its retail banking offering in the near future.

Focus on providing quality service and transactional banking and treasury solutions to customers

The Bank is committed to delivering high-quality customer service. Emphasising strong customer relationships, the Bank aims to develop an in-depth understanding of its customers' businesses to offer tailored solutions. This includes enhancing transactional banking (i.e. trade and cash management) and treasury services, providing an improved suite of banking products.

Selective focus on SMEs

The Bank selectively onboards SME customers that demonstrate a high probability of stable growth when viewed with a medium or long-term perspective. The Bank intends to continue to develop relationships with such SMEs with a view of assisting their growth to become larger corporates in line with the Bank's traditional customer base.

Greater Focus on International Business

The Bank will selectively underwrite businesses in the GCC region, targeting sovereign, GREs, financial institutions and large corporate entities with strong credit profiles. This selective approach aims to diversify the asset book, improve risk profiles, and book return-accretive deals. The Bank also expects to attract deposits by focusing on developing international and regional business.

Maintain a conservative attitude to risk by maintaining its capital adequacy ratio and low level of non-performing facilities

The Bank maintains strict controls over its business and processes resulting from the Bank's conservative attitude towards risk, emphasising the need to maintain high levels of liquidity and capital adequacy.

Competitive Advantages

The Bank enjoys a strong market position, which is based on a number of key competitive advantages:

Focused strategy

The Bank's long-term strategy has been, and will continue to be, focused on commercial banking with large to mid-sized corporates. Over time, the Bank has developed strong, loyal relationships with its corporate customers and is differentiated from its competitors by its focus on this profitable core business. This has enabled the Bank to develop critical expertise in commercial banking and has given it stability of income over long periods of time.

Quality of service to customers

The Bank prides itself on providing very high quality and personalised customer service and believes that developing and maintaining long-term business relationships has been instrumental to its success. The Bank believes in proactively assisting customers and clients with measures that focus on their individual needs and provide a speedy and effective service.

The Bank's agility in decision-making combined with its internal structure and processes allows the Bank to provide bespoke, tailor-made solutions to cater for its customers' financing needs and banking requirements. Central to the Bank's business model is a customer-oriented culture, which underscores the importance of cultivating strong relationships with clients. This focus on building connections and gaining an in-depth understanding of each customer's business allows for the customisation of services, ensuring a swift response to any banking requirements. This creates loyalty amongst the Bank's key customer base, leading to continuous business opportunities and reducing the likelihood that customers will engage with the Bank's competitors.

Committed and experienced workforce

The Board and Senior Management have extensive experience in the banking industry and the Bank's Chairman has been with the Bank since 2004. In alignment with the new growth strategy recently approved by the Board, some members of the Senior Management team have been replaced with professionals who bring broader expertise. This strategic shift is designed to expand the Bank's customer base, introduce additional products and services, and enhance its cross-selling capabilities.

Well defined and developed credit policies and procedures

The Bank believes it has well-defined and conservative lending policies and procedures.

Stable funding base

The Bank has a loyal deposit base of corporate customers, which are regarded by the Bank as relatively stable and a low-cost source of funding.

Strong brand and strong links with the community

The Bank has a strong brand in the UAE, and in particular in Sharjah, with a loyal customer base with whom the Bank has long standing relationships. The Bank is committed to national and regional development by funding various educational, cultural and sports institutions and through its direct contributions and donations to various charitable organisations.

Description of the Bank's Business

The Bank runs a predominantly commercial banking business. Its Commercial Banking business line principally provides loans and other credit facilities, deposits and current accounts for corporate, government, institutional and, to a limited extent, individual customers.

The Bank also runs an Investment Banking business line, which involves the management of the Bank's investment portfolio.

Commercial Banking

The Bank's principal activity is in domestic lending to large and mid-sized corporates. Commercial Banking is the largest business line in terms of revenue, assets and liabilities.

The Bank's Commercial Banking services include:

- Current accounts;
- Loans;
- Overdrafts;
- Charge cards;
- Letters of credit (including sight letters of credit, deferred payment letters of credit, revolving letters of credit, standby letters of credit and transferable letters of credit);
- Letters of guarantee (including car, telephone, shipping and tender contracts; bid bonds; performance bonds; advance payment bonds; retention money guarantees; maintenance guarantees; labour guarantees; and customs duty guarantees);
- Project finance;
- Wages protection; and
- Escrow management.

The Bank also provides retail banking services to the employees of some of its Commercial Banking customers including current accounts, savings accounts, fixed deposit accounts, debit cards, charge cards, personal loans, car loans and notice accounts.

Chairman

Trade finance

The Bank provides a range of trade related services to manufacturing customers in Sharjah and traded goods and construction customers across the UAE. Products include letters of credit, letters of guarantee, collections as agent, bills financing and bills discounting. Credit is extended, predominantly, to UAE entities.

Project finance

The Bank has a strong track record of leading well-structured transactions and generating stable income. The Bank is well positioned with experienced and capable resources to assist in the development and delivery of complex financings. The Bank offers commercial, financial and strategic advisory services to customers as well as structuring, arranging and syndicating finance for projects, and to a lesser extent, assets.

Distribution and delivery channels

The Bank's corporate customers are served through teams of professional corporate bankers with in-depth industry knowledge. These corporate bankers are located in Sharjah, Dubai, Abu Dhabi, Al Ain and in five cities in Lebanon to ensure the efficient delivery of corporate banking solutions to customers.



Private Banking Wealth Management

The Bank's PBWM office provides a wide range of tailor-made products, wealth management investment solutions, guidance and advice to its high-net-worth individual customers, particularly in relation to: (i) strategies in equities, fixed income, and investment funds and in structured products; (ii) assets in management (discretionary portfolio management); (iii) assets in structures; and (iv) assets in precious metals.

Since 2017, the PBWM has worked in collaboration with Bank Julius Baer. Through this collaboration, PBWM clients can choose to book assets with Bank Julius Baer while their account and relationship management stays with the Bank.

Investment Banking

The Investment Banking business line involves the management of the Bank's investment portfolio, which includes investments in equity and debt securities.

As a merchant and corporate bank, the Bank maintains a strategic equity investment portfolio spread across a range of industry sectors.



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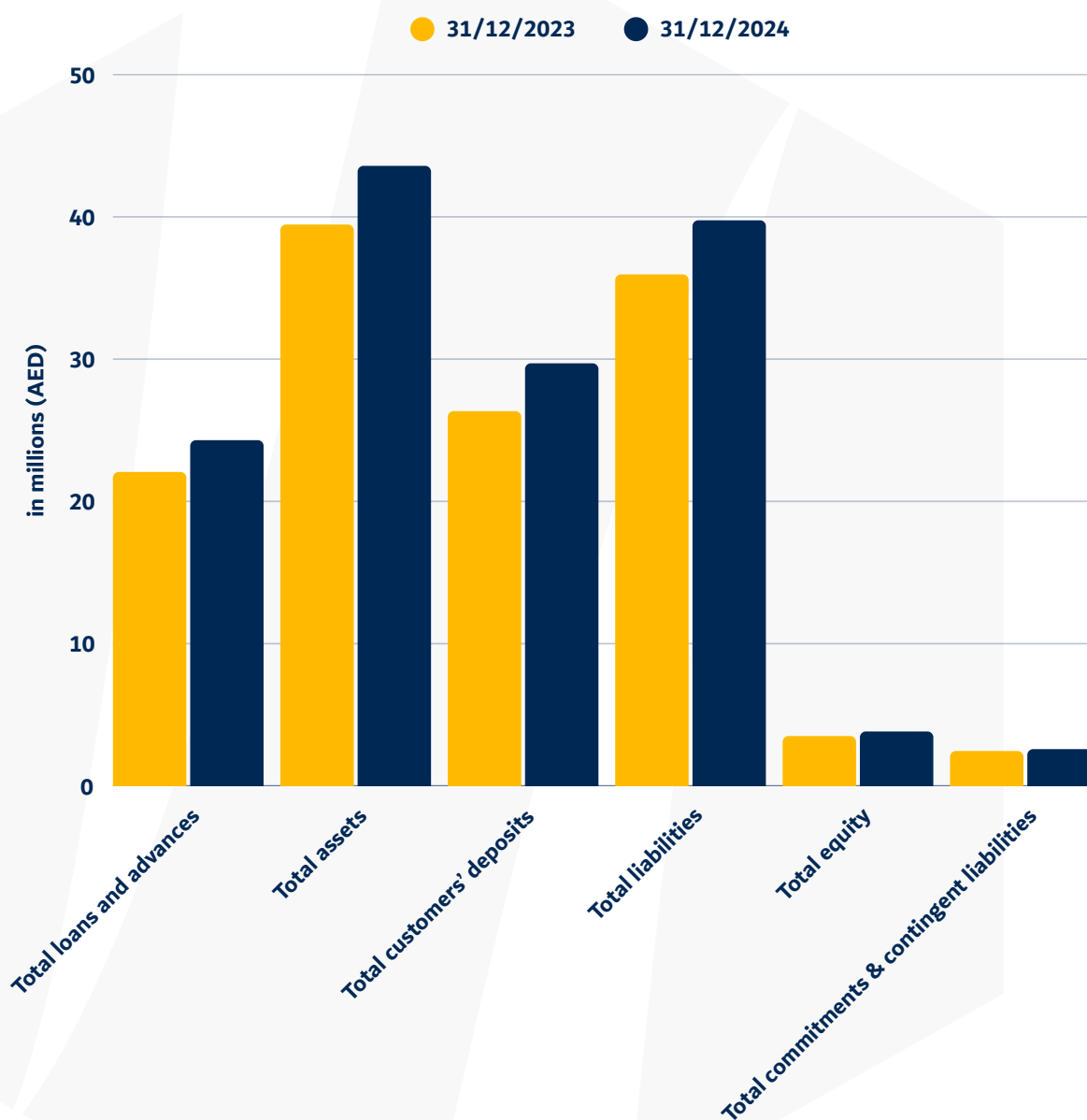
FINANCIAL REVIEW



Financial Review

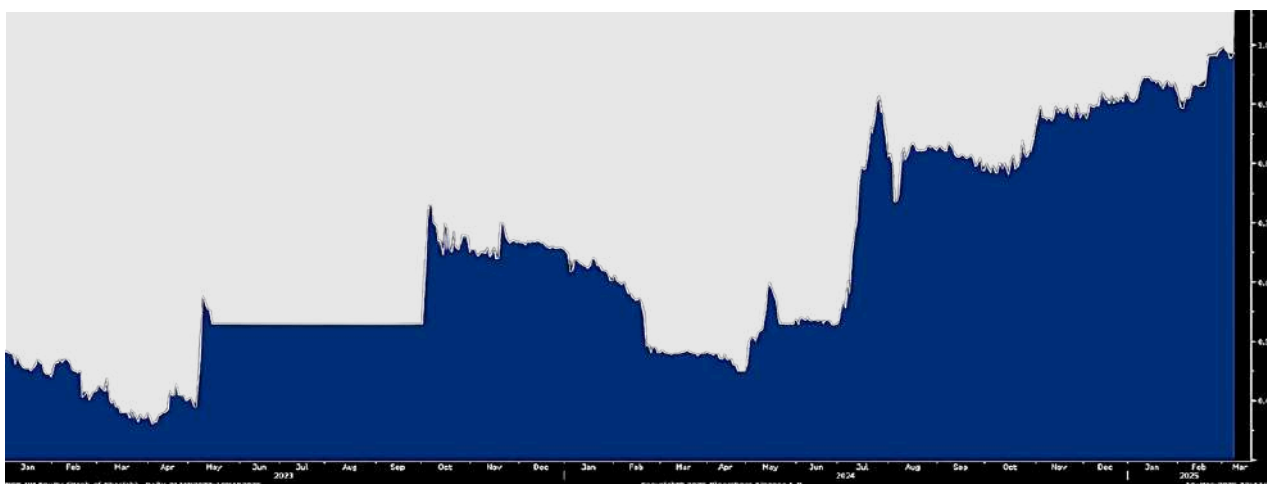
Consolidated statement of financial position:

- Total loans and advances reached **AED 24,303** million as at 31/12/2024 against **AED 22,068** million as at 31/12/2023, up by 10%.
- Total assets reached **AED 43,583** million as at 31/12/2024 against **AED 39,460** million as at 31/12/2023, up by 10%.
- Total customers' deposits reached **AED 29,705** million as at 31/12/2024 against **AED 26,343** million as at 31/12/2023, up by 13%.
- Total liabilities reached **AED 39,756** million as at 31/12/2024 against **AED 35,954** million as at 31/12/2023, up by 11%.
- Total equity reached **AED 3,827** million as at 31/12/2024 against **AED 3,506** million as at 31/12/2023, up by 9%.
- Total commitments & contingent liabilities reached **AED 2,587** million as at 31/12/2024 against **AED 2,454** million as at 31/12/2023, up by 5%.



Bank of Sharjah – Share Price Evolution (January 2023 To March 2025)

The Bank's share price has increased by 106.3%, from AED 0.48 in January 2023 to AED 0.99 in March 2025.



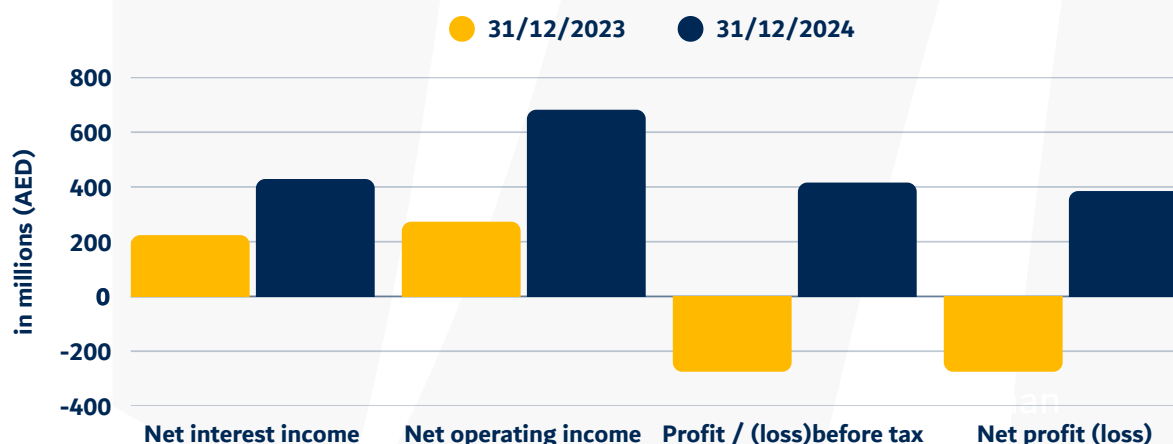
Consolidated statement of profit or loss:

Net interest income reached **AED 429** million for the year ended 31/12/2024 compared to **AED 224** million for the year ended 31/12/2023, up by 92%.

Net operating income reached **AED 682** million for the year ended 31/12/2024 compared to **AED 273** million for the year ended 31/12/2023, up by 150%.

Profit before tax reached **AED 416** million for the year ended 31/12/2024 compared to a loss of **AED 275** million for the year ended 31/12/2023.

Net profit reached **AED 385** million for the year ended 31/12/2024 compared to a net loss of **AED 275** million for the year ended 31/12/2023.





Subsidiary held for sale

The Central Bank of the UAE continues to support the Bank's strategic effort to delink/deconsolidate its Lebanese Subsidiary, as the underlying accounting anomalies impact is not sustainable for the Bank and pose a threat of unnecessary volatility. Accordingly, the objective remains to cease the consolidation of the Lebanese Subsidiary's financial statements in the Group's financial statements, as per the Central Bank of the UAE recommendations effective 1st April 2023. This step is necessary to mitigate the accounting anomalies and disruptions resulting from the consolidation of the Lebanese Subsidiary. On 22nd June 2023, the Board approved the de-linking.

When the Group classified the Lebanese subsidiary as an "asset held for sale," all the subsidiary's assets and liabilities were categorized accordingly. Once classified in this category, the group of assets and liabilities is measured at the lower of carrying amount or fair value less costs to sell. If impairment occurs, an impairment loss is recognized in the consolidated statement of profit and loss. Impairment losses may be reversed. The fair value less cost to sell estimate remains a significant judgment, determined based on the market offer approach.

The previously heightened geopolitical environment in Lebanon had delayed the sale beyond the 12-month timeframe stipulated by IFRS 5. However, recent political and economic developments clearly indicate a more stable and promising outlook, prompting renewed interest from potential buyers. During the year ended 31 December 2024, the Bank received reconfirmed offers from potential acquirers, reflecting a more positive market sentiment. Discussions are advancing, with buyers demonstrating increased confidence in Lebanon's financial sector recovery. The Bank is currently in the process of obtaining revised offers for the sale of the subsidiary, positioning itself for a final transaction in an improving macroeconomic environment.

While the Bank remains confident in the successful sale of Emirates Lebanon Bank, it acknowledges that delays may still occur due to external factors. Nonetheless, the improving political and financial landscape is expected to facilitate and expedite the completion of the transaction. Additionally, the Bank has received an updated letter from the regulator reaffirming support for the classification of EL Bank as held for sale under IFRS 5, reflecting the improved market conditions and ongoing strategic efforts to finalize the sale.

The breakdown of the Lebanese subsidiary's net assets as at 1 April 2023 is as follows:

ASSETS	AED'000
Cash and balances with central bank	2,892,460
Deposits and balances due from banks	10,497
Loans and advances, net	1,090,017
Investments measured at fair value	29,567
Investments measured at amortised cost	43,344
Other intangibles	345
Assets acquired in settlement of debt	79,641
Other assets	17,989
Property and equipment	6,040

Total assets	4,169,900

LIABILITIES	
Customers' deposits	2,318,968
Deposits and balances due to banks	617,261
Other liabilities	189,728

Total liabilities	3,125,957

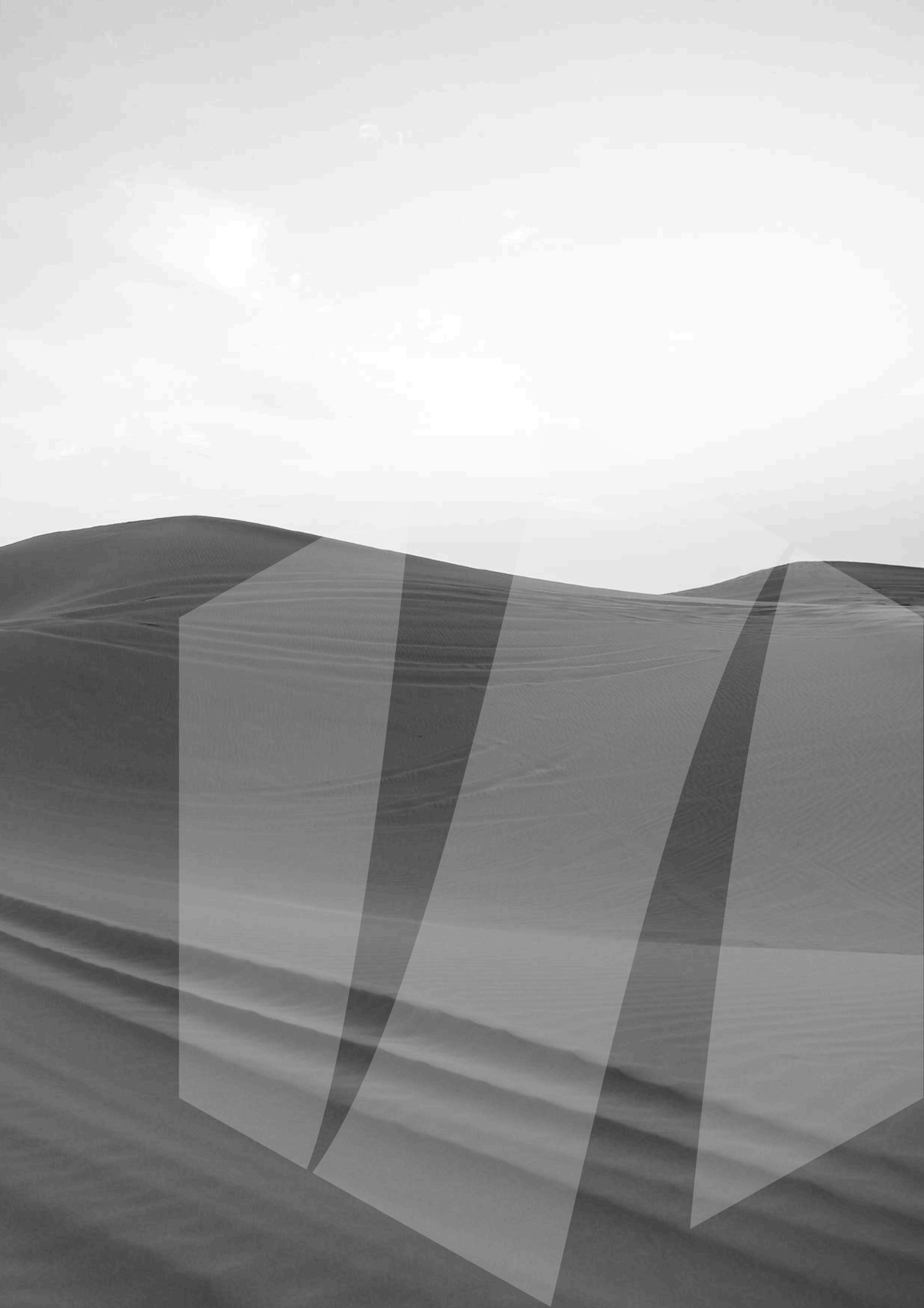
Net assets	1,043,943
	=====
Fair value of net assets	844,790
	=====



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Bank of Sharjah

CORPORATE GOVERNANCE REPORT





The Chairman's Message

The Board of Directors of Bank of Sharjah remains unwavering in its commitment to upholding the highest standards of corporate governance. We are proud to maintain a robust and transparent governance framework, meticulously aligned with the regulatory requirements of the Central Bank of the United Arab Emirates (CBUAE), the Securities and Commodities Authority (SCA), as well as international best practices and our own Articles of Association. This commitment reinforces our pledge to ensure integrity, accountability, and sustainable growth in all that we do.

Our continued dedication to integrity, transparency, and excellence remains fundamental to our operations. These core values have shaped the Bank's long-standing reputation for reliability and have reinforced our compliance mechanisms, ensuring we meet the expectations of our stakeholders and achieve long-term success.

The year 2024 has seen significant progress in strengthening our governance practices, driven by an ambitious and professional team under the leadership of our Chief Executive Officer. The Bank is fully committed to maintaining a governance framework that is transparent, accountable, and aligned with global best practices.

Our emphasis on ethical leadership, regulatory compliance, and continuous improvement ensures that we provide sustainable value to stakeholders while preserving their trust. This approach positions the Bank for continued stability and success in a dynamic financial landscape.

In addition to our governance efforts, the Bank has made remarkable strides in its digital transformation, prioritising data privacy and cybersecurity to safeguard our customers' interests. We continue to align with the CBUAE's objectives and remain focused on Emiratization, as well as promoting greater diversity within the organization.

Furthermore, Bank of Sharjah has made substantial progress in developing a comprehensive Environmental, Social, and Governance (ESG) framework. As outlined in our ESG Report 2024, this framework reflects our commitment to integrating sustainability and responsible governance into our corporate strategy.

We extend our sincere gratitude to all Board Members, Management, and staff for their ongoing contributions to the Bank's success and for fostering a culture of responsibility. With pride, we present this Corporate Governance Report for 2024, which highlights a year of significant progress and our steadfast commitment to governance, innovation, and responsible growth.



Mohammed bin Saud Al Qasimi
Chairman

Corporate Governance Framework

Bank of Sharjah's approach to Corporate Governance

At Bank of Sharjah, our Corporate Governance framework is a strategic pillar that upholds the integrity, transparency, and sustainability of our operations. Guided by the UAE Central Bank's regulations and international best practices, our governance model is designed to foster responsible management, ensure accountability, and support the long-term growth of the institution.

The Bank is committed to maintaining the highest standards of Corporate Governance. Recognizing its critical role in ensuring sound decision-making and operational effectiveness, our governance framework is designed to build trust with stakeholders, create value for shareholders, and support the bank's long-term growth and resilience.

Bank of Sharjah's governance framework is aligned with the UAE Central Bank's guidelines, notably the new governance aspects notice on Credit Risk Management, which provides detailed guidelines on how financial institutions should manage and mitigate credit risks, along with the regulations of the Securities & Commodities Authority (SCA), Federal Law, and other pertinent authorities. We consistently review and update our governance policies to stay in compliance with evolving regulatory requirements, including international standards such as Basel III and CBUAE's 2019 Corporate Governance Regulations. This ensures that our governance practices remain robust, effective, and in line with the latest industry and regulatory developments. Additionally, the Bank complied with the Securities and Commodities Authority (SCA) requirements for the Internal Control over Financial Reporting (ICOFR) by appointing an External Consultant for this assignment to provide independent assurance regarding the integrity of its financial reporting processes and the effectiveness of its internal control systems.





At the heart of our governance structure is the Board of Directors, responsible for steering the strategic direction of the bank, safeguarding its assets, and ensuring the long-term viability of its operations. The Board is committed to making decisions that are in the best interest of the bank, its shareholders, and all stakeholders. Board members possess a diverse range of skills, experience, and expertise, ensuring balanced decision-making and effective oversight. Our governance framework ensures a clear delineation of responsibilities between the Board and management. This separation fosters transparency and accountability, empowering management to operate efficiently while allowing the Board to focus on its oversight role.

Bank of Sharjah places a strong emphasis on effective risk management and internal controls to safeguard its operations, assets, and stakeholder interests. We proactively identify, assess, and mitigate risks across all areas of the business, ensuring our practices are in line with regulatory requirements and global best practices. The Board, supported by dedicated committees, oversees the implementation of robust risk management strategies, ensuring the bank operates within a defined risk appetite while maintaining operational stability and resilience.

Corporate Governance at Bank of Sharjah is a dynamic discipline focused on continuous improvement. We regularly update our policies to align with evolving regulations and industry best practices. Our governance framework, in line with UAE Central Bank guidelines, ensures transparency, accountability, and responsible management, meeting stakeholder expectations and maintaining trust.



The Board of Directors

The composition of Bank of Sharjah's esteemed Board of Directors reflects a dynamic and inclusive structure, comprising 11 distinguished members. The Bank is committed to ensuring diversity and female representation at the Board level, reinforcing its dedication to inclusivity in governance. In 2024, the Board convened six times, maintaining its adherence to the principle that all directors are non-executive, with the majority being independent in accordance with applicable regulations. In addition, the Bank has established 10 Management Committees, responsible for overseeing the day-to-day operations. This governance structure is meticulously crafted to reinforce the Bank's mission, enhance transparency, uphold accountability, promote ethical conduct, and ensure full compliance with all relevant regulatory requirements.

Throughout 2024, the Directors were provided with regular and comprehensive briefings, covering key updates and developments across the Bank's Board Committees, Management Committees, and broader operations.

The governance framework of the Bank is overseen by the Board of Directors, which governs through eight specialized Board Committees. Each committee has clearly defined roles and mandates in accordance with applicable regulations.

BOD Committees:

1. Board Executive Committee
2. Board Credit & Investment Committee
3. Board Audit Committee
4. Board Risk Committee
5. Board Corporate Governance, Compliance, AML, CFT Committee
6. Board Remuneration, Nomination & Compensation Committee
7. Board Central Bank Affairs Committee
8. Board Non-Performing Loans and Real Estate Committee





The Board of Directors of Bank of Sharjah comprises individuals who bring extensive experience, diverse skill sets, and a respected presence from various professional and business sectors. In compliance with the "Fit and Proper" criteria set forth by the Central Bank of the UAE, the Directors possess the requisite expertise and integrity to effectively oversee the Bank's operations. With a deep understanding of both Corporate Governance and the Bank's business ethos, they are well-equipped to address key developments and take proactive measures to safeguard the Bank's long-term interests.

The Directors remain fully aligned with the Bank's strategic goals, ensuring that shareholder interests are prioritized. In adherence to the Corporate Governance regulations established by the Central Bank of the UAE, the Board regularly evaluates the Bank's governance framework, ensuring it remains robust and relevant in light of evolving business dynamics, regulatory changes, and the Bank's operational scope. This includes continuous assessments of the governance structure to ensure its alignment with the Bank's long-term objectives. Additionally, the Board collaborates closely with Senior Management to define the Bank's risk appetite, carefully considering its risk profile and strategic ambitions.

In line with the highest standards of fiduciary duty, the Directors uphold principles of integrity, confidentiality, and loyalty. Their oversight ensures that sound governance practices are implemented across the Bank's operations. The Board is responsible for ensuring that the Bank, and where applicable, the Group, is supported by governance protocols that are appropriate and proportionate to their systemic importance and risk profile, in full compliance with regulatory frameworks established by the Central Bank of the UAE.

The Board of Directors as at 31 December 2024



Sheikh Mohammed bin Saud Al Qasimi - Chairman

Elected Chairman of the Board of Directors with effect from 25 July 2019. Board Member since 2004 and Vice Chairman from 2008 until July 2019. He is a member of the Sharjah Ruling Family, the Chairman of the Finance Department at the Government of Sharjah and a prominent businessman.



Sheikh Saif bin Mohammed bin Butti Al Hamed - Deputy Chairman

Board Member since 1999, member of the Abu Dhabi Ruling Family, a prominent businessman, and sits on many company Boards. He is the son of Sheikh Mohammed bin Butti Al Hamed, former Representative for the Western Region of H.H. the Ruler of Abu Dhabi. The family owns United Al Saqr Group (Abu Dhabi), which is a major shareholder in the Bank.



Mr. Abdulaziz Mubarak Al Hasawi - Board Member

Member of the Board since 2005. He is a well-known Kuwaiti businessman, Chairman, and a Senior Executive in several leading institutions across Kuwait. He also owns companies across the region including the UAE, Saudi Arabia, Lebanon, Bahrain and Europe.



Mr. Salem Humaid Al Ghammai - Board Member

Board member since 2017, held several posts in the education sector, mainly: Member of the Advisory Board of Sharjah, Member of UNESCO Executive Council, Member of the Executive Council of the Arab Organisation for Education, Culture and Science, Vice-Chairman of the Executive Council of the Arab Organization for Education, Culture and Science, and Chairman of the Executive Council of the Arab Organization for Education, Culture and Science.



Mr. Abdulla Mohammed Sharif Al Fahim - Board Member

Board member since 2018. He is a prominent businessman in Sharjah who owns several businesses in leading sectors of the economy.



Mr. Salah Ahmed Abdalla Al Noman Al Shamsi - Board Member

Board member since July 2019, prominent businessman in the Emirate of Sharjah and leads a number of successful companies that contributed to the growth and development of the Emirate.



Mr. Amer Abdulaziz Khansaheb - Board Member

Member of the Board since August 2020, he is the Managing Director of Khansaheb Investment. He also sits on the Board of Khansaheb Civil Engineering. Mr. Amer is a Chartered Financial Analyst (CFA) charter holder since 2010. He was the president of CFA Society Emirates from 2013 to 2019. He is a Board Member and Managing Director of Union Properties PJSC.



Mr. Waleed Al Sayegh - Board Member

Appointed Board Member in August 2022. The Director General of Finance Department - Government of Sharjah, and the CEO of Sharjah Asset Management which is the investment arm of Government of Sharjah. Mr. Al Sayegh has been working in the governmental sector for more than 25 years, and has 20 years of experience in Auditing & Accounting. He is a member of the Board of many companies and has won numerous awards in the financial and governmental sector.



Mrs. Arwa Al Owais - Board Member

Member of the Board since May 2023, Joined the Government of Sharjah, Finance Department since 2006, Director Fiscal policy department since September 2022 and holder of two Master's degrees in Management Information Technology & Governance (MIT & GOV) Canadian University in Dubai and Law Financial Crimes and Money Laundering (LLM - FCML) University of Dubai in addition to graduating from the Sharjah Leadership Programme.



Mr. Mubarak Saud Al Besharah - Board Member

Board member since May 2023. He is the CEO of the MB Group of companies formed in 2003. Prior to being the chairperson, he was a Managing Director in Kuwait Commercial Real Estate Company for 9 years. He is also the Chairman of SKM Air conditioning Co. in Sharjah.



Mr. Talal Abdulaziz Al Midfa - Board Member

Board member since May 2023, Director of Human Resources and Administrative Department at the Sharjah Airport International Free Zone (Saif-zone) since 2008. He holds a Master Degree of Business Administration from the University of Sharjah.



The Board of Directors - Emirates Lebanon Bank S.A.L.

Bank of Sharjah wholly owns Emirates Lebanon Bank S.A.L., a subsidiary that operates under its strategic oversight. The Board of Directors is vested with full authority to manage the Bank and carry out all transactions necessary to achieve its objectives, with limitations only as outlined in the Companies Law, its amendments, applicable regulations, these Articles, or resolutions of the Ordinary General Assembly. The Board ensures that Bank of Sharjah effectively oversees its role as the Parent Company of Emirates Lebanon Bank S.A.L. While Emirates Lebanon Bank S.A.L. maintains an independent Board of Directors, Bank of Sharjah continues to provide governance and strategic direction.

Board of Directors - Emirates Lebanon Bank S.A.L. (Fully owned by Bank of Sharjah P.J.S.C)

1. Mr. Varouj Nerguizian (Chairman Executive Director)
2. Mr. Saud Al Besharah (Vice Chairman / Independent Non-Executive Director)
3. Sheikh Mohammed bin Saud Al Qasimi (On behalf of Bank of Sharjah)
4. Mr. Karim Souaid (Independent Non-Executive Director)
5. Dr. Bassel Salloukh (Independent Non-Executive Director)
6. Mr. Fadi Ghosn (Non-Executive Director)
7. Mr. Mario Tohme (Non-Executive Director)
8. Mr. Aram Nerguizian (Independent Non-Executive Director)

General Responsibilities of the Board

The Board of Directors effectively oversees the Bank's operations, maintains robust governance practices, and aligns with the regulatory framework established by the Central Bank of the UAE. Those responsibilities are comprised but not limited to:

- **Strategic Oversight:** Approve and oversee the implementation of the Bank's strategic objectives, ensuring alignment with its mission and vision.
- **Risk Management:** Approve and oversee the implementation of the Bank's Risk Governance Framework, ensuring alignment with strategic objectives and adherence to the Bank's Risk Appetite.
- **Corporate Culture and Values:** Establish and communicate the Bank's corporate culture and values through measures such as a written code of conduct, conflict of interest policy, whistleblowing mechanism, insider trading policy, and a strong internal control environment.
- **Organizational Structure:** Define and oversee the organizational structure of the Bank, specifying the key responsibilities and authorities of the Board, its committees, and Senior Management.
- **Senior Management Oversight:** Oversee Senior Management to ensure that the Bank's activities are conducted in accordance with the business strategy, Risk Governance Framework, compensation policies, and other Board-approved policies.
- **Fit and Proper Process:** Establish a Fit and Proper Process for selecting Senior Management, including heads of risk management, compliance, and internal audit functions, and maintain succession plans for Senior Management.
- **Risk Management Culture and Internal Controls:** Implement an effective risk management culture and internal control framework across the Bank, promoting a strong risk culture and ensuring operations are within the established Risk Governance Framework, Risk Appetite, and Risk Limits.
- **Policy Approval and Implementation:** Approve and oversee the implementation of key policies, including credit, liquidity, and the internal capital adequacy assessment process.
- **Financial Oversight:** Approve the annual financial statements and require periodic independent reviews of critical areas of the business and internal controls.
- **Stakeholder Communication and Transparency:** Ensure that effective communication channels are in place to promote transparency and maintain trust with stakeholders, including shareholders, customers, and regulators.
- **Regulatory Compliance:** Ensure the Bank's adherence to all applicable laws, regulations, and standards set by the Central Bank of the UAE and other relevant authorities.





Director's Duties

A Director's duties include ensuring compliance with established governance protocols, as well as adhering to the organizational conduct guidelines set by the Central Bank of the United Arab Emirates (CBUAE) for Corporate Governance. Furthermore, they must also incorporate the directives and requirements outlined by the Securities and Commodities Authority (SCA) into their decision-making processes.

Conflict of interests:

"If any Director has an interest that conflicts with the interests of the Bank in any transaction presented to the Board for approval, they must disclose their interest to the Board and ensure that the declaration is recorded in the minutes. The Director shall refrain from participating in the discussion or voting on such a transaction."

Responsibilities of Directors shall include, but are not limited to:

- Attending Board Meetings and providing independent perspectives on strategic matters, policy, performance, accountability, resource allocation, senior appointments, and labor standards.
- Prioritizing the interests of the Bank and its shareholders in situations involving potential conflicts of interest.
- Actively engaging in the Board Audit Committee and other Board Committees, as appropriate.
- Overseeing the Bank's performance to ensure alignment with its stated objectives and purposes, and reviewing performance reports.
- Establishing governance procedures and overseeing their implementation in accordance with the Bank's Articles of Association.
- Facilitating the active involvement of Directors and committees by leveraging their capabilities, experience, and expertise for the benefit of the Bank. This includes regular attendance and proactive participation in General Meetings and ensuring a comprehensive understanding of Shareholders' perspectives.
- The Board of Directors must act with integrity, exercising due care, confidentiality, and loyalty in all decisions and actions. They are accountable for ensuring effective oversight and control over the Bank's operations.
- The Board of Directors must ensure that the Bank, and where applicable, the Group, maintains robust corporate governance policies and processes that align with its risk profile and systemic significance.
- The Board of Directors is responsible for the organizational structure of the Bank and, if applicable, the Group, including defining the key responsibilities and authorities of its committees and Senior Management.
- The Board of Directors must oversee Senior Management to ensure that the Bank's operations align with the approved business strategy, risk governance framework, compensation policies, and other Board-approved policies.
- The Board of Directors is tasked with establishing a comprehensive process for the selection of Senior Management, including the heads of risk management, compliance, and internal audit functions, and maintaining an effective succession plan for Senior Management.



BOARD OF DIRECTORS – BOD Meetings Attendance (2024) – As of 31 December 2024

Board Members Names & Titles		Sh. Mohamed Al Qasimi	Sh. Seif bin Butti	Mr. Abdulaziz Al Hassawi	Mr. Salem Al Ghammai	Mr. Abdullah Al Fahim	Mr. Salah Alnoman	Mr. Amer Khansaheb	Mr. Walid Al Sayegh	Mr. Mubarak Al Beshara	Mr. Talal Al Midfa	Mrs. Arwa Al Oweis
BOD Number	Date	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
257	28 March 2024	Present	Absent	Present	Present	Present	Present	Present	Present	Present	Present	Present
258	30 April 2024	Absent	Absent	Present	Present	Present	Absent	Present	Present	Present	Present	Present
259	30 April 2024	Absent	Absent	Present	Present	Present	Absent	Absent	Present	Present	Present	Present
260	05 June 2024	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
261	19 August 2024	Absent	Absent	Present	Present	Present	Present	Absent	Present	Absent	Present	Present
262	28 November 2024	Present	Absent	Present	Present	Present	Present	Present	Present	Present	Present	Present
	Total Meetings	6	6	6	6	6	6	6	6	6	6	6
	Total Present	3	1	6	6	6	4	4	6	5	6	6
	Total Absent	3	5	0	0	0	2	2	0	1	0	0

Competencies

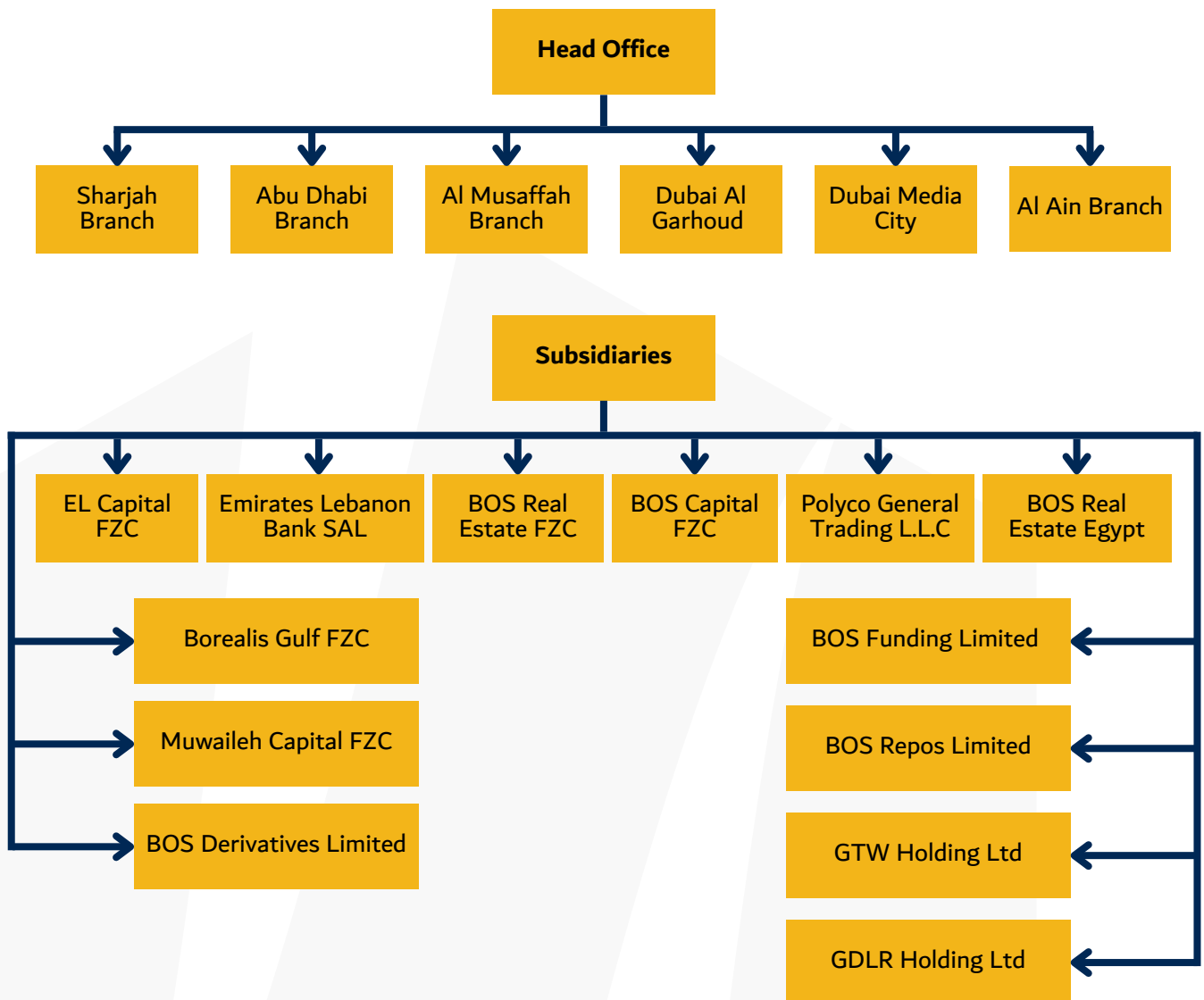
A testament to our dedication to gender balance and inclusive leadership is not only the strategic inclusion of a female member on the Board, but also the significant representation of women in key leadership positions across the Bank. This forward-thinking approach highlights our unwavering commitment to empowering women at all levels, fostering an environment where diverse perspectives drive innovation and success. By championing gender diversity in leadership, we are enriching the decision-making process and setting a strong foundation for the Bank's continued growth. This progress is a powerful reflection of our core values and our relentless pursuit of governance excellence.

We are fully committed to ensuring that our Board members remain at the forefront of emerging trends, new regulations, and industry developments. Through continuous education and regular updates on relevant circulars, regulations, and global best practices, we ensure that the Board is equipped with the knowledge and insights necessary to make informed, strategic decisions. Notably, we place a strong emphasis on keeping the Board well-versed in evolving governance standards, ESG principles, and compliance matters, including anti-money laundering (AML) and combating the financing of terrorism (CFT) requirements. This ongoing effort to stay ahead of these critical areas underscores our commitment to robust governance and ethical leadership, positioning the organization for sustained success in a dynamic global landscape.



Branches & Subsidiaries

Bank of Sharjah PJSC was the first commercial bank in Sharjah and is headquartered in Sharjah's Al Khan area while having branches throughout the UAE.





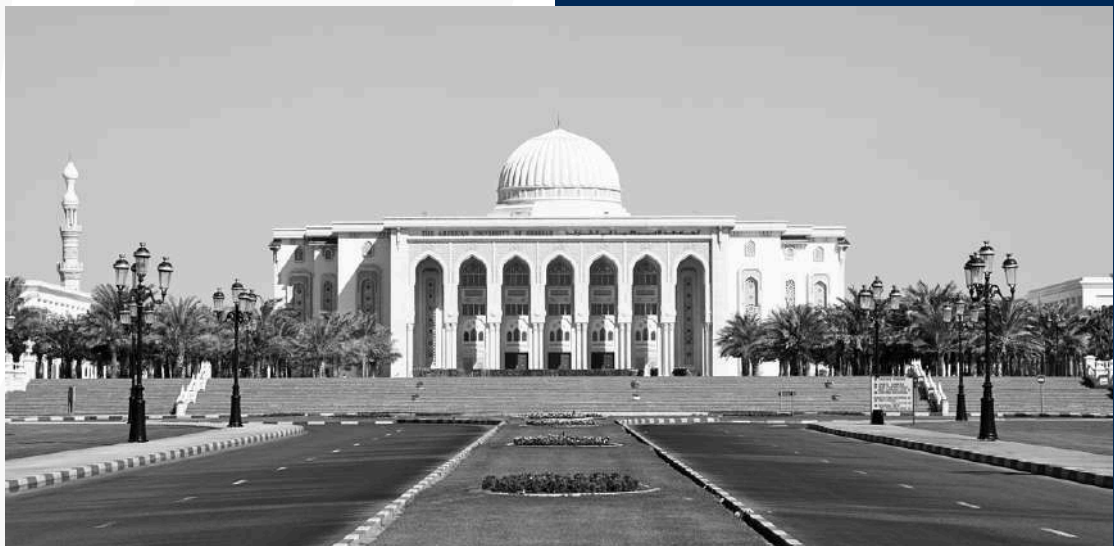
Related Party Transaction

(AED 000s)	Major Shareholders	Directors	Senior Management	Total
Balances as at 31 December 2024				
Financial assets	890,014	744,493	-	1,634,507
Financial liabilities	6,984,960	277,848	40	7,262,848
Capital notes	7,000,000	-	-	7,000,000
Contingent liabilities	-	213,565	-	213,565

(AED 000s)	Major Shareholders	Directors	Senior Management	Total
Transactions for the year ended 31 December 2024				
Interest income and other income	426,789	64,670	-	491,459
Interest expense and other expenses	471,728	17,184	-	488,912

BOS Director's Shareholding

	Names	As at 31 December 2024	Increase/Decrease from Previous Year
1	Sheikh Mohammed bin Saud Al Qasimi	101,379,603	-
2	Sheikh Saif bin Mohammed bin Butti Al Hamed	506,148	-
3	Mr. Abdulaziz Mubarak Al Hasawi	-	105,371,383
4	Mr. Salem Humaid Al Ghammai	1,471,490	-
5	Mr. Salah Ahmed Abdalla Al Noman Al Shamsi	137,085,425	-
6	Mr. Abdulla Mohammed Sharif Al Fahim	5,452,948	7,761,880
7	Mr. Amer Abdulaziz Khansaheb	13,266,331	-
8	Mr. Waleed Al Sayegh	-	-
9	Mr. Mubarak Saud Al Besharah	107,780,593	-
10	Mrs. Arwa Al Owais	-	-
11	Mr. Talal Abdulaziz Al Midfa	-	-





Board Executive Committee

Composition & Membership

The Board of Directors meticulously selects the members of the Board Executive Committee (BEC), focusing on the necessary qualifications and impartiality to avoid any potential conflicts of interest. The BEC consists of five independent Directors, demonstrating the Bank's commitment to independent governance. Under the guidance of the Board Remuneration, Nomination, and Compensation Committee, the Board ensures that BEC appointments are based on merit. The Board retains the authority to modify the composition of the Committee, including the addition of other members or Bank representatives when their specialized expertise is required. Compensation for BEC members is thoughtfully decided by the Board to accurately reflect the significance and responsibilities of their positions. Serving in a crucial administrative role, the Chief Executive Officer acts as the Secretary of the BEC, enhancing the collaboration between governance and executive management.

Authority & Accountability

The Board Executive Committee (BEC) at Bank of Sharjah functions on a consensus-driven model, where decisions must be unanimous to carry the same authority as those made by the entire Board. This collaborative approach guarantees that the actions taken represent a unified decision of the Committee. Operating under the careful supervision of the Board of Directors, the BEC fulfils its duties with full accountability. Membership in the BEC grants Category "A" signing authority, allowing members to sign documents on behalf of the Bank, except for the Chairman, Vice Chairman, and the Chief Executive Officer, who possess exclusive signatory powers.

Role & Responsibilities

The Board Executive Committee (BEC) is vested with the delegated authority to independently make and implement a variety of decisions and actions as specified below, as authorized by the Board in accordance with the powers outlined in the Articles of Association, excluding those related to Credit.

*** The BEC did not convene as it is called for when deemed needful considering the BOD meetings were continuous.**

Board Credit & Investment Committee

Composition & Membership

The Board appoints members to the Board Credit Committee based on their expertise and conflict-free standing. The Committee consists of five non-executive Directors, the majority of whom are independent, with the flexibility to include additional members as required. Remuneration is determined by the Board, guided by the recommendations of the Compensation & Remuneration and Nomination Committees. The Chief Executive Officer is designated as the Secretary to the Committee.

Role & Responsibilities

The Board Credit Committee is authorized to independently perform all or any of the actions and matters outlined below, as delegated by the Board from among its powers as specified in the Articles of Association.

- To approve Bank's Credit Policy. Periodically reviews the Bank's Credit Policy to align it with the banks risk appetite, regulatory and other changes, as well as with changes in the Bank's business strategy.
- To delegate authority, in matters related to Credit Risk Management, to various members of the Bank's Management team.
- To approve Credit proposals submitted to it.
- To oversee senior management's efforts in directing and controlling the Credit Risk of the Bank.
- To oversee the implementation of the credit policy and lending strategies of the Bank.
- To review and ratify decisions of the Management Credit Committee.
- To devise the general policy for the investment of funds, acquisition of the loans and other rights and their transfer with or without security.
- To record notations of law suits in the real estate register and to delete such notations with or without consideration.
- To extend banking facilities to individuals, corporations, and banks, funded or unfunded, in local currency or any foreign currency against any currency it deems appropriate.

Board Credit & Investment Committee

Date of the meeting	7 March 2024	5 June 2024	27 November 2024
Sh. Mohammed Al Qasimi	P	P	P
Mr. Salem Al Ghammai	P	P	P
Mr. Salah Al Noman	P	P	P
Mr. Waleed Al Sayegh	P	P	P
Mr. Mubarak Al Besharah	P	P	P

Board Risk Committee

Composition & Membership

The Board Risk Committee operates in accordance with the Articles of Association and the regulations set forth by the UAE Central Bank, reporting directly to the Board of Directors. The Committee is independent and consists of a minimum of three non-executive Directors, the majority of whom are independent, selected based on their expertise and absence of conflicts of interest. The Board determines their remuneration. An Independent Director, appointed by the Board, serves as Chair, with the Board Chairman excluded from membership.

Role & Responsibilities

To support the Board in ensuring the implementation of a robust Risk Management policy and plan that enhances the Bank's ability to achieve its strategic objectives, the Bank has established an effective Risk Governance framework. This framework provides a comprehensive, Group-wide view of all material risks, aligned with the Board-approved risk appetite. It encompasses policies, processes, procedures, systems, and controls designed to identify, measure, evaluate, monitor, report, and manage or mitigate material risks in a timely manner. Furthermore, it ensures the Bank's risk management function remains independent from the management and decision-making of risk-taking activities, with a direct reporting line to the Committee. Risk disclosures are thorough, timely, and relevant.

Board Risk Committee

Date of the meeting	30 May 2024	25 September 2025	10 December 2024	16 December 2024
Mr. Abdulla Al Fahim (Chair)	P	P	P	P
Sh. Saif Bin Butti Al Hamed	A	A	A	A
Mr. Amer Khansaheb	P	P	P	P
Mr. Talal Al Midfa	P	P	P	P
Mrs. Arwa AlOwais	P	P	P	P



Board Audit Committee

Composition & Membership

The Board appoints Committee members possessing the requisite expertise and free from conflicts of interest, retaining the authority to modify the membership as deemed necessary. Compensation for the Committee is determined by the Board. The Committee comprises between three and five members, including two non-executive members and at least one independent member, with the Board Chairman excluded from serving on the Audit Committee.

An Independent Director, appointed by the Board, serves as Chair of the Committee, with a peer designated as a substitute in their absence. The Committee's collective expertise covers audit, financial reporting, and accounting. To ensure comprehensive oversight of risk, at least one member also serves on both the Board Risk and Executive Committee. The Committee members appoint a Secretary. In 2024, the Internal Audit function will continue its diligent reporting to the Board, with 20 reports expected to be presented to the Board of Directors.

Role

- Ensure proper oversight of the Bank's external auditors, evaluating their qualifications, independence, objectivity, and performance.
- Assess the integrity of the Bank's financial statements and disclosures.
- Ensure the Bank maintains an effective and efficient internal auditing process.
- The Bank's Internal Audit function reports directly to the Board Audit Committee.

Board Audit Committee

Date of the meeting	28 March 2024	1 May 2024	25 July 2024	17 October 2024	16 December 2024
Mr. Amer Khansaheb (Chair)	P	P	P	P	P
Sh. Saif Al Hamed	A	A	A	A	A
Mr. Abdulla Al Fahim	P	P	P	P	P
Mr. Talal Al Midfa	P	P	P	P	P
Mrs. Arwa AlOwais	P	P	P	P	P

Board Corporate Governance, Compliance AML/CFT Committee

Composition & Membership

Under the oversight of the Board, the Corporate Governance, AML, and CFT Committee of Bank of Sharjah exemplifies the institution's unwavering commitment to sound governance and regulatory compliance. Established in accordance with the Articles of Association and in alignment with CBUAE and SCA regulations, the Committee serves as a cornerstone of the Bank's dedication to these vital functions. Committee members are carefully selected for their specialized expertise and absence of conflicts of interest, with their remuneration determined by the Board. Comprising at least three non-executive Directors, the majority of whom are independent, the Committee ensures robust and impartial oversight. The leadership of the Committee is entrusted to an Independent Director, appointed by the Board, underscoring the Bank's forward-thinking approach to governance.

Role

- Oversee the implementation of the Bank's Compliance Policies and Procedures, ensuring full adherence to all CBUAE regulatory requirements, as well as compliance with the following Bank of Sharjah (BOS) policies:
- Compliance Policy
- Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) Policy
- Sanctions Policy
- Anti-Bribery and Corruption (ABC) Policy
- Similarly, oversee the implementation of Compliance requirements for the Bank's subsidiaries, taking into account all relevant regulations, statutes, and other applicable legal frameworks.
- Oversee the Bank's Corporate Governance Policies and Procedures, ensuring compliance with CBUAE and SCA regulatory requirements. In the event of any discrepancies or contradictions between CBUAE and SCA regulations on specific governance aspects, CBUAE regulations shall take precedence.
- Ensure the alignment of Compliance and Corporate Governance Policies and Procedures across the Group, considering the varying regulatory and legal obligations that apply to the different entities within the Group.

Board Corporate Governance, Compliance AML/CFT Committee

Date of the meeting	30 May 2024	26 September 2024	25 November 2024	11 December 2024
Mr. Salem Al Ghammai(Chair)	P	P	P	P
Mr. Abdul Aziz Al Hassawi	P	P	P	A
Mr. Salah Al Noman	P	A	P	P
Mr. Mubarak Al Besharah	P	P	P	P

Board Remuneration, Nomination & Compensation Committee

Composition & Membership

The Board meticulously selects Committee members based on their expertise and a clear mandate to mitigate conflicts of interest. Compensation for Committee members is determined by the Board, commensurate with the significance of their roles. The Committee comprises a minimum of three members, consisting of non-executive or independent Directors, with the Board Chairman excluded from membership. Leadership is entrusted to an Independent Director, appointed by the Board, ensuring independent and objective oversight. The Committee's term is aligned with that of the Board, promoting continuity and consistency in governance practices.

Role & Responsibilities

- Recommend Board remuneration, including the fees to be paid to the Chairman, Non-Executive Directors, and members of the Board Committees, within the limits established by the Bank's Articles of Association, and conduct an annual review of these fees.
- Identify the company's executive management and employee competency needs, particularly at the senior level, including the heads of Risk Management, Compliance, and Internal Audit functions, along with establishing selection criteria, including the Fit and Proper process.
- Review and approve the Human Resources and Training Policy (including Emiratisation), monitor its application, and conduct an annual review.
- Evaluate the remuneration and compensation packages to ensure they align with best practices.
- Review the Bank's policies related to recruitment, retention, termination, bonuses, privileges, incentives, and salaries.
- Acknowledge decisions made by the Group CEO regarding remuneration for members of the Senior Management Team, including compensation and performance-based incentives.
- In collaboration with the Board Risk and Executive Committee, regularly monitor and assess compensation plans, outcomes, and processes to ensure the Group's compensation system promotes the desired incentives for managing risk, capital, and liquidity while avoiding excessive risk-taking.
- Coordinate with relevant Board committees on remuneration-related disclosures in the financial statements and other regulatory reports.
- Review matters pertaining to the structure and composition of the Board, establishing appropriate criteria for the nomination of Chairpersons and members of Board Committees.
- Review the composition and diversity of the Board, evaluating the mix of skills, knowledge, and experience, and the proportion of Independent Directors.
- Assist the Board in ensuring that both the Board and its Committees possess the appropriate blend of skills and experience for effective decision-making.

Role & Responsibilities (Continued)

- Review succession plans for the Chairman of the Board and Senior Management, considering the expertise required to address the Bank's evolving challenges.
- Oversee the design and performance evaluation process for the Board, its Committees, and individual Directors.
- The Board, or its Nomination Committee, conducts an annual assessment of the Board as a whole, its Committees, and individual members, including an independent third-party assessment at least once every five years.
- The Compensation Committee has overall responsibility for overseeing the implementation of the compensation system across the Bank.
- The Compensation Committee regularly monitors and evaluates outcomes to ensure the Bank-wide compensation system fosters the desired incentives for managing risk, capital, and liquidity.

Board Remuneration, Nomination & Compensation Committee

Date of the meeting	19 March 2024	6 June 2024	30 July 2024	25 November 2024
Mr. Salah Al Noman (Chair)	P	P	P	P
Mr. Salem Al Ghammai	P	P	P	P
Mr. AbdulAziz Al Hassawi	P	P	A	P
Mr. Mubarak Al Besharah	P	P	A	A



Board Central Bank Affairs Committee

Composition & Membership

To strengthen its relationship with the UAE Central Bank on regulatory, compliance, and governance matters, the Bank of Sharjah has established the Central Bank Affairs Committee (CBAC). The CBAC convenes as needed to address relevant issues.

The Board appoints members to the CBAC, selecting individuals based on their expertise and impartiality. The Committee comprises three or four non-executive directors, the majority of whom are independent. The CBAC may, if necessary, invite additional Board members or bank officials to attend its meetings ensuring consistency with the best governance practices and the Board's term. The CFO serves as the Secretary to the CBAC.

Role & Responsibilities

- Strengthen the relationship between the Board of Bank of Sharjah, its members, the Governor, and the Board members of the UAE Central Bank (CBUAE).
- Support the Management in its interactions with the CBUAE.
- Communicate with the CBUAE on matters related to challenging accounts.
- Facilitate the approval process for interim and annual financial statements.
- Facilitate the approval of cash dividends.
- Address any other matters requiring special support from the Board.
- All decisions made by the CBAC should be unanimous and will be binding on the Board, as if they had been adopted directly by the Board.
- The CBAC shall operate under the supervision and full responsibility of the Board of Directors.
- The CBAC is authorized to access any relevant documents and request information from any department or member of staff or management, as needed. To maintain proper procedure, all such requests must be issued in writing.
- Management is required to provide the Board and its Committees with adequate, well-supported information on a timely basis to facilitate informed decision-making and enable the proper discharge of their duties. If deemed necessary, the Board may conduct additional investigations to ensure decisions are based on solid grounds.

Board Central Bank Affairs Committee

Date of the meeting	26 November 2024
Mr. Waleed Al Sayegh (Chair)	A
Mr. Abdallah Al Fahim	P
Mr. Amer Khansaheb	P

Board Non-Performing Loans & Real Estate Committee

Purpose & Composition

The Board Non-Performing Loans (“NPL”) and Real Estate (“RE”) Committee (“Committee”) shall perform its duties under the supervision of the Board of Directors and under its full responsibility. Its main objective is to establish strategies and guidelines for managing the Bank’s certain special (remedial/stressed) accounts with the aim of achieving a planned exit from these relationships within minimal provisions or write-offs in the Bank’s profit and loss account.

The Board appoints the members of the Committee from the Directors and should be formed by at least 3 Directors, ensuring that there is no conflict of interest. The Board Secretary will be serving as Secretary of the Committee.

The Committee, based on the approval of the Board of Directors and/or the Chairman, is entitled to seek the opinion of different consultants as per the need and requirements.



Role & Responsibilities

The Board of Directors empowers the Committee to review, discuss and make recommendations to the Board of Directors/Chairman pertaining to all actions required for the management of these accounts which include, but not limited to, and as per the applicable policies and procedures of the Bank: provisions, write-offs, legal actions, amicable settlement; and in general, use all possible endeavours in maximizing the recovery and minimizing the loss of the Bank.

The Committee is responsible for the following:

- Define a list of critical defaulted and distressed files that need to be under the scope of work of the Committee. The list is subject to be amended from time to time and as deemed necessary.
- Without limitation, the committee will be responsible for:
 - Reviewing the relevant documents, proposals, disbursement, progress of indebtedness submitted by the relevant Executive Management and/or Management Committees in compliance with the applicable Laws and Regulations of each and every file within the agreed list of critical defaulted and distressed files.
 - Discussing possible options to enhance the recovery/collection.
 - Discussing possible legal routes for ensuring the Bank's rights are protected.
 - Reviewing all agreements and settlements between the Bank and these special account entities.
 - Submitting final recommendations on the above to the Board of Directors/Chairman for their/his sign-off.
 - Supervising the progress on the repayments supported by appropriate documents/proofs.

Board Non-Performing Loans & Real estate Committee

Date of the meeting	20 May 2024	31 July 2024	28 August 2024	18 November 2024	30 December 2024
Mr. Waleed Al Sayegh (Chair)	P	P	P	P	P
Mr. Abdallah Al Fahim	P	A	P	P	A
Mr. Amer Khansaheb	P	P	P	P	P





Executive Management

Mr. Mohamed Khadiri - Chief Executive Officer

Appointed Chief Executive Officer of Bank of Sharjah in May 2023, Mohamed Khadiri brings a distinguished 25-year career in global finance, poised to drive the Bank's strategic growth and digital transformation. With a proven track record in leading top-tier banks and executing impactful growth strategies, Mr. Khadiri's leadership is instrumental in shaping the Bank's future success.

During his tenure as General Manager at Kuwait International Bank, he spearheaded significant business expansions and landmark deals, showcasing his transformative leadership. A Fulbright Scholar, Mr. Khadiri holds an MBA from Boston College and a Master's in Finance from Northeastern University, equipping him with the expertise to navigate and lead within the dynamic economic landscape of the Middle East.

Management Committees:

1. Management Executive Committee
2. Management Internal Control Committee
3. Asset and Liability Committee (ALCO)
4. Management Credit and Investment Committee
5. IT Steering Committee
6. Information Security Committee
7. Human Resources Committee
8. Model Management Committee
9. Product Approval Committee
10. IFRS 9 Committee

External Auditors

Audit Office Name is Grant Thornton / Name of the Audit Partner is Osama El Bakry	
The number of years spent as an external auditor for the company	Three years
The number of years spent by the audit partner in auditing the company's accounts	Three years
Total group audit fees for the year 2024 (AED)	2,020,150
Details and nature of other services performed by the company's auditor. If performed and in the absence of other services, this should be stated explicitly	For FY 2024, GT was engaged to perform agreed upon procedures on reviewing Pillar III as per related regulations and preparing a comfort letter for EMTN bond issuance.
The value of fees and costs of other special services other than auditing the financial statements for the year 2024 (AED) If any and in the absence of other fees, this should be stated explicitly	795,165

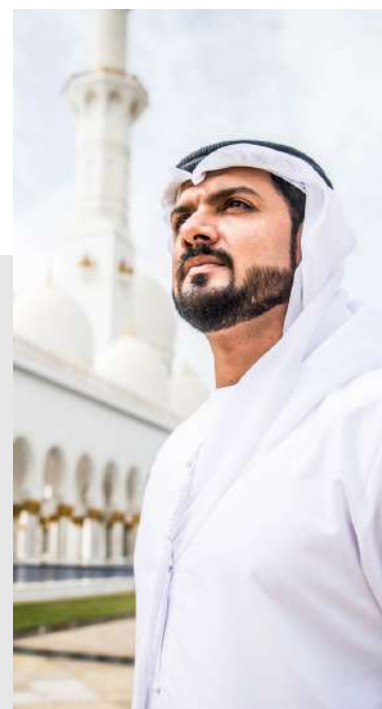
Statement of other services performed by an external auditor other than the company's auditor during 2024	
PricewaterhouseCoopers	Subject Matter Expert. Reviews performed under the oversight of BoS Internal Audit Department.
Deloitte & Touche MEA	MMG/MMS Follow up, Recovery plan project, Vat Return and Corporate tax

Shareholding

The General Assembly usually meets once a year in Sharjah, Shareholders attending should represent not less than half of the capital. The Bank ensures all shareholder rights, as per the UAE law, the guidelines of the UAE Central Bank and the Securities and Commodities Authority are upheld.

Major Shareholders as at 31/12/2024 3,000,000,000

Name of Shareholder > 5%	%	No. of Shares
Sharjah Asset Management	39.25%	1,177,479,947
Al Saqr United Group	9.31%	279,231,909
Gheyath Mohammad Gheyath	5.04%	151,183,781
TOTAL	53.60%	1,607,895,637



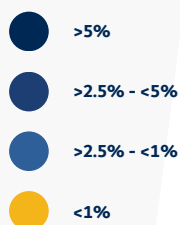
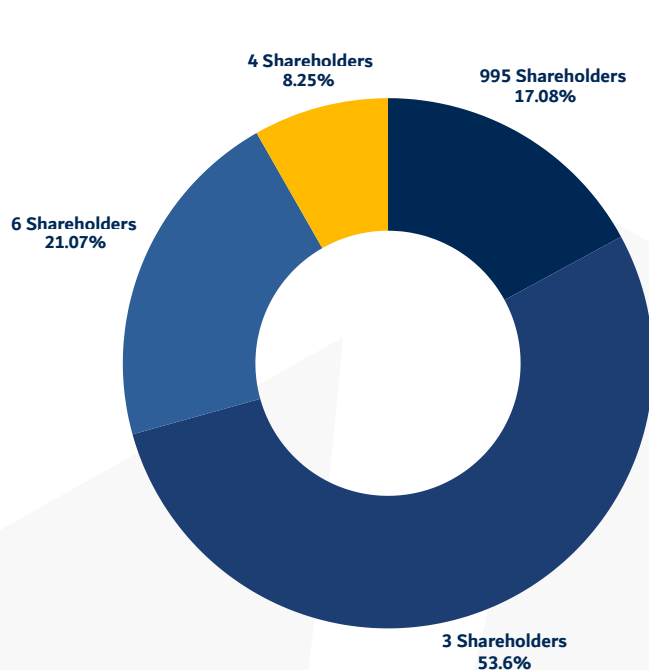
Composition of Shareholders as at 31 December 2024

Among the top 13 shareholders of Bank of Sharjah, three shareholders collectively own 53.60 % of the shares, with 10 shareholders holding 29.32%, and the remaining shareholders, totaling 995 own 17.08%.

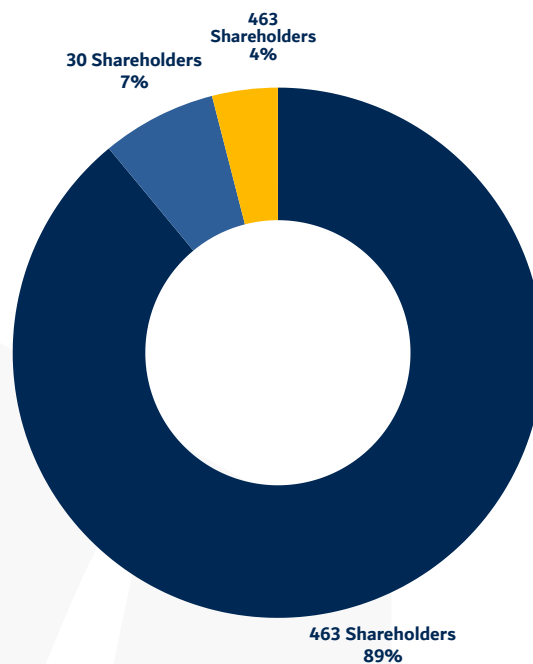
UAE Nationals comprise 89% of shareholders, followed by GCC and Arab shareholders at 9% , and other nationalities holding the remaining 2%.

Shareholding

Share Ownership by Percentage as at 31 December 2024



Shareholders By Nationality & % of Holding as at 31 December 2024



Dividends

Bank of Sharjah has increased its capital since inception from AED 15 Million to AED 3 Billion as at 31 December 2024.

Shareholders were paid cash dividends for a total amount of AED. 2.4 billion, and bonus issue shares of 940.5 Million Shares, Treasury shares distributed as bonus of 269.5 million shares.

Bank of Sharjah shares are listed on the Abu Dhabi Securities Exchange (ADX).

Below is a summary of the trading activity of Bank of Sharjah Share during year 2024.

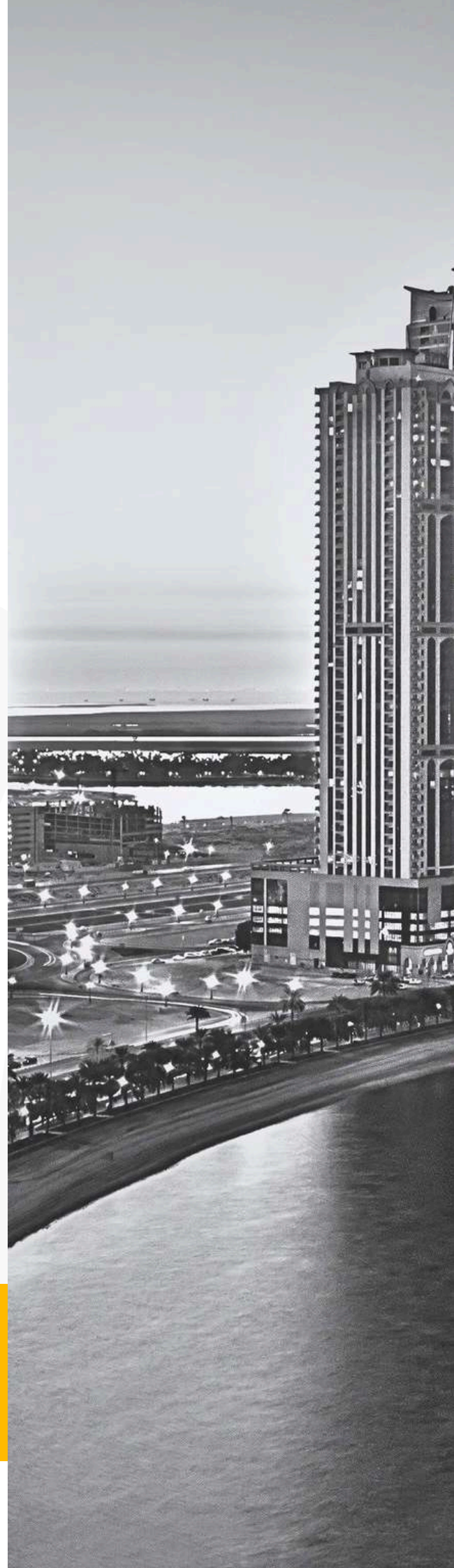
Month	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)	Value (AED)	VOLUME	TRADES
January	.655	.603	.658	.599	14,517,857.01	23,080,072	606
February	.603	.481	.612	.480	17,524,792.28	33,855,592	470
March	.485	.483	.490	.475	10,608,087.27	22,008,420	279
April	.489	.450	.489	.435	8,956,522.53	19,214,199	212
May	.460	.537	.620	.451	65,016,836.90	119,958,267	1635
June	.533	.529	.544	.520	4,403,439.95	8,262,387	224
July	.530	.810	.950	.528	125,636,539.30	167,106,262	3816
August	.809	.822	.847	.722	62,499,782.78	77,148,609	1427
September	.822	.787	.835	.787	9,446,850.45	11,651,013	346
October	.783	.860	.870	.770	75,252,266.44	91,278,207	1,850
November	.860	.885	.919	.858	72,553,504.18	82,024,903	2183
December	.885	.918	.944	.867	29,852,340.65	32,925,957	1743

Conflict of Interest Policy

At Bank of Sharjah, our unwavering commitment to regulatory compliance and safeguarding the best interests of all stakeholders is reflected in our strict adherence to the latest UAE Central Bank regulations. By aligning with the CBUAE's corporate governance directives, we maintain the highest standards of integrity and transparency across all aspects of our operations, ensuring that every decision, transaction, and interaction is conducted with accountability and ethical consideration.

Our robust policy on conflict of interest applies to both Board members and employees, ensuring that any potential conflict is proactively addressed across all levels of the organization. We define a conflict of interest as any situation where personal interests—whether direct or indirect—might compromise, or appear to compromise, the interests of the Bank. To maintain the highest standards of governance, any such conflict must be immediately disclosed, safeguarding the Bank's reputation and minimizing potential risks.

Additionally, we require the disclosure of any circumstances where personal financial or other gains could be perceived to result from dealings related to the Bank. Continuing relationships with clients or other parties, while being aware of a potential conflict, constitutes a serious violation of our policies. This rigorous approach to conflict of interest, combined with our commitment to transparency and ethical operations, is essential to preserving the trust our stakeholders place in us and underpins our long-term success.



SUSTAINABILITY REPORT

2024
EDITION

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About this report

Purpose of This Report

With a legacy built on trust and long-term partnerships, Bank of Sharjah (BOS) remains committed to fostering sustainable growth and responsible banking. This ESG report reflects our dedication to transparency and accountability, offering stakeholders a comprehensive view of our sustainability ambitions, goals, performance, strategic direction, and long-term impact.

Building on our ESG reporting journey, this report highlights our key achievements in 2024, our ongoing efforts to address climate change, promote sustainable finance, and enhance social responsibility, alongside our commitment to strengthening governance practices. It reflects our dedication to aligning with national and global sustainability priorities, including the UAE's sustainability and net-zero agenda and the United Nations Sustainable Development Goals (UN SDGs).

Reporting boundary & standards

This report encompasses the ESG-related activities and performance of BOS for the period from 1 January 2024, to 31 December 2024. It includes data and information from all our branches and offices across the United Arab Emirates (UAE), providing a comprehensive overview of our sustainability efforts. Where applicable, historical data has been incorporated to provide year-on-year comparisons and track progress.

Our ESG disclosures adhere to both international and national reporting frameworks, ensuring transparency and alignment with global best practices. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, and the Abu Dhabi Securities Exchange (ADX) ESG Disclosure Guidance for Listed Companies. Additionally, our disclosures have been informed by the United Nations Sustainable Development Goals (UN SDGs) to reflect our contributions to global sustainability objectives.





Expansion of Scope for 2024

The 2024 edition of our ESG report expands its scope with the inclusion of additional Global Reporting Initiative (GRI) disclosures, providing a more comprehensive and detailed account of our ESG performance. This enhancement reflects our ongoing commitment to transparency and continuous improvement in sustainability reporting, ensuring that our stakeholders receive a clearer, more in-depth view of our environmental, social, and governance initiatives.

Assurance

We have opted for an internal review and approval process for this Report to guarantee the quality and accuracy of the information presented.

Contact

We welcome feedback and inquiries regarding this report. Please contact our team at:

- Email: enquire@bankofsharjah.com
- Website: www.bankofsharjah.com

For more information about our sustainability initiatives and to access previous reports, please visit our Sustainability Reports page:

(<https://www.bankofsharjah.com/en/about-us/corporate-social-responsibilities/sustainability-reports>)

Message from the CEO

As we look back on 2024, one truth stands undeniable: sustainability is no longer a choice – it is an imperative. At Bank of Sharjah, we firmly believe that financial excellence and sustainable impact are two sides of the same coin. Our commitment to responsible banking has driven us to weave Environmental, Social, and Governance (ESG) principles at the core of our strategy. This ensures that we deliver lasting value – not only for our customers, employees, and shareholders but also for the communities we serve and the planet we all share.

This past year, we have made meaningful progress in strengthening our ESG framework, aligning our efforts with both global sustainability benchmarks and the UAE's national priorities. From enhancing operational resilience to supporting the transition toward a greener economy, we have taken deliberate steps to future-proof our business while contributing to a more sustainable world. Equally, our corporate social responsibility (CSR) initiatives have remained a cornerstone of our mission, enabling us to deepen our engagement with communities and reinforce our role as a trusted corporate citizen.

At the heart of our success are our people. We are proud to have upheld our commitment to gender diversity, fostering a workplace that is not only inclusive but also reflective of the communities we serve. By championing gender diversity, equality and opportunity, we have cultivated an environment where talent thrives, innovation sparks, and long-term success is built.

Transparency and accountability are the foundations of our approach. We recognize that responsible governance and ethical leadership are critical to earning and maintaining the trust of our stakeholders. This is why we continue to invest in digital transformation, robust risk management, and sustainable finance – initiatives that not only strengthen our business but also contribute to a more resilient financial ecosystem for generations to come.

Our 2024 ESG report, aligned with the United Nations Sustainable Development Goals (SDGs) and bolstered by enhanced Global Reporting Initiative (GRI) disclosures, reflects the strides we have made in holding ourselves accountable. By continuously raising the bar in our reporting standards, we ensure that our sustainability commitments translate into measurable actions and tangible results.

Looking ahead, our resolve to lead by example in the banking sector remains firm. We will continue to innovate, integrating sustainability into every aspect of our operations. We will deepen our engagement with stakeholders and remain steadfast in our support of the UAE's vision for a greener, more inclusive economy.

Finally, I would like to extend my deepest gratitude to our employees, whose dedication fuels our progress; to our customers and shareholders, whose trust inspires us; and to our partners, whose collaboration amplifies our impact. Together, we are not just shaping the future of banking – we are building a legacy of resilience, prosperity, and shared success.



Mohamed Khadiri
Chief Executive Officer

About Bank of Sharjah: Your partner in progress

Overview of the Bank

Founded in 1973, **Bank of Sharjah** has been a pillar of strength in the UAE's banking sector for over five decades. With a legacy built on trust, stability, and long-term relationships, we take pride in being more than just a financial institution—we are a dedicated partner in progress for businesses, individuals, and the communities we serve. Our approach to banking is deeply rooted in **heritage, human-centricity, and sustainability**, ensuring that our clients receive personalised financial solutions that drive real impact.

As the **first commercial bank in Sharjah** and a **public joint-stock company (PJSC)**, we have a **profound commitment to the country's economic and social development**. We stand at the intersection of **tradition and innovation**—leveraging our expertise to provide relevant **financial services** while upholding the **values that have defined us for generations**.



Locations

Founded and headquartered in **Sharjah**, Bank of Sharjah has a **strong local presence**, ensuring accessibility and tailored financial solutions for a diverse clientele. We operate branches across the emirates of **Sharjah, Abu Dhabi, and Dubai** serving individuals, businesses, high net-worth individuals & governments.



As of December 2024, Bank of Sharjah's major shareholders are Sharjah Asset Management (39.25%), Al Saqr United Group (9.31%) and Gheyath Mohammad Gheyath (5.04%) who account for a total ownership stake of 53.60%.

We are a proud member of the **UAE Banking Federation** and operate through **13 subsidiaries**.



Service Offerings

At Bank of Sharjah, we take a **relationship-driven** approach to banking, offering comprehensive financial solutions that empower businesses, individuals and governments. Our core services include:



Corporate & Commercial Banking

Tailored financial solutions for enterprises, including deposits, cash management, lending facilities, trade finance, guarantees and treasury products.



International & Financial Institutions

Relationships with local and international banks, including lending, facilitating trade finance and correspondent banking.



Personal Banking

Individuals benefit from various services like current accounts, savings options, loans, payment cards, and more.



Wealth & Private Banking

Personalised asset management and advisory services



Sustainable Finance

Supporting businesses in transitioning to a low-carbon economy through strategic alliances and ESG-aligned financial products.

Mission, Vision, Purpose & Values

At **Bank of Sharjah**, our mission, vision, purpose, and values guide our strategic direction and define our commitment to our clients, stakeholders, and the broader community. Rooted in **heritage, trust, and excellence**, we continuously evolve to meet the needs of a dynamic financial landscape while staying true to the principles that have shaped our success for over five decades.



Vision

We believe in **going the extra mile** to provide **tailored financial solutions** that empower our clients and create long-term value. Our vision is to be a trusted financial partner that fosters sustainable growth, ensuring stability and prosperity for businesses, individuals, and communities.

Purpose

Our aim and purpose is to provide financial solutions that deliver results. We believe in **proactively assisting clients, whether corporate or individuals, with measures that focus on their individual needs** and provide unparalleled services based on deep, meaningful relationships and a **strong foundation of trust**.

Mission

Our mission is to achieve strong and sustainable **Performance** for our shareholders, operating to the benefit of our customers and personnel with high **Ethics** offering and expecting full **Transparency**, adopting innovative **Initiatives** to help customers achieve their aspirations and objectives, assuring them of our unwavering **commitment** to support their businesses through the waves of economic cycles with a pristine subscription to Quality of service.



Values

We strive to safeguard and grow our economy, our people, and our community and are committed to sustainability on all fronts. To achieve that, we have outlined our core values which drive our business decisions: Performance, Ethics, Transparency, Initiative, Commitment and Quality (PETICQ):



Alignment with the UAE & the emirate of Sharjah's ambitions

The United Arab Emirates (UAE) has demonstrated a steadfast commitment to sustainable development, positioning itself as a regional leader in environmental stewardship, economic diversification, and social inclusion. In 2023, declared the 'Year of Sustainability', the UAE made significant strides toward its sustainability goals.



National Initiatives and Commitments

Net Zero by 2050 Strategic Initiative: The UAE was the first nation in the GCC to commit to net-zero emissions by 2050, outlining its decarbonisation strategy in the 'Net Zero by 2050 Pathway' released in late 2022. Through this initiative, the UAE has set clear sustainability targets, including a **19% reduction in greenhouse gas emissions by 2030, tripling renewable energy capacity, and investing USD 50 billion** to meet growing energy demands.

Emiratisation and the Nafis Initiative: To enhance the participation of UAE nationals in the private sector, the government launched the Nafis program in 2021, aiming to employ 75,000 Emiratis over five years. Companies with 50 or more employees are required to increase their Emiratisation rate by 2% annually, reaching 10% by 2026. Starting in 2024, companies with 20 to 49 employees in specific sectors must employ at least one Emirati, with financial contributions imposed on non-compliant establishments. For the banking sector, the Central Bank of the UAE is progressively increasing these targets, with local banks required to achieve a minimum Emiratisation rate of 45% of total employees by 2026, with UAE nationals holding at least 30% of senior executive roles.

Consumer protection: In 2023, the Central Bank of the United Arab Emirates (UAE) introduced significant enhancements to its consumer protection framework to bolster consumer rights and adapt to the evolving digital economy. Measures were introduced to ensure **clearer communication of fees, interest rates, and associated risks**, empowering consumers to make informed financial decisions. To further enhance consumer protection, Sanadak, a banking industry ombudsman was established in 2024, providing an independent mechanism to address disputes and safeguard consumer interests.

Sharjah's Contributions to Sustainability

As a key emirate within the UAE, Sharjah has made notable contributions to the country's sustainability agenda:

Environmental Stewardship: Sharjah has implemented initiatives to promote environmental conservation and sustainable resource management, aligning with the UAE's broader environmental goals. These include **Sharjah's Waste-to-Energy Plant**, the first of its kind in the region, supporting the UAE's goal of diverting **75% of waste from landfills**, and **Sharjah Sustainable City**, the first fully integrated net-zero energy community in the UAE.

Economic Diversification: The emirate has focused on diversifying its economy, investing in sectors such as renewable energy, sustainable tourism, and green technology, contributing to the UAE's sustainable development objectives. With the UNESCO title of "The Cultural Capital of the Arab World", the emirate has flourished into a land with architectural heritage and cultural wealth.

Social Development: Sharjah has prioritised social initiatives aimed at enhancing community well-being, education, and cultural preservation, supporting the UAE's commitment to the United Nations Sustainable Development Goals (SDGs).

Bank of Sharjah's Role

As part of the UAE and Sharjah's broader sustainability vision, **Bank of Sharjah** remains committed to playing an active role in supporting the country's environmental, economic, and social transformation. Guided by principles of **responsible banking, long-term partnerships, and sustainable growth**, we aim to contribute meaningfully to the UAE's sustainability goals through the following key areas:

- 1 Financing the transition to a low-carbon economy:** Supporting businesses and industries in decarbonising their operations by providing tailored financial solutions that align with the UAE's Net Zero 2050 strategy.
- 2 Expanding sustainable finance offerings:** Ensuring our clients have access to **green lending solutions, ESG-aligned investments, and responsible financing** to support the growth of sustainable businesses and projects.
- 3 Strengthening governance, risk management, and consumer protection:** Embedding ESG factors into our decision-making frameworks to align with global best practices and regulatory requirements for responsible banking, while upholding the highest levels of transparency, fairness, and consumer rights in financial transactions.
- 4 Supporting Emiratisation and workforce development:** Aligning with the UAE's Nafis program and the Central Bank's Emiratisation targets, we are committed to enhancing the representation of UAE Nationals in the banking sector, providing career development opportunities, and fostering a knowledge-based economy.
- 5 Promoting economic diversification and social inclusion:** By financing innovation-driven enterprises, and key sectors that support economic diversification, we contribute to Sharjah and the UAE's long-term economic resilience and social well-being.

Commitment to Sustainability

Our ESG journey

For over five decades, **Bank of Sharjah** has built a legacy rooted in trust, stability, and long-term partnerships. As the financial sector evolves, so too does our responsibility to contribute to a more sustainable and inclusive future. Our ESG journey has been shaped by a deep commitment to responsible banking, ensuring that our operations, investments, and relationships create lasting value for our stakeholders.

This **2024 ESG Report** marks our **third consecutive year of ESG reporting**, reflecting our ongoing efforts to enhance transparency and accountability in our sustainability journey. With each report, we have strengthened our understanding of environmental, social, and governance issues, refining our approach to sustainability, embedding ESG considerations into our decision-making processes. Our journey has been one of continuous learning and adaptation, recognising that sustainability is not a destination but an ongoing commitment to progress.



Stakeholder Engagement & Materiality Assessment

FOCUSING ON WHAT MATTERS MOST

Over the past two years, Bank of Sharjah has built its ESG reporting framework on a strong foundation of stakeholder engagement. In 2023, we conducted a comprehensive materiality survey involving senior internal stakeholders, meticulous industry analysis, and consultations with external experts. This process allowed us to refine our materiality matrix, ensuring that our ESG reporting focuses on the sustainability topics that are most significant to the Bank and our industry.

In 2024, we are building upon this foundation by further refining our materiality assessment to align with evolving industry practices, global sustainability frameworks, and national ESG guidelines. This year's assessment followed a structured four-phase framework: **Identify, Benchmark, Engage, and Prioritise**.



Identify

The materiality assessment process began with an in-depth evaluation of Bank of Sharjah's existing sustainability efforts, ensuring alignment with the bank's strategic priorities and regulatory requirements. This phase included a review of previous ESG initiatives, internal sustainability performance, and the evolving global and national sustainability landscape. By assessing our internal impact areas, we ensured that the material topics reflect both the operational realities of the bank and its long-term strategic objectives.



Benchmark

To ensure our materiality assessment reflects the latest industry trends and stakeholder expectations, we analysed sustainability themes that are shaping the financial sector. This included a review of industry peers & global ESG rating agencies. We further mapped our sustainability priorities against internationally recognised frameworks such as the GRI Standards and the United Nations Sustainable Development Goals (SDGs). This alignment not only reinforces our commitment to addressing global sustainability challenges but also ensures that our efforts are strategically directed toward creating measurable and meaningful impact.



Engage

Stakeholder engagement remains a cornerstone of our sustainability approach. Open, proactive, and transparent dialogue with our stakeholders allows us to continuously refine our priorities and align with their needs. By working closely with shareholders, investors, employees, customers, regulatory bodies, and the wider community, Bank of Sharjah is able to assess and respond to the ESG topics that hold the greatest value for our stakeholders. Engagement takes place through multiple channels, providing a structured and ongoing means of collaboration.



Prioritise

Based on the findings from the previous stages, Bank of Sharjah prioritise its list of material ESG topics for 2024, which was then reviewed and approved by Bank of Sharjah's senior leadership to ensure it supports the bank's strategic vision for sustainable growth.

Stakeholder category	ESG topics of importance	Engagement mechanisms
Shareholders / Investors	• Climate change risk-related effective corporate governance structure • Independent Board oversight and efficiency • Ethical business practices • Transparent ESG and financial reporting and market disclosures	• Disclosures and Reporting on ADX and the Bank's website, social platforms and various local media as needed and in line with regulatory requirements • Investor Relations and stakeholder engagement • Annual General Assembly meetings
Government / Regulators	• Emiratisation • Participation and alignment with government initiatives i.e. net zero and zero bureaucracy initiatives • ESG Risk Management and reporting • Policies compliance with regulations	• Regulatory platforms • One-on-one meetings • Webinar and workshop participation • Email updates
Customers	• Data protection • Customer experience • Consumer protection • Information and cyber security • Fair treatment	• eBOS online and mobile banking • Email updates • Customer fraud and awareness campaigns • Bank's social media platforms demonstrating engagement with the community and timely disclosures • Newsletters
Employees	• Fair treatment • Trainings, upskilling and talent nurturing • Professional growth and capacity building • Competency building • WellbeingInclusion and Diversity • Inclusion for people of determination	• Annual performance assessment • Online and in-person trainings • Social events • Educational supportInternal rotations
Community	• Environmental sustainability • Social contribution and responsibility • Ethics and social values	• Committed, sustained, purposeful and active CSR engagement and community support across the UAE.

The insights gathered from these engagements played a critical role in refining our material topics and shaping our sustainability initiatives.



Our Sustainability Pillars & Material Topics

As a result of our materiality assessment, Bank of Sharjah has identified three overarching ESG pillars that encompass our most significant sustainability topics: **Environmental Leadership, Social Responsibility, and Governance & Ethical Business**. These pillars structure our approach to sustainability, ensuring that our ESG initiatives align with stakeholder priorities, regulatory expectations, and global best practices. Each pillar represents a key area where BoS is committed to driving positive impact and integrating sustainability into its operations, governance, and corporate culture.



Environmental Leadership

- Climate Change & GHG Emissions
- Energy Management
- Water Management and Conservation
- Waste Management and Circular Economy Practices



Social Responsibility

Empowering employees

- Diversity, Equity & Inclusion
- Women Empowerment
- Emiratisation Focus
- Employee Well-being
- Continuous Learning & Development
- Talent Attraction & Retention

Enhancing customer experience & engagement

- Financial Inclusion & Accessibility
- Digital Transformation
- Responsible Marketing & Fair Products
- Supporting Customers Through Generations

Supporting communities

- Corporate Social Responsibility
- Supporting Sharjah's Heritage



Governance & Ethical Business

- Board & Governance
- Business Ethics & Compliance
- Privacy & Cybersecurity
- Business Continuity

2024 ESG Highlights

Environmental Leadership



Achieved a 39.3% reduction in Scope 1 emissions

Recycled 100% of E-waste (1,805 kg)



23,363kg paper

recycled while increasing adoption of digital banking services.

\$240 million

of sustainable finance (AED 881.40 million)

Allocated \$24 million into sustainable sukuk aligned with Sharia principles and ESG goals

Social Responsibility



Employees completed 3,530 training hours

2.24 million AED

contributed to community initiatives.



27% Emirati

representation among employees & 6% Emirati representation among senior leadership

69% of customer payments were conducted digitally, reducing carbon footprint and increasing efficiency



Women represent 49.5% of the workforce and 35% of leadership positions

Governance Highlights



8 out of 11 board members are independent

ZERO data breaches reported for the third consecutive year



0

Ensured uninterrupted banking services during the 2024 UAE floods



20% of board meetings included discussions on ESG, climate risk, and social responsibility

ZERO instances pertaining to corruption & bribery

ENVIRONMENTAL LEADERSHIP

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



Environmental leadership	68
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Sustainable Finance	70
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Energy & Water Management	73
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Waste Management & Circular Economy	76
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GHG Emissions	78
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Sustainable Finance

As a financial institution, **Bank of Sharjah recognises its pivotal role in facilitating the transition to a low-carbon and sustainable economy.** The banking sector is essential in mobilising the capital required to bridge the funding gap for achieving the **United Nations Sustainable Development Goals (SDGs) and the Paris Agreement targets.** By integrating sustainability into its financing decisions, the bank aims to **drive positive environmental and social impact**, support businesses in adopting more sustainable practices, and contribute to the broader economic transformation towards resilience and sustainability.

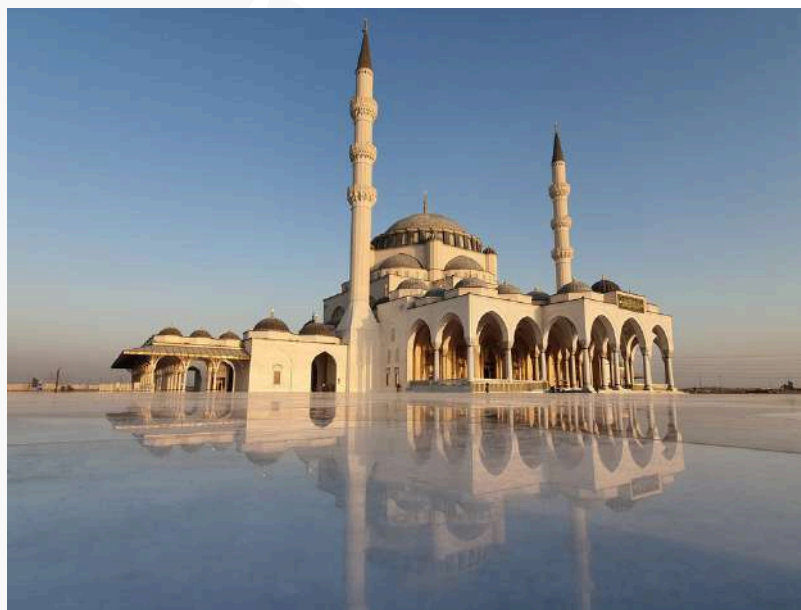
Bank of Sharjah made a significant shift in 2024, expanding from almost no sustainable financing in 2023 to a **substantial portfolio of sustainability-linked investments.** This transformation highlights the bank's growing commitment to responsible finance and its alignment with global and national sustainability goals. Looking ahead, the bank is in the early stages of developing a Sustainable Finance Framework, which will formalise its approach to integrating Environmental, Social, and Governance (ESG) principles into financing activities.

Sustainable Bonds

Investing in sustainable bonds supports environmentally and socially responsible projects, reinforcing the bank's commitment to financing initiatives that contribute to climate action and economic sustainability. In 2024, the bank invested and jointly managed a total of **\$771 million (AED 2.83 billion)** in sustainable bonds.

Sustainable Sukuks

As part of its support for Islamic finance, the bank invested a total of **\$24 million (AED 88.14 million)** in sustainable sukuku, aligning Sharia-compliant financial instruments with ESG objectives.



By participating in sustainable sukuku, the bank is fostering ethical finance while supporting projects that drive long-term environmental and social benefits.

ESG-Linked Loans

A key area of growth in 2024 was **ESG-linked lending**, where the bank provided over **\$116 million (AED 426.01 million)** in sustainability-focused loans to financial institutions committed to responsible business practices.

Additionally, the bank has an **ESG-linked loan pipeline for 2025**, approved for a **\$15 million (AED 55.09 million)** syndicated loan.

Finance to Multilateral Development Banks

Supporting **multilateral development banks (MDBs)** is a critical part of the bank's approach to financing large-scale, sustainable projects in emerging markets. In 2024, the bank extended over **\$61 million (AED 224.02 million)** in syndicated loans to MDBs, strengthening its role in driving sustainable economic growth.





The bank's transition from minimal sustainable financing in 2023 to **\$240 million (AED 881.40 million) in sustainability-linked investments in 2024** marks a turning point in its commitment to responsible banking.

\$240 Million

Total Sustainable Finance in 2024
(AED 881.40 million)

Future Outlook

To further institutionalise this progress, the bank is in the early stages of developing a **Sustainable Finance Framework** that will provide structured guidance on sustainable lending and investment practices. This framework will align with international ESG standards and best practices, ensuring the bank continues to scale its impact in financing a sustainable future.

By embedding ESG principles into its financial activities, Bank of Sharjah is strengthening its role as a responsible banking institution, committed to driving positive environmental and social outcomes through its financial decisions.

Our Environmental Footprint

Energy & Water Management

Bank of Sharjah remains committed to **minimising its environmental impact** by optimising fuel, electricity, and water consumption across its operations. Through strategic efficiency measures, the bank continues to reduce its reliance on fossil fuels and improve resource management, supporting its broader sustainability goals.



As part of its commitment to transparency and accuracy, the bank is in the process of standardising its calculation methodology for energy and water consumption across all branches and offices. This ensures consistency in reporting and enhances the reliability of data used for decision-making and sustainability initiatives. Electricity and water consumption figures for 2023 have not been disclosed this year, as they were previously calculated using a different methodology. The bank is refining its approach to align with best practices and international reporting standards, ensuring improved tracking and comparability of resource usage over time.

Energy & Water Consumption	Units	Year-on-year changes	2024	2023
Total electricity consumption (indirect energy consumption)	kWh	NA	3,249,435	NA
Total vehicle fuel consumption (Direct energy consumption)	Litres	- 39.3% ↓	145,333	239,403
Total energy consumption	GJ	NA	16,755.56	NA
Total energy intensity	GJ/FTE	NA	51.7	NA

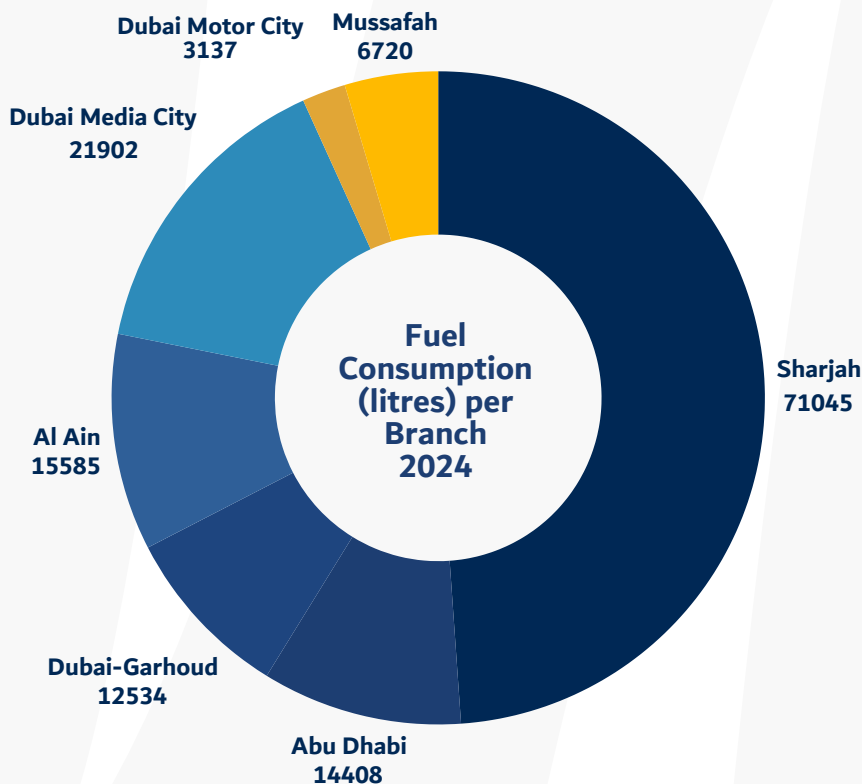
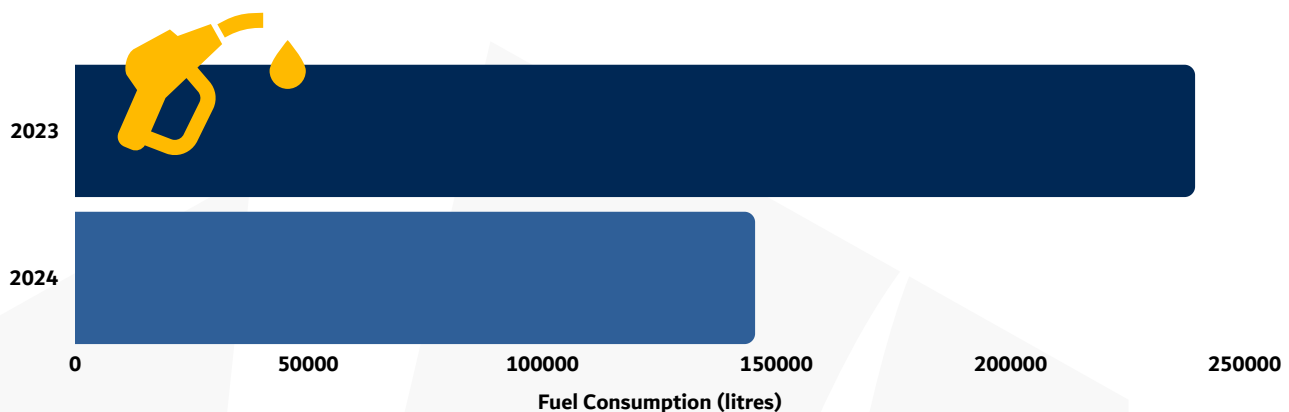
*conversion factors used: 1L of 98 octane = 0.0348 GJ ; 1kWh = 0.0036 GJ

*2024 FTE = 324

Fuel Consumption

In 2024, the bank achieved a 39.3% reduction in fuel consumption across its fleet, with total usage dropping to 145,333 liters, compared to 239,403 liters in 2023. This decline was driven by a reassessment and rationalisation of vehicle usage, ensuring better efficiency and reducing overall fossil fuel consumption. By optimising vehicle allocation and reassessing operational requirements, the bank was able to significantly lower fuel demand across its fleet.

Given that the Sharjah headquarters and main branch account for the largest share of operations, they recorded the highest fuel consumption at 71,045 liters, followed by Dubai Media City with 21,902 liters, while other branches demonstrated comparatively lower usage.



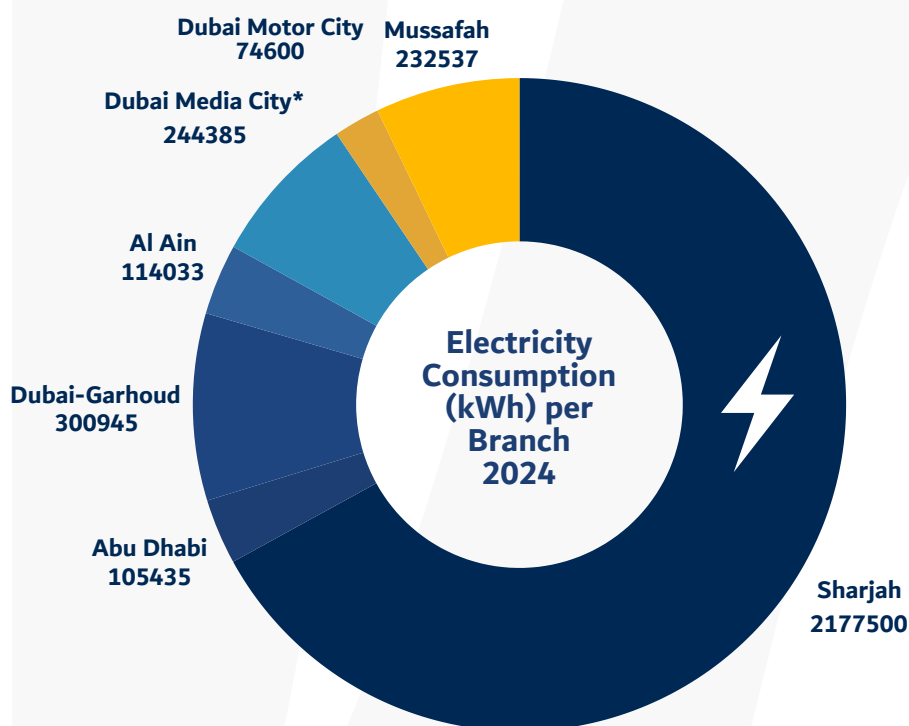
Electricity Consumption

In 2024, the bank's total electricity consumption was 3,249,435 kWh, contributing to an overall energy consumption (scope 1 & 2) of 16,755.6 GJ. The bank's overall energy intensity (Scope 1 & 2) stood at 51.7 GJ per full-time employee (FTE), reflecting its efforts to manage energy use effectively across its operations.

To further enhance energy efficiency, the bank is taking proactive measures to optimise electricity consumption. A key initiative for 2025 is the replacement of all lighting systems with LED technology, which is expected to significantly reduce energy use across branches and offices. The bank has also installed automatic lighting systems in parking areas, minimising unnecessary energy use by ensuring lights are only activated when needed. Additionally, a dedicated building maintenance team monitors electrical systems 24/7 to prevent circuit breakages and inefficiencies, ensuring smooth operations and energy conservation.

Sharjah branch & offices (2,177,500 kWh) accounted for the highest electricity consumption, given its operational scale and activity levels. Other branches, including Abu Dhabi, Dubai, Al Ain, and Mussafah, recorded lower energy usage, highlighting opportunities for targeted energy-saving initiatives.

The bank has also actively encouraged energy-conscious behaviors among employees.



*As the Dubai Media City branch is located within a building that is shared with other tenants, its electricity and water consumption has been estimated at 10% of the total building consumption. This estimate is based on occupancy share, as separate utility bills for the branch have not been provided.

Water Consumption

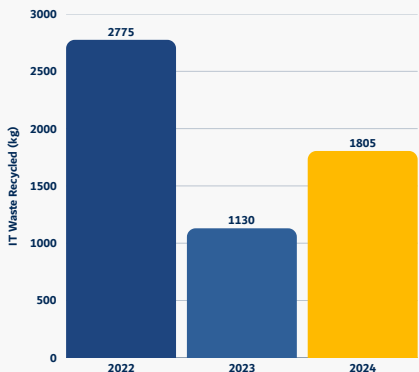
In 2024, the bank's total water consumption was 4.143 megaliters (ML), with Sharjah (2.49 ML) and Dubai Media City (0.594 ML) branches accounting for the highest usage. The bank prioritises water efficiency through regular leak detection and maintenance, ensuring all water systems operate optimally and that waste is minimised.

All water used in the bank's operations is sourced from municipal supplies, with wastewater safely discharged back into the municipal water network. This ensures compliance with local water management regulations and promotes responsible water use.

While these efforts have yielded positive results, the bank recognises that continuous monitoring and management are essential to sustaining long-term improvements. Moving forward, Bank of Sharjah will continue to implement energy and water efficiency measures, ensuring its operations align with global best practices for environmental sustainability.

Waste Management and Circular Economy Practices

Bank of Sharjah is committed to **responsible waste management** by ensuring that materials such as **electronic waste (e-waste)** and **paper waste** are disposed of securely and recycled efficiently. Through partnerships with certified recycling providers, the bank minimises its environmental footprint while maintaining high security standards for data protection.



E-Waste Management

The bank ensures that **100% of its e-waste** is securely collected and recycled. In 2024, a total of 1,805 kg of IT waste was recycled in partnership with Shredex, maintaining a consistent track record of secure and environmentally responsible disposal.

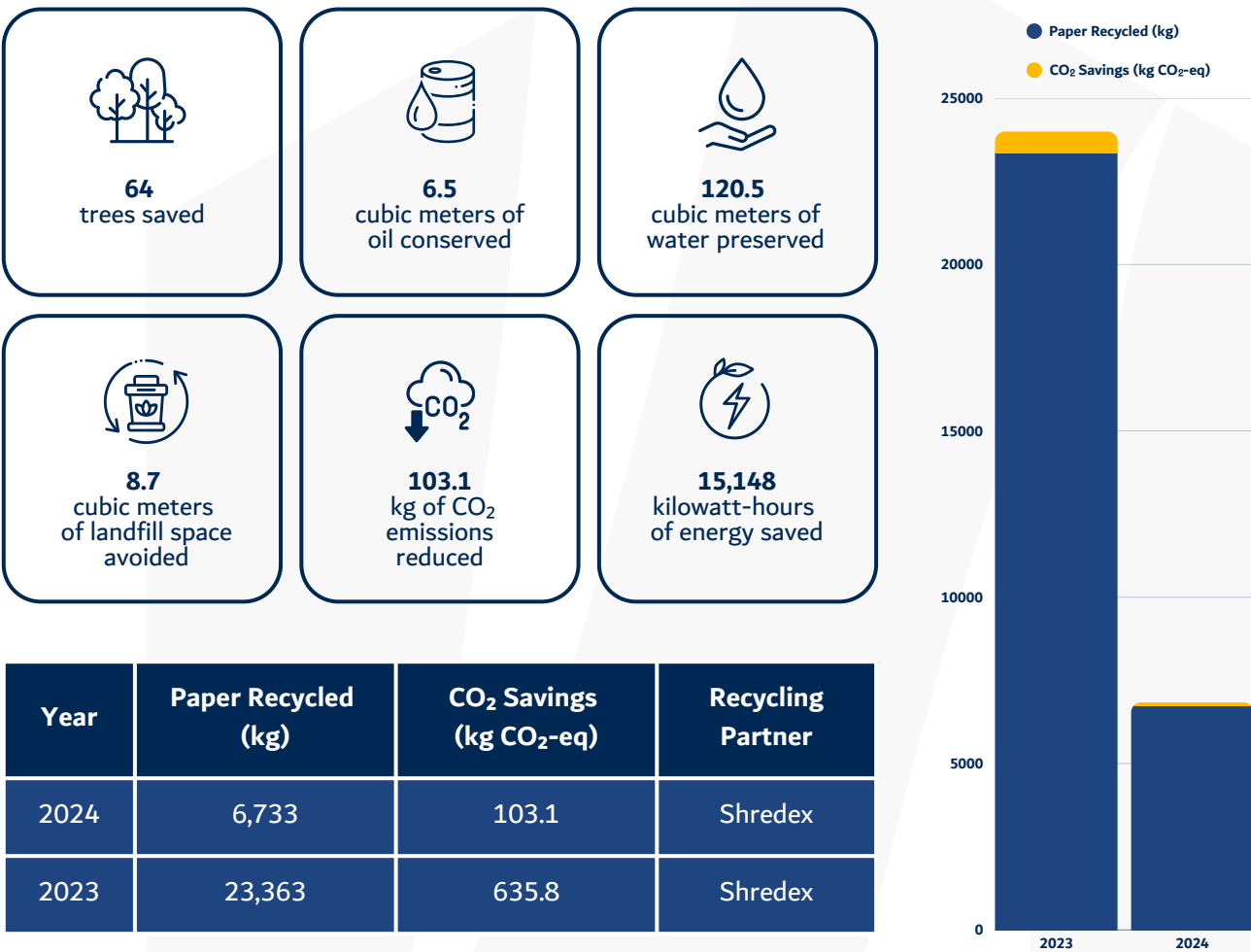
Year	IT Waste (kg)	IT Waste Recycled (kg)	Percentage Recycled	Recycling Partner
2024	1,805	1,805	100%	Shredex
2023	1,130	1,130	100%	Shredex
2022	2,775	2,775	100%	Shredex

The bank's **e-waste recycling program** includes **tapes, hard disks, PCs, servers, printers, scanners, UPS systems, and other IT equipment**. Depending on the sensitivity and confidentiality of the hardware, items are either shredded on-site or securely collected for disposal. All disposed materials are subsequently processed at Dubai Municipality-approved recycling facilities, where they are converted into raw materials for reuse.

Paper Waste Reduction & Recycling

Digital transformation plays a central role in the bank's efforts to **reduce paper waste** and transition toward **paperless banking**. The shift to **digital statements, e-advice and paperless board meetings** has contributed to a steady reduction in paper usage while enhancing operational efficiency.

In 2024, the bank recycled 6,733 kg of paper waste through its partnership with Shredex, contributing to significant environmental savings:



The bank has also taken proactive steps to embed a recycling culture across its offices by:

- Providing **dedicated paper recycling bins** for employees.
- Encouraging **digital documentation for meetings and internal reports**.
- Raising awareness about **paper reduction through internal sustainability campaigns**.



GHG Emissions

Bank of Sharjah is committed to monitoring and managing its Green House Gas (GHG) emissions in line with the GHG Protocol, the globally recognised standard for measuring and reporting corporate emissions. In **2024**, the bank accounted for **Scope 1 and Scope 2 emissions**, covering all **UAE branches**, including Sharjah, Dubai, Abu Dhabi, Al Ain, and Mussafah.

As per the GHG Protocol, emissions are categorised into three scopes:

Scope 1

Direct emissions from sources owned or controlled by the organisation, such as fuel consumption in company-owned vehicles.

Scope 2

Indirect emissions from purchased electricity used in operations, which occur at the power generation source.

Scope 3

Other indirect emissions from sources not owned or directly controlled by the organisation, such as business travel, employee commuting, and supply chain activities.

This year, only Scope 1 and Scope 2 emissions have been measured and reported, as the bank works on establishing the necessary systems to measure and calculate Scope 3 emissions in the future. Given the complexity of Scope 3 emissions, which include indirect emissions from suppliers, business travel, and financed activities, the bank is exploring methods to improve data collection and ensure comprehensive and accurate reporting in the coming years.

In 2024, the bank adopted GHG Protocol-aligned methodologies, using the latest GHG Protocol emissions factors for Scope 1 fuels, which are also aligned with the U.S. Environmental Protection Agency (EPA) standards. As part of this update, past emissions figures have been recalculated to ensure consistency and comparability with the latest global best practices.

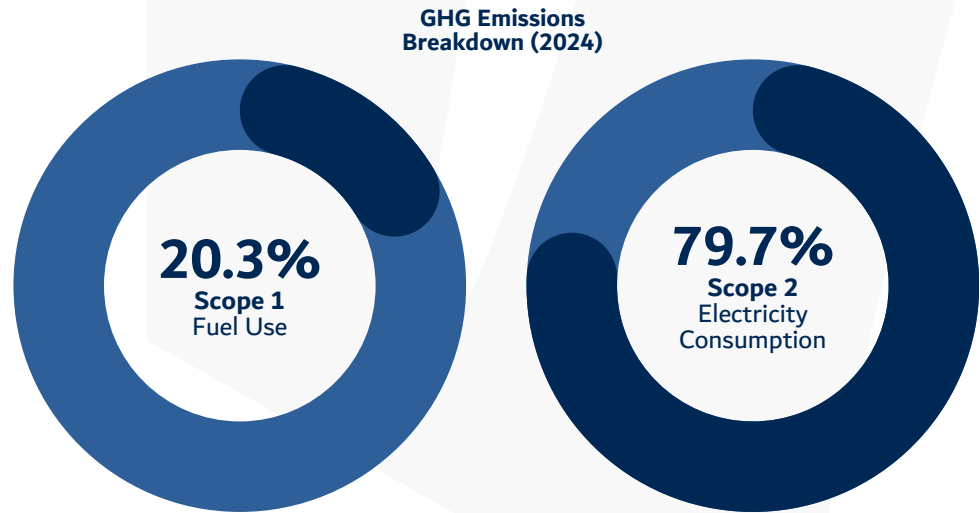
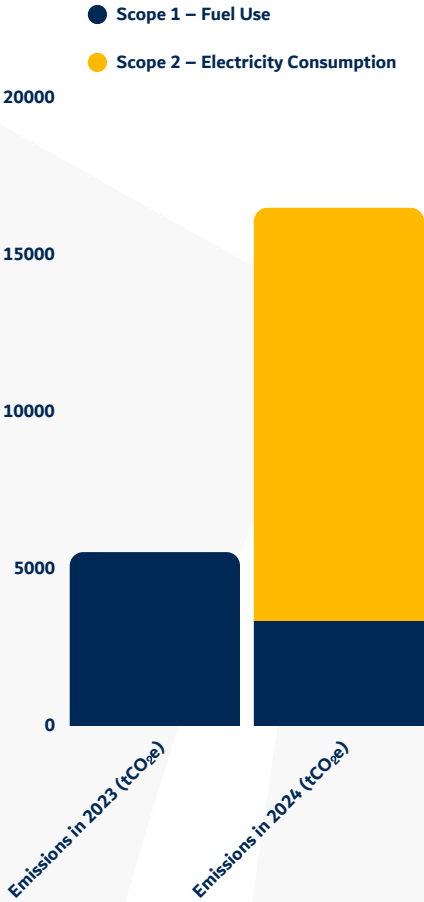
Emissions Source	Total Emissions in 2023 (tCO ₂ e)	Total Emissions in 2024 (tCO ₂ e)
Scope 1 – Fuel Use	550.6	334.3
Scope 2 – Electricity Consumption	NA	1,312.8
Total Emissions Intensity (per 324 FTEs)	4.05 tCO ₂ e per FTE	Total Emissions Intensity (per 324 FTEs)

The bank’s **Scope 1 emissions** totaled 334.3 metric tons of CO₂ equivalent, reflecting a 39.3% reduction compared to 2023 due to a reassessment and rationalisation of vehicle usage.

Scope 2 emissions from purchased electricity consumption amounted to 1,312.8 metric tons of CO₂ equivalent, based on the bank’s total electricity use across all branches. This was calculated using the Dubai Electricity and Water Authority (DEWA) emissions factor for grid electricity.

The bank also measured its **emissions intensity**, which stood at 4.05 metric tons of CO₂ equivalent per full-time employee (FTE), based on 324 employees.

Beyond direct emissions, the bank is actively investing in **energy-efficient infrastructure** to further minimise its environmental impact. The increasing shift to **digital banking** has contributed to a reduction in emissions, as fewer customers need to visit physical branches, thereby lowering emissions associated with transportation and branch energy consumption. Additionally, the bank is advancing its **virtualisation strategy**, reducing reliance on energy-intensive on-premise hardware and optimising IT resources to enhance operational efficiency.





بنك الشارقة
Bank of Sharjah

SOCIAL RESPONSIBILITY

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



5 GENDER
EQUALITY



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



An aerial view of Sharjah, United Arab Emirates, showing the city's skyline, the Sharjah Port, and the surrounding water. The image is in grayscale and serves as the background for the document.

Social Responsibility

Diversity, Equity & Inclusion

Emiratisation Focus

Employee Well-being

Continuous Learning & Development

Talent Attraction & Retention

Supporting Customers Through Generations

Financial Inclusion & Accessibility

Digital Transformation

Responsible Marketing & Fair Products

Corporate Social Responsibility (CSR)

Supporting Sharjah's Heritage

Empowering Employees

Diversity, Equity & Inclusion

At Bank of Sharjah, diversity, equity, and inclusion (DEI) are fundamental to our corporate culture. We believe that a diverse and inclusive workforce strengthens innovation, enhances decision-making, and fosters a more dynamic and collaborative workplace. With **employees from 31 nationalities**, spanning multiple generations and professional backgrounds, our workforce reflects the multicultural nature of the UAE and the community we serve.



49%

women across our workforce

35%

women in leadership positions



Year	% of women in our workforce
2022	48%
2023	49.1%
2024	49.5%

Gender Balance & Women in Leadership

We are committed to creating an inclusive workplace where women have equal opportunities for leadership and career growth. We are proud to have **women representing 49% of our total workforce** and holding **35% of all leadership positions (middle & senior management)**. We continue to invest in initiatives that empower female professionals and nurture future leaders in the banking industry



Nadia Haddad
Operations Manager,
Dubai Media City branch

One inspiring example of female leadership within Bank of Sharjah is Nadia Haddad, Operations Manager at the Dubai Media City branch, who has been with the Bank for 35 years. Her journey is a testament to the Bank's dedication to professional development, mentorship, and work-life balance.

"When I joined Bank of Sharjah, I was young, eager to learn, and ready to work hard. Over the years, I had the opportunity to gain experience across different departments before finding my passion in operations. It's a role that keeps you on your toes, managing cut-off times, customers, and internal processes - all requiring precision and teamwork."

"Bank of Sharjah has always been forward-thinking when it comes to empowering women. They offer leadership training, mentorship opportunities, and flexible working hours. When my children were young, I was given the flexibility to take them to school and pick them up. This kind of support makes a huge difference in a woman's career; enabling her to balance professional ambitions with the responsibilities of motherhood."

Beyond policies and programs, mentorship and a strong team culture have played a key role in Nadia's success.

"Senior management has always been supportive, and at Bank of Sharjah, mentorship is part of our culture. I was always encouraged to take on new responsibilities and push my limits. Here, it's not about gender - it's about capability, and how you embrace opportunities."

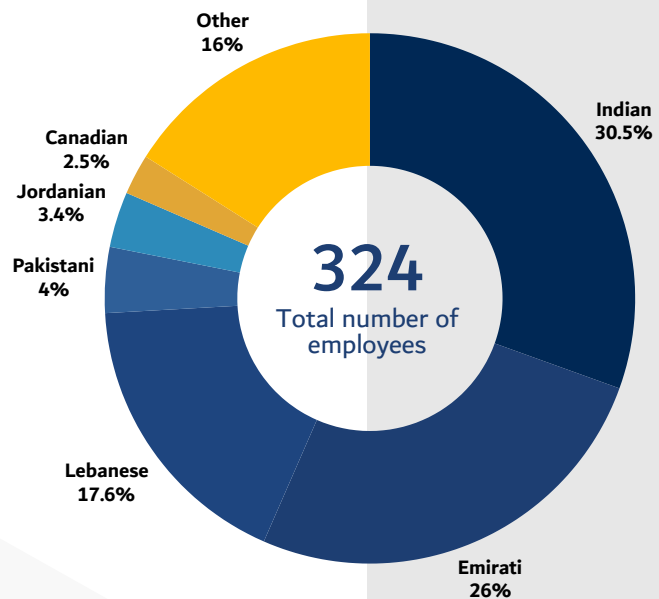
Her advice to young women pursuing leadership roles is clear:

"Patience, perseverance, and persistence - these are the keys to success. Never underestimate your voice, because once you prove your determination and earn the trust of your team, you can achieve anything."

A Multicultural Workforce

With a workforce representing 31 **different nationalities**, Bank of Sharjah reflects the rich, cultural and vibrant landscape of the UAE. This **diverse mix of perspectives, experiences, and cultural backgrounds** fosters a **dynamic and inclusive work environment**, enhances our ability to serve a broad and diverse customer base, and strengthens our **strategic decision-making**. Our team comprises professionals from **varied regional and international backgrounds**, bringing together a wealth of knowledge-sharing and expertise that drives innovation and excellence across all levels of the organisation, which in turn allows us to better serve our customer base.

This commitment to **diversity and inclusion** is also reflected in the **art that adorns our offices**, serving as a powerful representation of the vibrancy and richness that different cultures bring. A striking example is the artwork by renowned artist **Katya A. Traboulsi**, displayed in the office of **Amina Al Halwaji, Chief Human Resources Officer (CHRO)**. This piece holds deep significance, symbolising how **diversity infuses color and vitality into the world**, much like how the unique perspectives of our employees shape a stronger, more dynamic workplace. As Amina describes it, **“People are our jewels”**—a powerful reminder that each individual brings invaluable contributions, making Bank of Sharjah not just a workplace, but a mosaic of talents, cultures, and ideas.



Cultural Celebrations & Employee Engagement

Fostering a **sense of belonging** is an essential part of our inclusive culture. Bank of Sharjah actively celebrates **key cultural and national events**, bringing employees together to honor traditions, strengthen workplace connections, and create an environment of mutual respect.

Our **annual Iftar gathering during Ramadan** unites employees from various backgrounds, reinforcing our commitment to community and inclusivity. Similarly, **UAE National Day and Flag Day celebrations** reflect our deep-rooted connection to the nation, acknowledging its rich heritage and the role we play in its economic and social progress. These celebrations provide opportunities for employees to share their traditions, learn from one another, and build a strong sense of unity within the organisation.



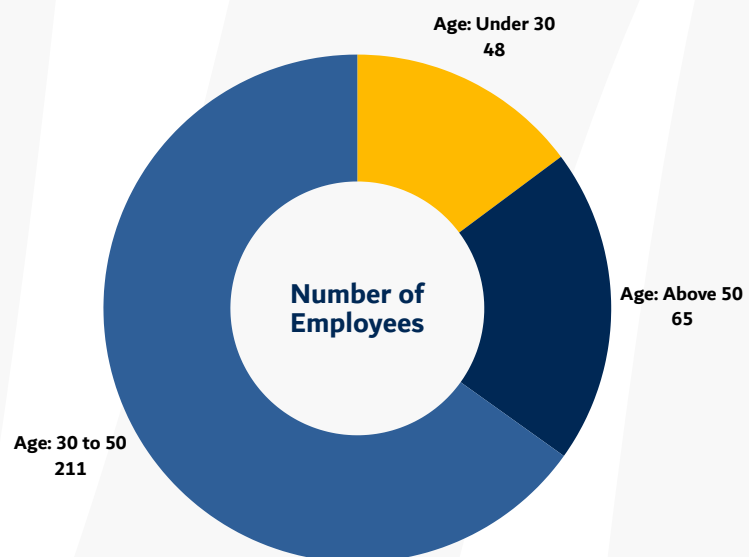
Empowering a Workforce of All Ages & Experiences

We value a **multi-generational workforce**, recognising the importance of both experienced professionals and young talent in driving business success. Our workforce in 2024 includes:

This balance ensures that seasoned banking professionals with industry experience bring leadership, stability, and expertise, while younger employees introduce fresh perspectives, digital fluency, and innovative thinking.

Through cross-generational mentorship, we bridge experience with innovation, ensuring that our team remains agile and future-ready. This is supported by various infrastructures, such as educational policies, mentorship opportunities, internal job movement opportunities, training initiatives, educational assistance and a top-down approach, to representing beacons of excellence.

The Bank's executive leadership also has representation at the UAE Banks Federation among various committees, which is a testament to our expertise and ability to foster, steer and drive meaningful changes at the highest levels of the Banking sector.



Emiratisation Focus

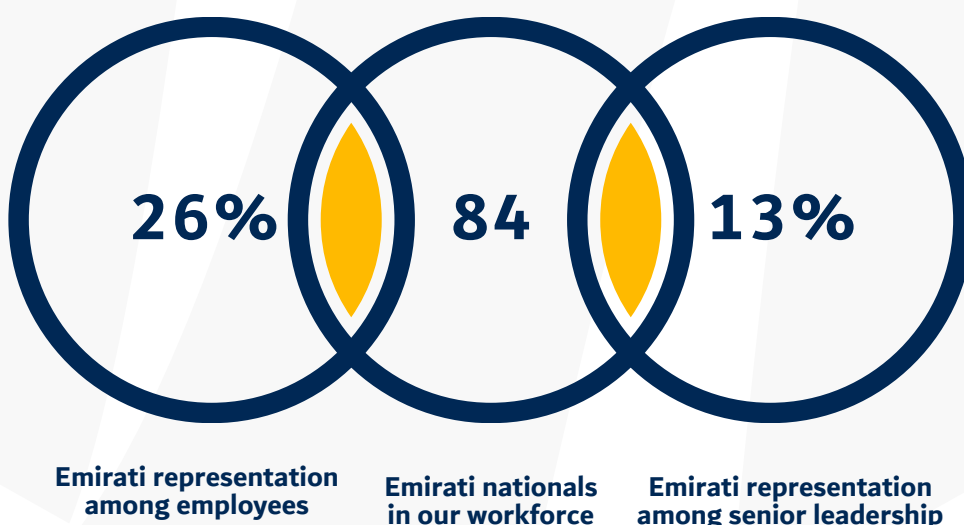
Bank of Sharjah is committed to supporting the UAE's national agenda by fostering Emirati talent and strengthening their representation within the banking sector. Our Emiratisation strategy aligns with the Central Bank of the UAE's directives and the broader national objective of achieving 45% Emirati representation across the workforce. Through targeted recruitment, structured development programs, and career growth initiatives, we continue to create opportunities that empower UAE nationals and enable them to thrive within our organisation.

In 2024, we made significant strides in enhancing Emirati participation at all levels of the Bank. UAE nationals now constitute 26% of our total workforce, up from 23% in 2023, reflecting our ongoing efforts to attract and retain local talent. Our Emirati representation in senior management is projected to grow from 13%, as we remain committed to increasing leadership opportunities for UAE nationals through structured succession planning and executive training programs.

To ensure that Emirati employees are equipped with the necessary skills and expertise, we continue to invest in their professional development. Our cross-departmental training opportunities provide a holistic understanding of banking operations, allowing Emiratis to gain valuable insights across different functions. Furthermore, the Bank fully sponsors specialised education programs at institutions such as the Emirates Institute of Finance, while also offering study leave for employees pursuing higher education. By reinforcing our commitment to continuous learning, we aim to cultivate a highly skilled Emirati workforce that is well-prepared to contribute to the industry's growth.



Emiratisation in numbers



A Journey of Growth: Khalid Al Mazrooqi's Story

A testament to the success of our Emiratization efforts is the journey of Khalid Al Mazrooqi. Khalid has benefited from the Bank's focus on career development, mentorship, and professional growth. He attributes his success to the support of the Board of Directors, led by His Highness Sheikh Mohammed bin Saud Al Qasimi, the Executive Management under Mr. Mohamed Khadiri, and the HR department, led by Amina Al Halwaji, for fostering a culture that empowers UAE nationals to excel.

"The Bank has implemented several initiatives to support Emirati employees, from structured training programs that enhance essential skills to an open communication strategy that ensures knowledge-sharing across teams," Khalid explains. "One of the most valuable programs has been the career consultation initiative, which helps employees define their professional paths and achieve their performance goals. The HR team has also introduced a special salary increase scheme for UAE nationals, further demonstrating the Bank's investment in our long-term success."

Reflecting on his journey, Khalid acknowledges that his career at Bank of Sharjah has been shaped by a variety of experiences rather than a single defining moment. "When I first joined, I was part of the administrative trainee program, which allowed me to rotate across multiple departments. This exposure gave me a deep understanding of banking operations and helped shape my career ambitions."

With a degree in Law, Khalid initially started in the Bank Operations Department but later transitioned to the Legal Affairs Department, a move that aligned with his academic background and professional aspirations. "The Bank recognised my strengths and provided me with the opportunity to grow in a role that truly suits me. Throughout this transition, the HR team was incredibly supportive, ensuring I had the guidance and resources I needed to succeed."

Khalid finds inspiration in the words of His Highness Sheikh Mohammed Bin Zayed Al Nahyan: "I have the conviction that our country, the UAE, is like a light illuminating a dark land, leading others by example."

This quote motivates him to strive for excellence and contribute meaningfully to the UAE's vision of progress and innovation.



Khalid Al Mazrooqi
Legal Officer

Employee Well-being

At Bank of Sharjah, we recognise that our employees are our most valuable asset. We are committed to fostering a supportive and enriching work environment that prioritises their health, well-being, and professional growth. Our comprehensive benefits package, employee engagement initiatives, and emphasis on work-life balance reflect our dedication to their overall satisfaction and productivity.

Comprehensive Benefits and Health Support

All full-time staff at Bank of Sharjah are entitled to a comprehensive benefits package, which includes 30 days of annual leave, medical and life insurance, and an annual air ticket to employees' home countries. We also support employees pursuing further education by contributing to their educational expenses, fostering both personal and professional development. Recognising the importance of family and religious commitments, we provide seven days of paid leave for marriage and Hajj. Additionally, employees are granted an extra day off annually for volunteering activities, encouraging community engagement.

In 2024, we enhanced our health insurance offerings by partnering with one of the leading insurance providers in the region. This upgrade ensures that all employees, from office support staff to executive leadership, receive equal and comprehensive coverage. Our insurance plan now includes mental well-being services, therapy sessions, alternative medicine options, and dental care, underscoring our holistic approach to health.



**Thirty days
of annual
leave**



**Medical
and life
insurance**



**Annual air ticket
to employees'
home countries**



**Contributing
to educational
expenses**



**Seven days
of paid leave
for marriage
and Hajj**



**Annually one
extra day off for
volunteering
activities**

Promoting Work-Life Balance

We believe that a healthy work-life balance is crucial for employee satisfaction and efficiency. To support this, we actively promote a culture that discourages working beyond regular hours, fostering a culture where employees are encouraged to leave on time. This approach ensures that our team members have ample time to rest, pursue personal interests, and spend quality time with their families.

Parental Support and Nursing Provisions

Understanding the challenges that new parents face, Bank of Sharjah offers generous parental leave policies which all full-time staff are eligible for. In 2024, 10 employees (3 male and 7 female) availed parental leave, compared to 16 employees (8 male and 8 female) in 2023. Notably, all employees who took parental leave in 2024 returned to work, demonstrating the effectiveness of our supportive policies. Additionally, 100% of employees who took parental leave in 2023 were still with the Bank 12 months later, highlighting strong employee retention following parental leave.

Additionally, nursing mothers are entitled to two daily breaks, totalling one hour, for breastfeeding. This entitlement lasts for six months following the date of delivery and is fully paid, in line with UAE labor laws.

10

Employees who utilised parental leave in 2024

10

Employees who returned post parental leave in 2024

100%

of employees who took parental leave in 2023 were still with the bank 12 months later

Employee Awareness

Through our partnership with our insurance provider, we keep employees informed and engaged by receiving periodic wellness newsletters. These newsletters, covering topics such as health tips, stress management, and work-life balance strategies, serve as a valuable resource to support employees' well-being both at work and in their personal lives.

Our Head of Human Resources, Amina Al Halwaji, champions a culture of empathy within the Bank. She believes in the power of understanding and compassion, emphasising, "Always put yourself in someone else's shoes." This philosophy permeates our organisational culture, fostering a supportive and inclusive environment.

Continuous Learning & Development

We believe that investing in our employees' growth is key to fostering a high-performing and future-ready workforce. Acknowledging the diverse backgrounds and expertise of our employees, we provide a range of tailored training programs designed to support their professional journeys across different business functions.

Each year, we conduct mandatory training to strengthen employees' knowledge of critical business topics, ethical standards, and industry best practices. Our learning and development strategy incorporates both in-person sessions and online e-learning platforms, including **Intuition, KnowBe4, and Dolphin**, ensuring accessibility and continuous learning. In alignment with recommendations from the **Central Bank of the UAE (CBUAE)**, we collaborate with the **Emirates Institute of Finance (EIF)** to provide specialised training on information security, risk management, and financial regulations. Leadership development and general skills training are also offered to support career advancement.

In **2024**, our employees completed **3,530 training hours**, a significant increase from **1,232 hours in 2023**, demonstrating our ongoing commitment to enhancing workforce capabilities.

Key Training Programs in 2024

This year, the Bank delivered a range of **mandatory** training sessions to ensure compliance and industry alignment, including:



Beyond compliance, we prioritise personal and professional growth by offering **voluntary** training opportunities that empower employees to develop leadership skills, improve business acumen, and adapt to evolving market needs. In 2024, the Bank expanded its training curriculum to include **ESG and sustainability-related topics**, equipping employees with the knowledge to integrate responsible banking principles into their daily operations. Some of the **voluntary training topics** available this year included:



In addition to the above, members of staff have also completed a **Diversity and Inclusion course** offered by the Emirates Institute of Finance (EIF).

Supporting Further Education

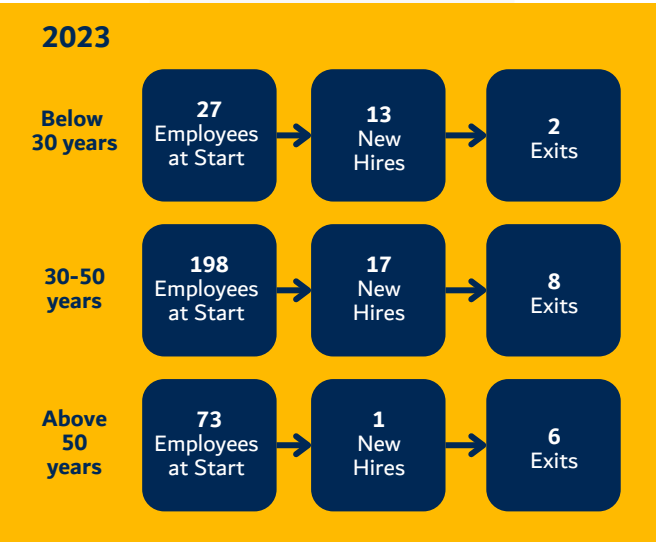
Our commitment to continuous learning extends beyond workplace training. Through the **Bank’s Educational Assistance Policy**, we support employees in pursuing **higher education and professional certifications**, covering educational expenses to help them advance their careers. By linking training and education directly to both individual development and the Bank’s long-term success, we create a mutually beneficial environment where empowered employees drive excellence, and the Bank, in turn, supports their ambitions.

Talent Attraction & Retention

We recognise that attracting and retaining top talent is essential to sustaining our success. We are committed to fostering a workplace that supports professional growth, career development, and long-term employee engagement. By creating an environment where employees feel valued, empowered, and supported, we ensure that our workforce remains motivated and aligned with the Bank’s strategic vision.

Hiring & Retention Trends

In 2024, the Bank continued to attract skilled professionals while ensuring stability within its workforce. At the start of the year, we employed **313 individuals**, growing to **324 employees** by year-end despite natural attrition. Over the course of the year, we welcomed **41 new employees**, reflecting our proactive approach to talent acquisition, while **30 employees exited** the organisation.



The Bank's hiring strategy continues to emphasise **gender balance**, with **nearly equal recruitment of male and female employees in 2024**. The increase in female hires is a testament to our ongoing efforts to create a workplace that provides **equal opportunities for all employees**.

The **majority of new hires (51%) in 2024 were under the age of 30**, reinforcing our commitment to developing young talent and nurturing the next generation of banking professionals. The Bank's investment in young talent is part of a broader strategy to develop a skilled, future-ready workforce while ensuring a balanced representation of experienced professionals across all age groups.



2024

Male



158
Employees at
FY Start

21
New Hires

14
Exits

165
Employees at
FY End

Female



155
Employees at
FY Start

20
New Hires

16
Exits

159
Employees at
FY End

2023

Male



155
Employees at
FY Start

15
New Hires

12
Exits

158
Employees at
FY End

Female



143
Employees at
FY Start

16
New Hires

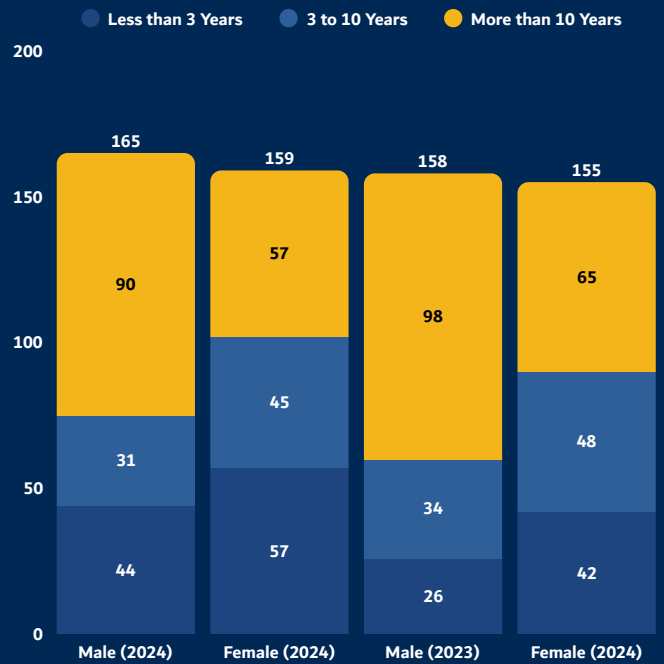
4
Exits

155
Employees at
FY End



Employee Tenure & Career Growth

Bank of Sharjah values **long-term employee retention** and aims to provide career growth opportunities that foster loyalty and commitment. In 2024, **45% of our employees had been with us for over 10 years**, a testament to the supportive work environment we cultivate. Additionally, the increase in employees with less than three years of tenure reflects our ongoing investment in fresh talent, while the stability of long-serving employees underscores our strong retention practices.



Talent Acquisition & Recruitment Strategy

Our hiring process is guided by meritocracy, transparency, and fairness, ensuring we attract top professionals who align with the Bank's culture and values. We recruit through:

Career Fairs

Engaging with young professionals and fresh graduates.

Referrals

Encouraging employee-referred candidates.

Advertisements

Utilising platforms such as LinkedIn to reach a broad talent pool.

Internships

Providing practical exposure to students and young professionals.

Recruitment Agencies

Engaging external experts for specialised roles.

All hiring processes comply with UAE labor laws and follow rigorous screening, interview, and background check protocols to ensure we onboard the best talent.

Enhancing customer experience & engagement

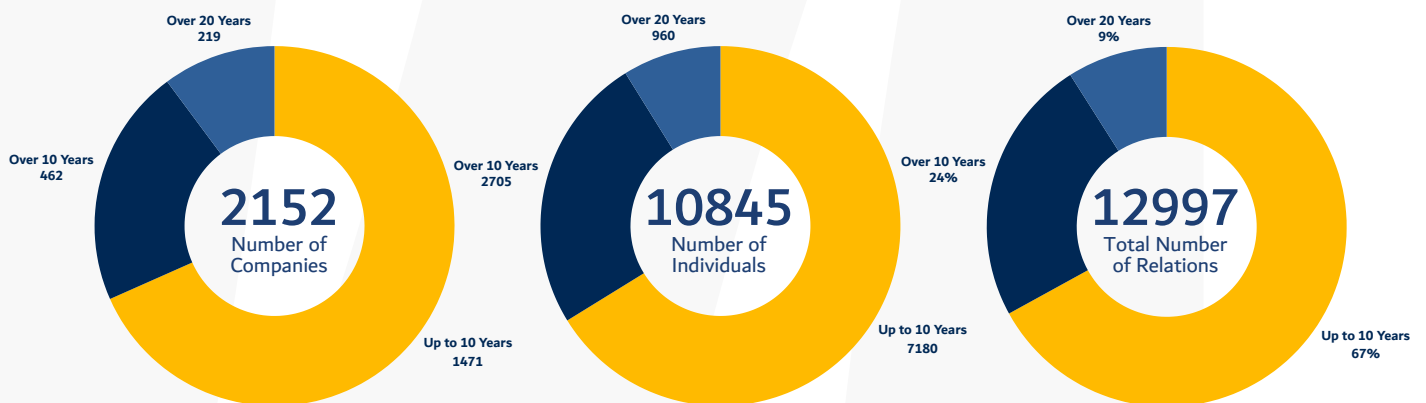
Supporting Customers Through Generations

Bank of Sharjah takes pride in building long-lasting relationships with its customers, ensuring that its services evolve alongside their financial needs. By fostering trust and offering personalised support, the Bank has remained a reliable and easily accessible partner for individuals and businesses across multiple generations.



Enduring Customer Relationships

As of December 31, 2024, a significant portion of our customers have maintained longstanding relationships with the Bank:



These figures reflect the deep-rooted trust and loyalty that define our customer relationships, underscoring the Bank's role as a long-term financial partner.

A Legacy of Partnership: The Fresh Express Story

One of the relationships that exemplify this spirit of long-term commitment is the partnership between Bank of Sharjah and Fresh Express, a family-owned business that has been banking with us since 1994.

Founded in 1993 by **Mr. Costas Vouyoukas**, **Fresh Express** began as a one-man operation with just a single vehicle. Today, it stands as one of the leading food and beverage distributors in the region, employing 600 people and operating a fleet of over 100 vehicles - with Bank of Sharjah supporting its journey every step of the way. Through an interview with 3 generations of their leadership, we explored how Fresh Express has grown alongside its relationship with the Bank.

Throughout the years, the partnership between Fresh Express and the Bank has been built on trust, accessibility, and personal connections. The Vouyoukas family emphasised how much they value the “human touch” element in their banking relationship, describing how issues can be resolved with a simple phone call. Ionass Vouyoukas, the group Vice President representing the second generation, highlighted this sentiment, stating, “Bank of Sharjah looks at us as people, not just numbers.” For the younger generation, Bank of Sharjah has been more than just a financial institution - it has been a constant presence in their lives, from their first personal bank accounts to supporting the continued expansion of their family business.



Shared Commitment to Sustainability and Growth

Beyond banking, Fresh Express shares Bank of Sharjah’s commitment to ESG values. The company has built its reputation on sourcing premium seafood responsibly while supporting **small-scale, local fishermen** whose livelihoods depend on sustainable trade. Like the Bank, they recognise the importance of **blending technology with personal relationships**, ensuring they remain competitive while maintaining the human connection that has driven their success.

The company’s trust in Bank of Sharjah deepened during challenging times, such as the 2008 financial crisis, when the Bank provided critical cashflow support. Another defining moment came in 2006, when their relationship manager encouraged them to seek external consultancy to enhance their financial reporting. This strategic move transformed their standing in the financial community - once hesitant institutions began welcoming them with open arms, impressed by their improved financial structure. Fresh Express attributes this success to **mutual trust**, where the Bank provided guidance, and they took proactive steps to implement it. As **Mr. Costas Vouyoukas** described his experience, stating, “Bank of Sharjah has been a true blessing, standing by us through every challenge and opportunity.”

A Relationship Built on Trust & Understanding

For Fresh Express, the relationship with Bank of Sharjah is not just transactional—it is deeply personal. They appreciate the way the Bank's relationship managers take the time to **understand their business firsthand**, visiting their facilities and maintaining a **proactive, hands-on approach**. This multigenerational relationship is a testament to Bank of Sharjah's approach to banking—one that is built on trust, long-term commitment, and a deep understanding of customer needs. By continuing to prioritise personal relationships alongside financial expertise, the Bank remains a steadfast partner for businesses and families across generations, reinforcing its role as a bank that grows with its customers.



Financial Inclusion & Accessibility

Bank of Sharjah is committed to advancing financial inclusion by ensuring that individuals and businesses have access to secure, affordable, and user-friendly financial services. By enhancing accessibility, improving financial literacy, and integrating inclusive banking solutions, the bank aims to create a more equitable financial ecosystem for all.

Enhancing Access to Financial Services

A portion of our customer base consists of retail and individual clients, including many salaried individuals earning below AED 5,000, as well as underbanked and blue-collar workers. Recognising the financial challenges these groups face, we actively support their banking needs by waiving certain fees and charges for accounts held by employees of our corporate clients, ensuring that financial services remain accessible and affordable.

Our commitment to inclusion also extends **to small and medium enterprises (SMEs)**, recognising that every company that begins its journey with us was once a startup. By providing tailored banking services, we continue to foster entrepreneurship and economic growth, while enhancing our relationship with our customers.

To further improve accessibility, we have strengthened our presence in underserved areas, such as **Mussafah, an industrial district home to many blue-collar workers**. Our branch in this area is equipped with infrastructure designed to accommodate their needs, including PoD-friendly ATMs and banking facilities. By ensuring that financial services are within reach of those who need them most, we reinforce our role in fostering financial inclusion.

Enhancing Access to Financial Services

A significant focus has been placed on making banking services more accessible to People of Determination (PoD). PoD-friendly ATMs, ordered in 2024 and set for rollout in 2025, are equipped with **Braille pinpads, audio jack adapters for spoken instructions, and tactile floor indicators where possible**. Branches are being upgraded to include **accessible entrance doors, wider doorways, and dedicated parking spots** at all locations. Restroom facilities have also been enhanced to accommodate PoD requirements, ensuring a more inclusive customer experience.

Digital accessibility remains a priority, with ongoing improvements to online banking services. The mobile application undergoes continuous refinement to enhance usability, particularly for individuals with limited financial literacy. Website and internet banking platforms are also being **redesigned with improved color contrast and layout modifications** to better serve People of Determination, ensuring a seamless and inclusive digital banking experience.



Financial Literacy & Consumer Education

Promoting financial literacy is fundamental to fostering economic empowerment and ensuring customers make informed financial decisions. Bank of Sharjah integrates financial education into various touchpoints, making banking more accessible, particularly for individuals with limited financial knowledge.

A key focus is on **digital banking accessibility**, with simplified interfaces and user-friendly mobile applications designed to enhance ease of use. In addition, **dedicated customer support services** provide guidance, ensuring that customers confidently manage their finances.

Beyond digital accessibility, the bank delivers financial education through multiple **awareness channels**. These include **Product Key Fact Statements**, which provide clear and concise information about financial products, as well as **targeted awareness campaigns via social media, SMS, and email**, educating customers on responsible banking practices and financial security. Additionally, **ATM and branch signage** serve as accessible touchpoints, reinforcing key financial messages in everyday banking interactions.

Digital Transformation



Bank of Sharjah's digital transformation strategy is centered on innovation, efficiency, and customer experience. By continuously investing in digital banking solutions, payment technologies, and streamlined operations, the Bank is redefining banking for both individuals and businesses. In 2024, **69% of customer payments were conducted through digital channels**, reducing reliance on physical branches, enhancing accessibility and lowering emissions by minimising the need for customers to travel for in-person banking services.

Customers increasingly value the ease of use of the **eBOS Mobile App**, which has been designed with an intuitive interface to simplify transactions and improve the overall banking experience.

69%

of customer payments were conducted through digital channels

Instant Payments with UAEIPP

As part of a nationwide initiative, Bank of Sharjah introduced the **UAE Instant Payment Platform (UAEIPP)**, enabling customers to perform **24x7x365 instant Dirham payments** via the **Aani** mobile app. This innovation allows individuals to send and receive funds instantly using their phone numbers or email addresses, eliminating the need for complex account details. Businesses can now accept payments through QR codes, while features such as **request-to-pay and bill-splitting** enhance transaction flexibility. This initiative supports the UAE's vision of a fast, cashless economy, giving customers a seamless, real-time payment experience.

Enhanced Mobile & Internet Banking

To make banking more convenient and accessible, Bank of Sharjah has upgraded its **eBOS Mobile App and Internet Banking platforms**, making digital banking faster and more efficient. Enhancements include **corporate transaction approvals via mobile**, allowing businesses to authorise payments on the go, and **IBAN validation for domestic transfers**, reducing fraud risks and transaction errors. Customers have responded positively to these changes, with a **significant increase in mobile banking registrations**, reflecting a shift away from in-branch visits to digital solutions that offer greater flexibility and security.

Enhanced Card Security with 3DS Authentication

Security remains a priority in the Bank's digital transformation efforts. The implementation of the **latest 3D Secure (3DS) authentication protocol** adds an extra layer of protection for online payments. This enhancement ensures a seamless yet secure payment experience, giving customers greater confidence when making digital transactions. By adopting the latest global security standards, the Bank continues to strengthen fraud prevention mechanisms while ensuring ease of use for customers.

Advancing Digital Payments with Jaywan

The UAE's Card Domestic Scheme, Jaywan, is expanding its capabilities to support card-less transactions and enhanced e-commerce payments, as well as collaborating with international payment networks to expand its services locally and globally. Bank of Sharjah is fully complying with and supporting this initiative, which strengthens the local financial ecosystem by ensuring that UAE-issued cards offer secure and competitive digital payment options.

Empowering Customers Through Digital Education

While digital banking adoption continues to grow, Bank of Sharjah remains committed to **ensuring accessibility for all customers**, including those who are less familiar with online banking. The Bank offers **one-on-one digital banking support** at its branches, where seniors and non-tech-savvy users can receive personalised guidance on how to use digital banking services. Additionally, **training workshops for staff** ensure that employees can support customers effectively, while **multilingual support in English and Arabic** ensures inclusivity and ease of access for all customers.

Transition to New Payment Standards (ISO 20022)

Bank of Sharjah is currently upgrading its systems to align with **ISO 20022**, an international messaging standard for financial transactions that enhances the structure and quality of payment data. This transition allows for more detailed transaction information, improved processing efficiency, and greater interoperability between financial institutions worldwide. With enriched data and standardised messaging, customers will benefit from **faster, more reliable cross-border payments**, as well as improved transparency in their financial transactions.



Responsible Marketing & Fair Products

We are committed to upholding the highest standards of fairness, transparency, and integrity in our marketing practices and product offerings. Ensuring that our customers have access to clear and reliable financial information is a core principle embedded in our operations. Our approach is aligned and fully compliant with the Central Bank of the UAE (CBUAE) Consumer Protection Framework, which sets out regulations to safeguard customer rights and promote responsible banking practices.



Fair Treatment of Customers Policy

The Bank's **General Principles for Fair Treatment of Customers policy** governs all aspects of our customer relationships, ensuring that every interaction is rooted in transparency and fairness. Senior management oversees its implementation, and all staff receive training to ensure they uphold these principles effectively. This includes providing **accessible complaint-handling mechanisms** to swiftly address customer concerns, reinforcing our commitment to excellent customer service.

A key component of this policy is **transparent product offerings** that allow customers to make informed financial decisions. We ensure that all products and services are marketed with **plain-language explanations**, avoiding unnecessary complexity and ensuring that customers fully understand the terms, benefits, and risks involved. Any updates or changes to our products and services are communicated **immediately and clearly** to customers, ensuring that they remain well-informed.

Fraud Awareness & Customer Protection

Protecting customers from fraud is a top priority at Bank of Sharjah. We actively communicate **fraud awareness messages** to educate customers about potential risks and how to protect their financial assets. Our fraud awareness initiatives have contributed to maintaining a relatively low incidence of fraud cases among our customers.

In addition to fraud awareness initiatives, we have comprehensive and robust monitoring and control systems in place to identify and respond to suspicious transactions efficiently. By leveraging advanced fraud detection mechanisms, we ensure that fraudulent activities are swiftly addressed, providing our customers with an added layer of security.

Supporting Communities

Corporate Social Responsibility (CSR)

For over **50 years**, Bank of Sharjah has embedded **Corporate Social Responsibility (CSR)** at the heart of its business, fostering long-term partnerships, humanitarian support, and economic empowerment. Our approach to CSR is not just about philanthropy—it is about creating sustainable change, empowering communities, and ensuring inclusivity and equal opportunities for all.

Bank of Sharjah's **CSR investments in 2024** totaled **AED 2,240,723**, covering a range of **education, inclusion, and economic empowerment** initiatives.



Beneficiary	
Sharjah City for Humanitarian Services (SCHS)	
Al Noor Rehabilitation and Welfare Association	
Dubai Centre for Special Needs	
Ministry of Interior – Saaed Association	
Sponsorships: SIF 2024	
Total CSR Contributions	2,240,723

Sharjah City for Humanitarian Services (SCHS)

Since 2019, Bank of Sharjah has been a steadfast partner of Sharjah City for Humanitarian Services (SCHS), reinforcing our commitment to social responsibility through a ten-year, AED 30 million pledge to support the development of 17 modern educational and rehabilitation facilities for People of Determination. This initiative aims to enhance accessibility, improve learning environments, and expand specialised support services, ensuring that individuals with diverse abilities receive the resources and opportunities necessary for greater independence and inclusion.

Our commitment to SCHS extends far beyond financial contributions. Bank of Sharjah plays an active role in driving meaningful engagement through awareness campaigns, student development programs, and community events—all designed to foster inclusion, empower individuals, and create lasting societal impact.

One such initiative is the **International Day of People with Disabilities**, where Bank of Sharjah proudly participates alongside public and private sector stakeholders, educational institutions, and advocacy groups. This event highlights the contributions of People of Determination and promotes greater societal awareness of inclusivity.



In addition, Bank of Sharjah plays an active role in **SCHS's Annual Closing Ceremony**, a platform dedicated to recognising and celebrating the academic, vocational, and personal achievements of students. This event allows students to showcase their talents and progress through performances, exhibitions, and project presentations. The Bank not only attends and supports this celebration but also reinforces the importance of continued corporate engagement in educational initiatives, ensuring that People of Determination have the encouragement and opportunities they need to succeed.



Al Noor Rehabilitation & Welfare Association

Bank of Sharjah has been a supporter of **Al Noor Rehabilitation and Welfare Association** since 2009 which provides education, therapy, and vocational training for People of Determination.

Our collaboration with Al Noor is deeply rooted in active engagement, supporting and participating in its key events and initiatives, including:

- **30x30 Challenge:** In alignment with Dubai's Fitness Challenge, this initiative invited corporates to participate in a friendly competition to support People of Determination while promoting health and well-being.
- **Adopt-a-Class:** A sponsorship program where organisations fund an entire classroom's education for a year, ensuring uninterrupted learning and therapy.
- **Al Noor Funfair:** The largest fundraising event for the center, attracting over 5,000 attendees in support of Al Noor's students.
- **CSR Tournament:** A corporate-friendly sports competition held alongside the Funfair, where businesses engage in team-building while supporting Al Noor's mission.
- **Walk for Inclusion:** A 2km community walk held during the Funfair to raise awareness about People of Determination, advocating for inclusivity and accessibility.
- **Corporate Engagement:** Employees from various organisations, including Bank of Sharjah, participated in volunteering activities such as sports days, classroom painting, and gardening with students.
- **Bus Sponsorship:** Bank of Sharjah sponsored transportation services, ensuring that students have safe and reliable access to education.

Bank of Sharjah is a longstanding partner of the Dubai Centre for Special Needs (DCSN), a champion in providing community support to People of Determination.

In 2024, our collaboration with DCSN deepened, with Bank of Sharjah supporting a series of key events and programs that brought together students, families, and the broader community. The UAE National Day Celebration was a particularly memorable occasion, where students showcased their creativity and cultural pride through performances that honored Emirati heritage. The Family Winter Fair created a vibrant atmosphere for students and their families, offering interactive activities and fostering deeper community connections. Meanwhile, Sports Day encouraged teamwork and determination, allowing students to participate in physical activities designed to promote inclusivity and well-being.

One of the most impactful initiatives was A Day in the Life of My Child, a unique experience that allowed parents to step into their children's world, gaining insight into their daily challenges, achievements, and aspirations. This initiative strengthened family engagement and understanding, reinforcing the importance of a supportive community in a child's development.

Beyond these events, Bank of Sharjah proudly contributed to the recognition and empowerment of students through prestigious awards that celebrated their hard work and dedication:

- ASDAN Certificates – Recognising commitment to learning and development.
- Sheikha Latifa Award – Honoring outstanding talent and progress.
- Work Placements – Providing students with real-world experience to enhance their independence and career opportunities.



Saaed Association: Advancing Road Safety & Community Well-Being

As part of its commitment to social responsibility and public safety, Bank of Sharjah continues to strengthen its partnership with the **Ministry of Interior – Saaed Association**, supporting road safety awareness and humanitarian initiatives across the UAE. In 2024, the Bank contributed toward key programs designed to enhance traffic safety, promote responsible driving behaviors, and provide essential support to vulnerable communities.

Traffic Awareness Campaigns

A major focus of this collaboration is the Traffic Awareness Campaigns, which play a vital role in educating motorists and reinforcing safer road practices. Throughout the year, Bank of Sharjah supported several initiatives, including:

- **"Safe Riding for Bikers"** – Emphasising motorcycle safety, promoting protective gear, and educating bikers on responsible riding practices.
- **"No Phone While Driving"** – Raising awareness about the dangers of distracted driving and encouraging safer road behaviors.
- **"Summer Without Accidents"** – Encouraging motorists to conduct regular vehicle maintenance checks to reduce road-related incidents.
- **"Back to School"** – Enhancing student safety through increased traffic patrols and awareness sessions to ensure safe travel to and from school.

Beyond road safety, Bank of Sharjah also played an active role in humanitarian initiatives led by Saaed Association. The Ramadan Charitable Initiative provided essential support to underprivileged families, reinforcing the Bank's dedication to social welfare and community development. Additionally, the Bank contributed to **Zayed Humanitarian Work Day**, a significant annual event that directs proceeds to the Red Crescent funding programs that enhance education, healthcare, and community support initiatives.





Engagement with Academic Institutions

Columbia Business School

In 2024, Bank of Sharjah **hosted second-year MBA students from Columbia Business School**, offering insights into the regional banking landscape and the bank's strategic initiatives. As part of their week-long professional tour of the UAE, 26 MBA candidates from the Class of 2024 engaged with the bank's leadership at its head office in Sharjah, gaining firsthand exposure to banking practices in the region.

The visit was part of Columbia Business School's **global immersion course**, which enhances students' understanding of international markets. The highlight of the session was an **interactive discussion with Bank of Sharjah's CEO, Mohamed Khadiri**, where students explored the differences between regional and global banking, the bank's growth strategy, and industry challenges. Additionally, they engaged in insightful discussions with **Mr. Haig Nerguizian, the Group Head of M&A and Structured Transactions**, who is himself a **Columbia Business School alumnus**.

American University of Sharjah (AUS): Plans for 2025

In 2025, Bank of Sharjah will strengthen its commitment to education and professional development through a strategic partnership with the **American University of Sharjah (AUS)**. This initiative aims to equip students with essential financial knowledge, industry insights, and career opportunities, ensuring they are well-prepared for the evolving financial sector.

As part of this initiative, Bank of Sharjah will offer **mentorship, internship, and training opportunities** to students at the American University of Sharjah (AUS), helping students navigate career pathways, develop leadership skills, and gain exposure to industry trends.

Sponsorship of the Sharjah Investment Forum (SIF) 2024

In 2024, Bank of Sharjah reaffirmed its commitment to economic development by sponsoring the 7th edition of the Sharjah Investment Forum (SIF), contributing AED 450,000 to support entrepreneurship, sustainability, and financial innovation. This sponsorship reinforces the Bank's role in driving business growth, fostering investment opportunities, and encouraging economic diversification within the region. Through its participation in networking sessions, and thought leadership initiatives, Bank of Sharjah continues to shape conversations on responsible banking, sustainable finance, and the future of business innovation.

Art & Inclusivity Initiatives: Celebrating Talent & Empowering Expression



At Bank of Sharjah, art is more than an aesthetic choice—it is a powerful expression of resilience, creativity, and inclusivity. The Bank takes great pride in acquiring and displaying artwork created by People of Determination, ensuring that their talent is not only recognised but honored and celebrated across its head office. These pieces serve as a constant reminder of strength, perseverance, and artistic brilliance, reinforcing the Bank's deep commitment to diversity, empowerment, and cultural appreciation.

One particularly moving example is the artwork displayed in the Head Office at Bank of Sharjah created by an artist who overcame significant physical challenges. This piece has evoked deep emotion and admiration, serving as a testament to the boundless nature of human creativity and determination. More than just visually striking, these works of art carry deep personal and collective significance, inspiring employees and visitors alike.

Supporting Sharjah's Heritage

Bank of Sharjah has a deep-rooted connection to Sharjah's cultural and artistic heritage, reflected in its commitment to preserving and celebrating the Emirate's traditions, artistic expressions, and historical identity.

A Symbol of Heritage: The Bank of Sharjah Original Palm Tree Logo

Heritage has always been at the core of Bank of Sharjah's identity, and this is best represented by its original palm tree logo—a symbol of prosperity, resilience, and deep cultural roots in Emirati history. The palm tree has long been a source of life, sustenance, and economic strength for the people of the UAE, making it an enduring emblem of the country's traditions.



Bank Street: A Legacy of Financial and Cultural Significance

As one of Sharjah's oldest and most historically significant financial institutions, Bank of Sharjah has been part of the evolution of Bank Street, a district that has long served as a hub for commerce and culture in the Emirate. The area, which once housed the earliest financial institutions in Sharjah, remains a landmark of economic transformation and historical continuity. Bank of Sharjah's presence in this historically significant location reinforces its enduring role in the Emirate's financial and cultural landscape, connecting the past with the present.



(Description: Al Hisn (The Fort) that was reconstructed in the 1990s in the middle of the the two blocks of buildings on Bank Street. Source: The Culturist (6 May, 2014) - "Sharjah's Bank Street & Heritage Area"



Promoting Art and Cultural Expression

Bank of Sharjah is also committed to celebrating and supporting artistic heritage, particularly through its acquisition and display of Islamic and Emirati-inspired artworks. The Bank proudly incorporates Islamic art pieces within its offices, showcasing intricate calligraphy, geometric patterns, and traditional motifs that reflect the rich artistic traditions of the region. These artworks serve as a reminder of Sharjah's long-standing role as a cultural capital and reinforce the Bank's dedication to preserving and promoting local artistry.



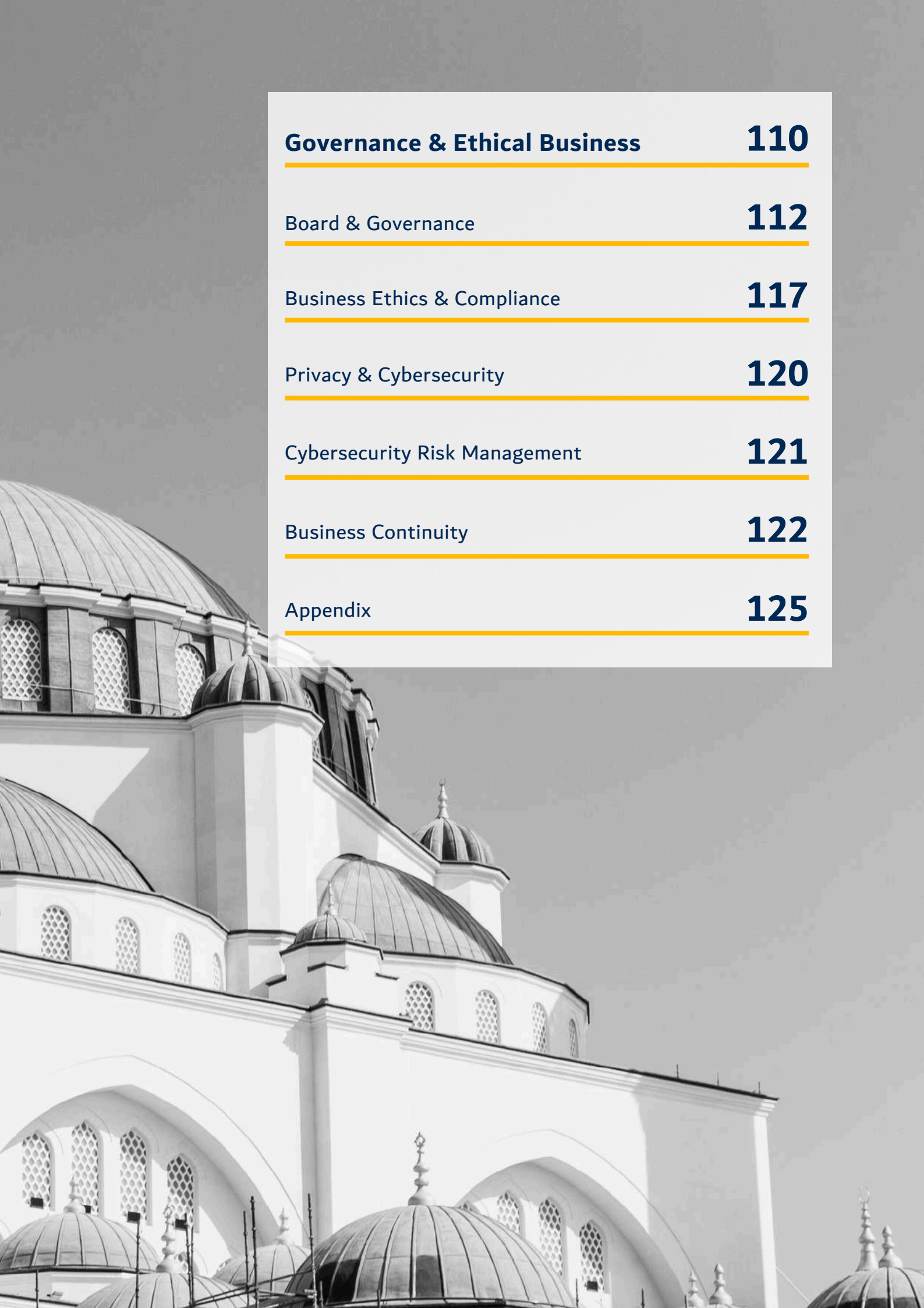
GOVERNANCE & ETHICAL BUSINESS

8 DECENT WORK AND
ECONOMIC GROWTH



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS





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Board & Governance

Bank of Sharjah upholds strong corporate governance as a fundamental pillar of its business, ensuring transparency, accountability, and ethical decision-making. The governance structure is led by the Board of Directors (Board), which provides oversight for the bank's strategic direction, risk management, and overall performance.

73%

independent Board Members

The Chairman of the Board is His Highness Sheikh Mohammed bin Saud Al Qasimi, who does not hold any executive management position within the bank. The Board comprises **11 non-executive members, 8 of whom are independent**, reinforcing its commitment to strong governance and oversight. The Board includes **one female director**, reflecting the bank's focus on diversity and inclusion.



Board members bring extensive experience across various industries and geographic regions, including the GCC, Europe, and Asia, enriching decision-making with a broad spectrum of perspectives. In 2024, **the Board convened 6 times**, ensuring continuous engagement in key governance matters.

To support its governance responsibilities, the bank has established **eight Board Committees**, each dedicated to overseeing specific aspects of operations and strategy. These committees play a crucial role in maintaining high governance standards, ensuring compliance with regulatory requirements, and driving long-term success.



Board Nomination & Appointment

The Bank's approach to selecting and appointing committee members goes beyond simply ensuring their skills and no conflicts of interest. Several other key aspects contribute to a robust and ethical process, including the independence of the potential members, diversity and inclusion.

The **Board Remuneration, Nomination & Compensation Committee (BRNCC)** requires a minimum of three non-executive or independent directors to ensure diverse perspectives and prevent undue influence. Notably, the Board chairperson is excluded from membership to maintain impartiality. An independent director, chosen by the Board, serves as this Committee's chairperson, providing experienced and unbiased leadership. Their term aligns with the Board's term for long-term vision and consistency. Recognising the valuable contributions of committee members, the Board sets fair compensation to ensure their dedication and motivated service.

Remuneration

The BRNCC is also responsible for overseeing the bank's remuneration policies, ensuring fairness, transparency, and alignment with industry standards. Compensation structures are designed to attract and retain top talent while adhering to governance and regulatory best practices.

Senior Management compensation is performance-based and determined by the **CEO**, with oversight from the BRNCC. **Executives are formally incentivised to perform on sustainability**, ensuring ESG considerations are integrated into decision-making and business performance. The BRNCC works closely with other committees to ensure that remuneration disclosures in financial statements remain compliant with regulatory requirements.

To uphold transparency, the BRNCC has the authority to access any relevant documents and request information from bank departments. All requests are documented in writing, ensuring accountability and clarity in case of external audits or reviews by the Central Bank of the UAE (CBUAE).

Role of the Board

The Board is responsible for setting the strategic direction of the bank and ensuring business goals, financial targets, and risk management policies align with the bank's vision. It approves key strategies, policies, and risk frameworks while overseeing operational performance and regulatory compliance.

In addition to its oversight role, the Board actively monitors the bank's sustainability commitments. With **20% of all Board meetings including discussions on ESG, climate risk, or social responsibility**, it plays an integral role in shaping the bank's approach to responsible banking. The Board has the **final authority on sustainability-related policies** and will soon examine the bank's ESG strategy to define sustainability benchmarks and ensure long-term alignment with global best practices.

Delegation of Responsibility

While the Board provides strategic direction, it delegates execution to the **Senior Management team**, ensuring that daily operations align with the bank's objectives and regulatory framework. The Board establishes corporate governance policies that reflect the bank's risk profile and is responsible for setting a structured selection process for Senior Management, including key roles in risk management, compliance, and internal audit.

The Board ensures that all leadership appointments support the bank's long-term vision, including the maintenance of a succession plan for key management roles. Further details on delegation processes are outlined in the **Corporate Governance Report**.



Management Committees

While the Board of Directors and Board Committees are responsible for holistic oversight of the bank's overall strategy and performance, the Senior Management through management level committees, drive effective execution of the strategic vision.

Bank of Sharjah has formulated 10 such committees, with a defined structure, roles and responsibilities and clear delegation of authority. Each committee is focused on specific areas of the business and hence translates the board-defined strategic goals into actionable plans for respective departments or functions.

The management committees regularly monitor and report on operational performance and any potential risks to Senior Management as well as ultimately to relevant Board Committees. This facilitates transparency and effective decision-making at both Management and Board level. In addition to the operational performance and risk management, another key objective for such management committees is to ensure bank's compliance with applicable regulatory requirements at any given point of time.



Management Executive Committee



Management Internal Control Committee



Asset and Liability Committee (ALCO)



Management Credit and Investment Committee



IFRS 9 Committee



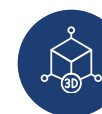
IT Steering Committee



Information Security Committee



Human Resources Committee



Model Management Committee



Product Approval Committee





Board Training

Bank of Sharjah remains committed to ongoing professional development for its Board members. In 2024, the Board participated in two key training sessions covering governance and sustainability topics.

A **Customer Relationship Management (CRM) training** was attended by nine Board members, enhancing their understanding of client engagement and risk management. **Director Mrs. Arwa Al Owais attended the Audit Committee Effectiveness Roundtable on Key Strategies for Success hosted by the UAE IIA and a dedicated ESG training at Bee'ah headquarters**, reinforcing the Board's role in driving sustainability initiatives.

These training sessions help the Board stay aligned with global best practices, regulatory developments, and emerging ESG trends.

Board Evaluation

In line with the regulations, the board conducts annual performance evaluations for the board and the board committees to drive continuous improvements in governance. This assessment ensures effective oversight, evaluates the Board's performance, and aligns governance practices with the Bank's strategic objectives. The latest assessment reaffirmed the Board's strong oversight of internal controls and its effectiveness in shaping the Bank's corporate culture. It also highlighted the Board's commitment to transparency and the constructive relationship between the Board and management, which facilitates efficient reporting and informed decision-making.

Business Ethics & Compliance

At Bank of Sharjah, integrity, transparency, and ethical governance are embedded in every aspect of our operations. The bank upholds the highest standards of corporate responsibility by implementing robust policies and oversight mechanisms to ensure compliance with all relevant regulations, combat financial crime, and foster a culture of ethical conduct across the organisation.

Through strong policies, independent audits, compliance oversight, and employee training, Bank of Sharjah safeguards against corruption, conflicts of interest, and unethical business practices while reinforcing its commitment to regulatory compliance and financial integrity.



Compliance Oversight

Bank of Sharjah ensures **rigorous oversight of regulatory compliance** through a structured governance framework. **The Board of Directors** formulates policies that align with regulatory mandates, customer protection, and ethical business conduct. These policies are then translated into daily operational guidelines for **employees**, ensuring that compliance is fully integrated into banking operations.

Management plays a key role in ensuring these policies are effectively communicated, implemented, and monitored. **Heads of departments and branches** are responsible for cascading compliance requirements to their teams, and any concerns or breaches are escalated promptly for corrective action. **Internal audits** are conducted independently to assess compliance levels, identify gaps, and recommend improvements. Lastly, employees undergo regular training to reinforce ethical decision-making, and every year, all employees sign an **“Irrevocable Undertaking Form for Policies and Procedures”** confirming their compliance with all regulatory and internal policies. This holistic approach has ensured that our integrity is not breached and justifies the trust that our stakeholders have in the bank.

Code of Conduct

Ethical behavior is central to Bank of Sharjah's corporate culture. The **Code of Business Ethics and Conduct** establishes the bank's principles of **fairness, accountability, and respect**, ensuring that all employees, management, and external partners uphold the highest standards of professional integrity.

The bank fosters an inclusive workplace, where all employees and customers are treated with dignity and respect. Discrimination, harassment, and unethical behavior have no place in our operations. These principles extend beyond internal conduct to include **third-party suppliers, vendors, and business partners**, ensuring that all external engagements align with our values.

In 2024, there were **no incidents of discrimination at the bank or its branches** pertaining to employees, customers or other personnel, reaffirming the bank's strong ethical foundation.

Conflict of Interest

To maintain transparency and impartiality, Bank of Sharjah enforces a **strict Conflict of Interest Policy**, aligned with **CBUAE's Corporate Governance Standards and Consumer Protection Regulations**.

Employees and Board members must immediately disclose any personal or financial interests that could compromise their objectivity in business dealings. This policy applies to all aspects of the bank's operations, including decision-making, transactions, client relationships, and strategic planning.

If a potential conflict arises, employees are required to report the situation, and failure to do so constitutes a serious policy violation. The **Irrevocable Undertaking Form**, signed annually by all employees and Board members, includes an acknowledgment of this obligation.

By maintaining transparency and accountability in all financial and operational matters, the bank ensures that business decisions remain unbiased and in the best interest of all stakeholders.

ZERO

instances pertaining to
corruption & bribery

Anti-Corruption & Bribery

Bank of Sharjah has implemented strong anti-corruption and bribery statements within the Code of Conduct to reinforce ethical business practices. Employees, Board members, and third parties are strictly prohibited from offering, soliciting, or accepting bribes, gifts, or favors that could unduly influence business decisions.

All business gifts and hospitality must be declared, and employees are required to report any attempt to exert undue influence. The bank maintains rigorous internal controls and regular compliance reviews to detect and prevent any corrupt practices. Employees also undergo training to ensure their understanding of anti-bribery laws and their responsibility to uphold the bank's ethical standards.

Whistleblowing & Reporting Misconduct

Bank of Sharjah fosters a culture of transparency and accountability by encouraging employees to **report unethical behavior without fear of retaliation**. A confidential whistleblowing system allows employees to raise concerns **anonymously** through direct communication with Senior Management via email, phone, or in-person meetings.

Reports may include financial fraud, insider trading, regulatory violations, money laundering, or other unethical activities. The bank guarantees full confidentiality and protection for whistleblowers, ensuring that all reports are thoroughly investigated. Employees making reports in good faith are protected from any form of retaliation, while false accusations made in bad faith are subject to disciplinary action.

Anti-Money Laundering & Combating Terrorist Financing (AML & CFT)

Bank of Sharjah enforces a **zero-tolerance policy for money laundering and terrorism financing**, fully complying with **UAE Federal Law No. 20 (2018)** and **Cabinet Decision No. 10 (2019)** and subsequent **updates**. These laws impose stringent requirements on financial institutions, including robust risk assessment, due diligence, and transaction monitoring to detect and prevent financial crime.

The bank's **AML & CFT framework** includes customer due diligence procedures to verify identities, strict monitoring of financial transactions, and immediate reporting of suspicious activities to regulatory authorities. Compliance with **CBUAE Circular 3090 (2021)** has further strengthened internal controls, ensuring a proactive approach to mitigating financial crime risks. Employees receive **mandatory AML training**, equipping them with the tools needed to identify and prevent illicit financial activities.



Privacy & Cybersecurity



As digital banking continues to evolve, **data protection and cybersecurity** have become critical priorities for Bank of Sharjah. The bank is dedicated to safeguarding the personal and financial data of its customers, employees, and stakeholders through **robust policies, secure digital infrastructure, and continuous monitoring of cyber threats.**

Data Protection Policies

Bank of Sharjah maintains a **comprehensive data protection framework** that ensures customer and employee information is handled with the highest level of security. The **Data Privacy and Personal Identifiable Information (PII) Policy** outlines strict procedures for **collecting, processing, preserving, and disclosing personal data** in line with **regional and international regulations.**

All data collected by the bank is securely stored within the UAE, backed up, and retained in a protected environment to prevent unauthorised access, modification, or disclosure. Customers are provided with transparent information regarding how their data is used and shared, ensuring they can make informed decisions.

In compliance with UAE data protection laws and Central Bank regulations, Bank of Sharjah has implemented **multi-layered security controls**, including encryption protocols, access restrictions, Data Leakage Prevention and secure communication channels, to prevent unauthorised data breaches. Employees and third parties working with the bank undergo **mandatory data protection training**, reinforcing best practices in handling confidential information.

Cybersecurity Risk Management

With increasing cyber threats, the bank has established a proactive cybersecurity strategy that includes risk assessment, real-time monitoring, and rapid response mechanisms. **The Information Security Monitoring and Incident Management Policy** defines the bank's approach to **detecting, preventing, and mitigating cyber risks**.

To enhance resilience, the bank has adopted **Security Information and Event Management (SIEM) systems**, which continuously monitor IT infrastructure for suspicious activities. This system is supported by **24/7 monitoring by a Security Operations Centre** ensuring immediate action in case of potential security breaches.

Additionally, all financial transactions, mobile banking services, and digital interactions are safeguarded through **multi-factor authentication and advanced encryption methods**, significantly reducing the risk of unauthorised access.

The bank's **third-party security policy** ensures that all vendors, service providers, and external partners comply with the bank's strict security standards. Before engaging with third parties, an **Information Security Risk Assessment** is conducted, and contracts include strict **confidentiality and non-disclosure agreements (NDAs)**.

Ensuring a Secure Digital Future

Bank of Sharjah takes data privacy and cybersecurity extremely seriously, evidenced by its strong track record of **zero reported data breaches**. This success is a testament to the bank's investment in cybersecurity infrastructure, ongoing staff training programs, and adherence to global best practices. As cyber threats continue to evolve, the bank remains committed to enhancing its security protocols, adopting innovative digital safeguards, and maintaining stakeholder trust in its secure banking ecosystem.

Data Privacy	2022	2023	2024	ZERO
Instances requiring reporting to CBUAE of significant personal data breaches	0	0	0	
Instances requiring reporting to data subjects of personal data breaches	0	0	0	
Instances requiring reporting to data subjects of personal data breaches	0	0	0	



Business Continuity

Bank of Sharjah is committed to ensuring operational resilience and maintaining continuity in the face of potential disruptions. Through a structured **Crisis Management and Business Continuity Plan (BCP)**, the Bank safeguards its operations, employees, and customers while upholding its reputation for reliability.

Crisis Management Framework

The Bank has established a robust incident response structure designed to assess and manage disruptions in real time. The framework is based on Business Continuity (BC) best practices and follows a **three-tiered approach**:



Each level triggers a predefined response, ensuring swift action and minimising operational impact.

Business Continuity in Action: UAE 2024 Floods

In **April 2024, the UAE experienced unprecedented flooding**, disrupting businesses and infrastructure across the country. Despite the extreme weather conditions, **Bank of Sharjah's operations remained fully functional**, thanks to proactive planning and robust IT support. Employees were given flexible remote working options, ensuring their safety while maintaining seamless banking services for customers. The Bank's IT teams played a crucial role in enabling secure remote access, preventing service disruptions, and ensuring that digital banking platforms remained operational throughout the crisis.

Risk Mitigation and Business Continuity Planning

To maintain resilience, Bank of Sharjah continuously refines its Business Continuity Plan by integrating risk assessments and crisis simulations. Key measures include:



Regular Business Impact Analysis (BIA)

Identifying critical business functions and potential vulnerabilities.



Scenario Testing and Drills

Conducting annual crisis simulations to prepare employees and leadership for potential disruptions.



IT and Cybersecurity Reinforcements

Ensuring redundancy in digital systems and safeguarding customer data against cyber threats.



Employee Training and Awareness

Educating staff on their roles during business disruptions to facilitate an efficient response.



Vendor and Third-Party Risk Management

Evaluating supply chain risks to ensure the stability of outsourced operations.





بنك الشارقة
Bank of Sharjah

APPENDIX

2024
EDITION

GRI content index	
Statement of use	Bank of Sharjah has reported in accordance with the GRI Standards for the period 1 January 2024 to 31 December 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organisational details	About Bank of Sharjah	
	2-2 Entities included in the organisation's sustainability reporting	About this report	
	2-3 Reporting period, frequency and contact point	About this report	
	2-4 Restatements of information	NA	
	2-5 External assurance	External assurance was not sought for this report	
	2-6 Activities, value chain and other business relationships	About Bank of Sharjah	
	2-7 Employees	Diversity, equity & inclusion	
	2-8 Workers who are not employees	All workers are employees	
	2-9 Governance structure and composition	Board & governance	
	2-10 Nomination and selection of the highest governance body	Board & governance	
	2-11 Chair of the highest governance body	Board & governance	
	2-12 Role of the highest governance body in overseeing the management of impacts	Board & governance	
	2-13 Delegation of responsibility for managing impacts	Board & governance	
	2-14 Role of the highest governance body in sustainability reporting	Board & governance	
	2-15 Conflicts of interest	Board & governance	
	2-16 Communication of critical concerns	Board & governance	
	2-17 Collective knowledge of the highest governance body	Board & governance	
	2-18 Evaluation of the performance of the highest governance body	Board & governance	
	2-19 Remuneration policies	Board & governance	
	2-20 Process to determine remuneration	Board & governance	
	2-21 Annual total compensation ratio		Confidential information
	2-22 Statement on sustainable development strategy		Sustainability strategy is still under development
	2-23 Policy commitments	Diversity, equity & inclusion; Continuous learning & development; Business ethics & compliance; Privacy & cybersecurity; Business continuity	
	2-24 Embedding policy commitments	Board & governance	
	2-25 Processes to remediate negative impacts	Business ethics & compliance	
	2-26 Mechanisms for seeking advice and raising concerns	Whistleblowing	
	2-27 Compliance with laws and regulations	Business ethics & compliance	
	2-28 Membership associations	About Bank of Sharjah	
	2-29 Approach to stakeholder engagement	Stakeholder engagement & materiality assessment	
	2-30 Collective bargaining agreements		Collective bargaining is prohibited in the UAE

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality assessment	
	3-2 List of material topics	Our sustainability pillars & material topics	
Economic			
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	Emiratization focus	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business ethics & compliance	
	205-2 Communication and training about anti-corruption policies and procedures	Business ethics & compliance	
	205-3 Confirmed incidents of corruption and actions taken	Business ethics & compliance	
Environmental			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Energy & water management	
	302-2 Energy consumption outside of the organisation	Energy & water management	
	302-3 Energy intensity	Energy & water management	
	302-4 Reduction of energy consumption	Energy & water management	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Energy & water management	
	303-2 Management of water discharge-related impacts	Energy & water management	
	303-3 Water withdrawal	Energy & water management	
	303-4 Water discharge	Energy & water management	
	303-5 Water consumption	Energy & water management	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	GHG emissions	
	305-4 GHG emissions intensity	GHG emissions	
	305-5 Reduction of GHG emissions	GHG emissions	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste management & circular economy practices	
	306-3 Waste generated	Waste management & circular economy practices	
	306-4 Waste diverted from disposal	Waste management & circular economy practices	
Social			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Hiring & retention trends	
	401-3 Parental leave	Parental support & nursing provisions	
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	Employee well-being	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Continuous learning & development	
	404-2 Programs for upgrading employee skills and transition assistance programs	Continuous learning & development	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, equity & inclusion	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	CSR	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Responsible marketing & fair products	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy & cybersecurity	



بنك الشارقة
Bank of Sharjah

AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024





Bank of Sharjah P.J.S.C.

**Board of Directors' report and consolidated financial statements
for the year ended 31 December 2024**

Bank of Sharjah P.J.S.C.

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Board of Directors' report

The Board has pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2024.

INCORPORATION AND REGISTERED OFFICE

Bank of Sharjah P.J.S.C. (the "Bank") is a Public Joint Stock Company incorporated by an Amiri Decree issued on 22 December 1973 by His Highness the Ruler of Sharjah and was registered in February 1993 under Commercial Companies Law Number 8 of 1984 (as amended). The Bank commenced operations under a banking license issued from United Arab Emirates Central Bank dated 26 January 1974.

The Bank's registered office is located at Al Khan Road, P.O. Box 1394, Sharjah, United Arab Emirates.

PRINCIPAL ACTIVITIES

The Bank's principal activities are commercial and investment banking.

RESULTS

The net profit for the year ended 31 December 2024 amounted to AED 385 million (2023: a loss of AED 275 million). The total comprehensive income for the year ended 31 December 2024 amounted to AED 321 million (2023: a loss of AED 711 million).

The total equity as at 31 December 2024 amounted to AED 3,827 million (2023: AED 3,506 million).

The detailed results are set out in the attached consolidated financial statements.

GOING CONCERN BASIS

The Board of Directors is comfortable that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2024.

TRANSACTIONS WITH RELATED PARTIES

The consolidated financial statements disclose related party transactions and balances in note 32. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

AUDITORS

Grant Thornton Audit and Accounting Limited (Dubai Branch) were appointed as external auditors for the Group for the year ended 31 December 2024. A shareholder's resolution is proposed to absolve them of their responsibility for the year ended 31 December 2024.

DIRECTORS

The Directors during the year were:

1. Sheikh Mohammed Bin Saud Al Qasimi (Chairman)
2. Sh. Saif Bin Mohammed Bin Butti Al Hamed (Vice Chairman)
3. Mrs. Arwa Al Owais
4. Mr. Talal Al Midfa
5. Mr. Abdul Aziz Al Hasawi
6. Mr. Mubarak Al Besharah
7. Mr. Salem Al Ghammai
8. Mr. Salah Ahmed Abdalla Al Noman
9. Mr. Abdulla Sherif Al Fahim
10. Mr. Amer Abdulaziz Khansaheb
11. Mr. Waleed Ibrahim AlSayegh

On behalf of the Board

Mohammed Bin Saud Al Qasimi
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANK OF SHARJAH PJSC**Report on the Audit of the Consolidated Financial Statements****Opinion**

We have audited the accompanying consolidated financial statements of Bank of Sharjah PJSC (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group, as at 31 December 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) ("IESBA Code"), together with other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANK OF SHARJAH PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Measurement of expected credit loss ("ECL") on loans and advances to customers	
As described in note 8 to the consolidated financial statements, the Group had loans and advances of AED 24,302 million as at 31 December 2024 representing 55.76% of total assets. The expected credit loss ("ECL") allowance was AED 1,786 million as at this date, which comprises of an allowance of AED 1,389 million against Stage 1 and 2 exposures and an allowance of AED 397 million against exposures classified under Stage 3. The Group applies Expected Credit Losses ("ECL") model on its loans and advances to customers balance measured at amortized cost. The Group exercises significant judgements and makes a number of assumptions which is determined as a function of the assessment of the probability of default ("PD"), loss given default ("LGD"), adjusted for the forward-looking information, and exposure at default ("EAD") associated with the underlying financial assets. The Group applies significant judgements and makes a number of assumptions in developing ECL models and applying staging criteria and forward economic adjustments for calculating impairment provisions. ECL models are naturally subject to limitations. These limitations are addressed with management judgmental adjustments on specific credit exposures, the measurement of which is inherently judgmental and subject to a high level of estimation uncertainty, including consideration of regulatory provision requirements. The Group's determination of impairment allowances for loans and advances to customers require management to make judgements over the staging of financial assets and measurement of the Expected Credit Loss (ECL), this includes manual staging adjustments allowed as per the Group's policies, where appropriate. Note (4.1) of the Group's consolidated financial statements explains the accounting policies applied when determining the ECL and note (35) provides the risk management disclosures relating to ECL.	We have performed the following audit procedures on the measurement of ECL on loans and advances to customers included in the Group's consolidated financial statements for the year ended 31 December 2024: ➤ we have obtained understanding of the control environment associated with the process of estimation of ECL and assessed the design and tested the operating effectiveness of controls in that process; ➤ we have tested the completeness and accuracy of the data used in the calculation of ECL; ➤ for a sample of exposures, we have checked the appropriateness of the Group's application of the staging criteria and staging adjustments; ➤ we have involved our IFRS 9 experts to assess the following areas: • conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9. • ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) including reasonableness of the assumptions. • the appropriateness of the macro-economic variables, multiple economic scenarios chosen and scenario weightings. • Recomputation of ECL provision for a sample of corporate exposures to assess the mathematical accuracy of the ECL calculation. ➤ for the Stage 3 portfolio we have assessed the appropriateness of the provisioning assumptions for a sample of corporate exposures selected on the basis of risk and the significance of individual exposures. This included assessing, on a sample basis, the appropriateness of consideration of repayments and collateral valuations, by involving our property valuation experts; ➤ we have assessed the appropriateness of the significant assumptions used in certain management judgmental adjustments, including management's consideration of regulatory provision requirements; and ➤ we have inspected the disclosures in the consolidated financial statements to assess their compliance with the requirements of IFRS 7 and IFRS 9.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANK OF SHARJAH PJSC
(continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Classification and measurement of wholly owned subsidiary namely 'Emirates Lebanon Bank S.A.L.' (the 'Subsidiary') as held for sale under IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' The Group has classified its wholly owned Subsidiary, namely Emirates Lebanon Bank S.A.L. (the 'Subsidiary') as held for sale with effect from 1 April 2023. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification in order to meet the condition for classification as held for sale under IFRS 5 (subject to limited exceptions). Additionally, once classified in this category, the group of assets and liabilities for the Subsidiary are measured at the lower of carrying amount and fair value less costs to sell. On classification as held for sale, if the fair value less cost to sell is less than the carrying amount, an impairment loss is recognized in the consolidated financial statements. The determination and subsequent measurement of fair value less cost to sell is an estimate and requires significant judgement. However, due to the current geopolitical conditions in Lebanon, the sale has not been completed within one year from the date of classification. Further, as it was impractical for the Bank to obtain an updated valuation to arrive at the fair value less costs to sell for the Subsidiary as of 31 December 2024. Note (2.1) of the Group's consolidated financial statements explains the accounting policy for the Subsidiary held for sale and the disclosure related to the Subsidiary held for sale.	We have performed the following audit procedures on the classification and measurement of the Subsidiary as held for sale included in the Group's consolidated financial statements for the year ended 31 December 2024: ➤ we have held inquiries with management and those charged with governance regarding the Group's progress in relation to sale of the Subsidiary; ➤ we have assessed management's activity since the date of classification of the Subsidiary and action taken to progress the sale of the Subsidiary, specifically we have performed the following procedures: • we have sighted the decision whereby the board of directors approved the delinking of the Subsidiary. • we have sighted the approval by the regulator to delink the Subsidiary. We sighted supplementary correspondence from the regulator re-affirming their approval for the delinking of the Subsidiary in light of the recent improvement in the geopolitical conditions in the country of the Subsidiary. • we have sighted letter(s) of intent received from potential buyer(s) to acquire the Subsidiary at the offer value(s). We have sighted supplementary correspondence from potential buyer(s) confirming their continued intention to acquire the Subsidiary at unchanged offer value(s). • we have sighted documentation that demonstrates the bank is in advanced stages of appointing an exclusive advisor to facilitate the sale of the Subsidiary and provide further necessary transaction related support. ➤ we have held inquiries with the management of the Subsidiary to understand the current banking operations and financial performance of the Subsidiary; ➤ we have assessed the mathematical accuracy of management's calculations and determination of measurement of the Subsidiary on initial recognition and on an on-going basis. We have assessed the appropriateness of the related accounting entries; and ➤ we have reviewed the disclosures in the consolidated financial statements to assess their compliance with the requirements in IFRS 5.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANK OF SHARJAH PJSC
(continued)****Report on the Audit of the Consolidated Financial Statements (continued)****Other Information**

The Board of Directors of the Group are responsible for the other information. The other information comprises the Board of Directors' report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report and the Management Discussion and Analysis Report are expected to be made available to us after the date of Auditor's report.

Our opinion on the consolidated financial statements does not cover the other information except for the financial information given in the Board of Directors' report, and accordingly we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the Annual Report and the Management Discussion and Analysis Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by IASB and their preparation in compliance with applicable provisions of UAE Federal Law No (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANK OF SHARJAH PJSC
(continued)****Report on the Audit of the Consolidated Financial Statements (continued)****Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANK OF SHARJAH PJSC
(continued)****Report on Other Legal and Regulatory Requirements**

Further, as required by the UAE Federal Law No (32) of 2021, we report that for the year ended 31 December 2024:

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No (32) of 2021;
- iii) The Group has maintained proper books of account in accordance with established accounting principles;
- iv) The financial information included in the Board of Directors' report is consistent with the books of account of the Group;
- v) Note 10 to the consolidated financial statements discloses purchases or investment in shares during the financial year ended 31 December 2024;
- vi) Note 32 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) Note 29 to the consolidated financial statements discloses social contributions made during the financial year ended 31 December 2024; and
- viii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has, during the year ended 31 December 2024, contravened any of the applicable provisions of the UAE Federal Law No (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

Further, as required by UAE Federal Law No (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

GRANT THORNTON UAE
Dr. Osama El-Bakry
Registration No: 935
Dubai, United Arab Emirates
13 March 2025

Consolidated statement of financial position

As at 31 December

	Notes	2024 AED'000	2023 AED'000
ASSETS			
Cash and balances with central banks	6	4,639,575	4,558,295
Deposits and balances due from banks	7	595,972	618,633
Loans and advances, net	8	24,302,758	22,067,850
Investment securities, net	9	10,101,570	7,727,410
Investment properties	10	1,157,453	1,102,753
Assets acquired in settlement of debts	11	1,070,090	1,078,084
Other assets	12	679,832	1,252,252
Properties and equipment	14	190,932	209,613
Subsidiary held for sale	2.1	844,790	844,790
Total assets		43,582,972	39,459,680
LIABILITIES AND EQUITY			
Liabilities			
Customers' deposits	15	29,704,942	26,342,597
Deposits and balances due to banks	16	2,822,812	1,916,341
Repo borrowings	17	2,420,284	1,702,312
Other liabilities	18	1,245,042	1,987,917
Issued bonds	19	3,563,070	4,004,998
Total liabilities		39,756,150	35,954,165
Equity			
Capital and reserves			
Share capital	20	3,000,000	3,000,000
Statutory reserve	20	1,088,469	1,050,000
Impairment reserve	8 (b) & 20	190,316	190,316
Investment fair value reserve		(811,062)	(754,382)
Currency translation reserve	2	(386,675)	(386,675)
Retained earnings		744,234	404,932
Equity attributable to equity holders of the Bank		3,825,282	3,504,191
Non-controlling interests		1,540	1,324
Total equity		3,826,822	3,505,515
Total liabilities and equity		43,582,972	39,459,680

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group as of, and for the year ended 31 December 2024. The consolidated financial statements of the Group were approved by the Board of Directors and authorised for issue on **13 March 2025**

.....
Mohammed Bin Saud Al Qasimi
Chairman

.....
Mohamed Khadiri
CEO

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

**Consolidated statement of profit or loss
for the year ended 31 December**

	Notes	2024 AED'000	2023 AED'000
Interest income	24	2,085,080	1,762,319
Interest expense	25	(1,656,071)	(1,538,396)
Net interest income		429,009	223,923
Net fee and commission income	26	154,667	177,044
Exchange profit		25,771	15,188
Income/(loss) on investments	27	11,164	(52,185)
Net income/(loss) on properties		104,431	(97,762)
Other income		1,474	4,483
Operating income		726,516	270,691
Net impairment (loss)/reversal on financial assets	28& 8 (b)	(44,384)	2,189
Net operating income		682,132	272,880
Personnel expenses	29	(136,944)	(179,616)
Depreciation	14& 29	(21,068)	(23,576)
Other expenses	29	(107,760)	(127,420)
Impairment of intangible assets		-	(18,365)
Net impairment charge on subsidiary held for sale	2.1	-	(199,153)
Profit/(loss) before tax		416,360	(275,250)
Income tax expense	30	(31,670)	-
Net profit/(loss) for the year		384,690	(275,250)
Attributable to:			
Equity holders of the Bank		384,474	(273,521)
Non-controlling interests		216	(1,729)
Net profit/(loss) for the year		384,690	(275,250)
Basic and diluted profit/(loss) per share (AED)	21	0.13	(0.10)

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

**Consolidated statement of comprehensive income
for the year ended 31 December**

	2024 AED'000	2023 AED'000
Net profit/(loss) for the year	384,690	(275,250)
Other comprehensive income/(loss) items		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>		
Net change in fair value of equity instruments measured at fair value through other comprehensive income	(67,542)	(49,008)
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(2,058)	-
Expected credit loss on FVOCI bonds (note 28)	6,217	-
Translation differences from a subsidiary	-	(386,675)
Other comprehensive loss for the year	(63,383)	(435,683)
Total comprehensive income/(loss) for the year	321,307	(710,933)
Attributable to:		
Equity holders of the Bank	321,091	(709,204)
Non-controlling interests	216	(1,729)
Total comprehensive income/(loss) for the year	321,307	(710,933)

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

**Consolidated statement of changes in equity
for the year ended 31 December**

	Share capital AED'000	Statutory reserve AED'000	Contingency reserve AED'000	Impairment reserve AED'000	Investment fair value reserve AED'000	Currency translation reserve AED'000	Retained earnings AED'000	Equity attributable to equity holders of the bank AED'000	Non- controlling interests AED'000	Total equity AED'000
Balance as at 1 January 2023	2,200,000	1,050,000	640,000	147,624	(706,370)	(1,911,502)	71,551	1,491,303	3,053	1,494,356
Net loss for the year	-	-	-	-	-	-	(273,521)	(273,521)	(1,729)	(275,250)
Other comprehensive loss for the year	-	-	-	-	(49,008)	(386,675)	-	(435,683)	-	(435,683)
Total comprehensive loss for the year	-	-	-	-	(49,008)	(386,675)	(273,521)	(709,204)	(1,729)	(710,933)
Subsidiary held for sale adjustment (Note 2.1)	-	-	-	-	996	1,911,502	9,594	1,922,092	-	1,922,092
Transfer to share capital	800,000	-	-	-	-	-	-	800,000	-	800,000
Transfer (to)/from retained earnings (Note 8 (b) &20)	-	-	(640,000)	42,692	-	-	597,308	-	-	-
Balance as at 31 December 2023	3,000,000	1,050,000	-	190,316	(754,382)	(386,675)	404,932	3,504,191	1,324	3,505,515
Net profit for the year	-	-	-	-	-	-	384,474	384,474	216	384,690
Other comprehensive loss for the year	-	-	-	-	(63,383)	-	-	(63,383)	-	(63,383)
Total comprehensive income for the year	-	-	-	-	(63,383)	-	384,474	321,091	216	321,307
Adjustment on disposal of FVOCI investment	-	-	-	-	6,703	-	(6,703)	-	-	-
Transfer to statutory reserve	-	38,469	-	-	-	-	(38,469)	-	-	-
Balance as at 31 December 2024	3,000,000	1,088,469	-	190,316	(811,062)	(386,675)	744,234	3,825,282	1,540	3,826,822

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

Bank of Sharjah P.J.S.C.**Consolidated statement of cash flows
for the year ended 31 December**

		2024	2023
	Notes	AED'000	AED'000
Cash flows from operating activities			
Net profit/ (loss) before tax for the year		416,360	(275,250)
Adjustments for:			
Depreciation of property and equipment	14&29	21,068	23,576
Gain on sale on property and equipment		(792)	(2,619)
Impairment of other intangible assets		-	18,365
Amortisation /(discount) on debt		(6,271)	(39,166)
Net fair value changes on other financial assets at FVTPL	27	(5,285)	22,321
Realised gain on financial assets		(4,077)	-
(Gain)/loss on sale of assets acquired in settlement of debts		(43,832)	91
Unrealized (gain)/loss on investment properties	10&14	(54,700)	55,356
Unrealized (gain)/loss on assets acquired in settlement of debts	11	(6,060)	43,428
Net impairment charge/(reversal) on financial assets	28	44,384	(2,189)
Net impairment charge on assets held for sale		-	199,153
Dividends income	27	(1,129)	(13,193)
Operating profit before changes in operating assets and liabilities		359,666	29,873
Changes in:			
Deposits and balances due from banks maturing after three months from dates of placements		206,106	(534,389)
Statutory deposits with central banks		250,634	(226,108)
Loans and advances		(2,290,106)	741,059
Other assets		571,421	289,399
Customers' deposits		3,362,344	(1,430,372)
Other liabilities		(742,874)	(73,668)
Cash generated from/ (used in) operations		1,717,191	(1,204,206)
Cash flows from investing activities			
Purchase of property and equipment	14	(7,029)	(8,894)
Purchase of financial assets		(2,727,165)	(120,197)
Proceeds from sale of property and equipment		5,433	6,977
Proceeds from sale of assets acquired as settlement of debt		32,742	58,005
Proceeds from sale of investments		297,418	175,746
Dividends received	27	1,129	13,193
Cash (used in)/ generated from investing activities		(2,397,472)	124,830
Cash flows from financing activities			
Proceeds from issued bond		1,818,484	1,808,732
Proceeds from issuance of shares		-	800,000
Proceeds from/ (settlement of) repo borrowings and due to banks		1,532,375	(1,598,929)
Settlement of issued bonds		(2,247,189)	(852,017)
Cash generated from financing activities		1,103,670	157,786
Net increase/ (decrease) in cash and cash equivalents during the year		423,389	(921,590)
Cash and cash equivalents at the beginning of the year	6	2,395,016	3,316,606
Cash and cash equivalents at the end of the year	6	2,818,405	2,395,016

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

Bank of Sharjah P.J.S.C.

Notes to the consolidated financial statements

for the year ended 31 December 2024

1 General information

Bank of Sharjah P.J.S.C. (the "Bank"), is a public joint stock company incorporated by an Amiri Decree issued on 22 December 1973 by His Highness The Ruler of Sharjah and was registered in February 1993 under the Commercial Companies Law Number 8 of 1984 (as amended). The Bank commenced its operations under a banking license issued by the United Arab Emirates Central Bank dated 26 January 1974. The Bank is engaged in commercial and investment banking activities.

The Bank's registered office is located at Al Khan Road, P.O. Box 1394, Sharjah, United Arab Emirates. The Bank operates through six branches in the United Arab Emirates located in the Emirates of Sharjah, Dubai, Abu Dhabi, and City of Al Ain. The accompanying consolidated financial statements combine the activities of the Bank and its subsidiaries (collectively the "Group"), as listed in Note 31.

2. Basis of preparation

2.1 Subsidiary held for sale

The Central Bank of the UAE continues to support the Bank's strategic effort to delink/deconsolidate its Lebanese Subsidiary, as the underlying accounting anomalies impact is not sustainable for the Bank and pose a threat of unnecessary volatility. Accordingly, the objective remains to cease the consolidation of the Lebanese Subsidiary's financial statements in the Group's financial statements, as per the Central Bank of the UAE recommendations effective 1st April 2023. This step is necessary to mitigate the accounting anomalies and disruptions resulting from the consolidation of the Lebanese Subsidiary. On 22nd June 2023, the Board approved the de-linking.

When the Group classified the Lebanese subsidiary as an "asset held for sale," all the subsidiary's assets and liabilities were categorized accordingly. Once classified in this category, the group of assets and liabilities is measured at the lower of carrying amount or fair value less costs to sell. If impairment occurs, an impairment loss is recognized in the consolidated statement of profit and loss. Impairment losses may be reversed. The fair value less cost to sell estimate remains a significant judgment, determined based on the market offer approach.

The previously heightened geopolitical environment in Lebanon had delayed the sale beyond the 12-month timeframe stipulated by IFRS 5. However, recent political and economic developments clearly indicate a more stable and promising outlook, prompting renewed interest from potential buyers. During the year ended 31 December 2024, the Bank received reconfirmed offers from potential acquirers, reflecting a more positive market sentiment. Discussions are advancing, with buyers demonstrating increased confidence in Lebanon's financial sector recovery. The Bank is currently in the process of obtaining revised offers for the sale of the subsidiary, positioning itself for a final transaction in an improving macroeconomic environment.

While the Bank remains confident in the successful sale of Emirates Lebanon Bank, it acknowledges that delays may still occur due to external factors. Nonetheless, the improving political and financial landscape is expected to facilitate and expedite the completion of the transaction. Additionally, the Bank has received an updated letter from the regulator reaffirming support for the classification of EL Bank as held for sale under IFRS 5, reflecting the improved market conditions and ongoing strategic efforts to finalize the sale.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

2. Basis of preparation (continued)

2.1 Subsidiary held for sale (continued)

The breakdown of the Lebanese subsidiary's net assets as at 1 April 2023 is as follows:

ASSETS	AED'000
Cash and balances with central bank	2,892,460
Deposits and balances due from banks	10,497
Loans and advances, net	1,090,017
Investments measured at fair value	29,567
Investments measured at amortised cost	43,344
Other intangibles	345
Assets acquired in settlement of debt	79,641
Other assets	17,989
Property and equipment	6,040
Total assets	4,169,900
LIABILITIES	
Customers' deposits	2,318,968
Deposits and balances due to banks	617,261
Other liabilities	189,728
Total liabilities	3,125,957
Net assets	1,043,943
Fair value of net assets	844,790

2.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board ("IASB") and applicable requirements of the laws of the United Arab Emirates ("UAE"). Group has also complied with provisions of the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") which was issued on 20 September 2021 and came into effect on 2 January 2022.

Basis of measurement - The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values as explained in the accounting policies below.

Functional and presentation currency - The consolidated financial statements are presented in United Arab Emirates Dirham (AED) and all values are rounded to the nearest thousands' dirham, except when otherwise indicated.

Basis of consolidation – The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank. Control is achieved when the Bank has:

- power over the investee,
- exposure, or has rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. This includes circumstances in which protective rights (e.g. more from a lending relationship) becomes substantive and lead to the Bank having power over as investee. When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

2. Basis of preparation (continued)

2.2 Basis of preparation (continued)

- the size of the Bank holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders and other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns and previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Bank gains control until the date when the Bank ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributable to the owners of the Bank and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributable to the owners of the Group and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/payable or received/receivable is recognised directly in equity and attributed to owners of the Group. When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary, and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to statement of profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 (IFRS 9 Financial instruments) issued in 2010, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

3 Application of other new and revised International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB)

3.1 New and revised IFRS Accounting Standards applied on the consolidated financial statements

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these financial statements. The application of these revised IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current;
- Amendment to IAS 1 Presentation of Financial Statements in relation to Non-current Liabilities with Covenants;
- Amendments to IFRS 16 Leases relating to lease liability in a sale and leaseback transaction;
- Amendments to IAS 7 and IFRS 7 in relation to Supplier Finance Arrangements.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

3 Application of other new and revised International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) (continued)

3.2 New and revised IFRS Accounting Standards in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

<u>New and revised IFRS Accounting Standards</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and 7 in relation to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Bank in the period of initial application.

4 Material accounting policies

4.1 Financial instruments

Recognition and Initial Measurement

A financial instrument is any contract that gives rise to both a financial asset for the Group and a financial liability or equity instrument for another party or vice versa. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities respectively, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in consolidated statement of profit or loss.

Classification of financial assets

Balances with central banks, due from banks and financial institutions, financial assets and certain items in receivables and other assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through profit or loss on initial recognition). IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.1 Financial instruments (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets measured at amortised cost

The effective interest rate method is a method of calculating the amortised cost of those financial instruments measured at amortised cost and of allocating income over the relevant period. The effective interest rate is the rate that is used to calculate the present value of the estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instruments, or, where appropriate, a shorter period, to arrive at the net carrying amount on initial recognition. Income is recognised in the consolidated statement of profit or loss on an effective interest rate basis for financing and investing instruments measured subsequently at amortised cost.

Financial assets measured at FVTPL

Investments in equity instruments are classified as financial assets measured at FVTPL, unless the Group designates fair value through other comprehensive income (FVTOCI) at initial recognition. Financial assets that do not meet the amortised cost criteria described above, or that meet the criteria but the Group has chosen to designate it as at FVTPL at initial recognition, are measured at FVTPL. Financial assets (other than equity instruments) may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains or losses on them on different basis. Financial assets are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of financial assets (other than equity instruments) designated as at FVTPL at initial recognition is not permitted. Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the consolidated statement of profit or loss at the end of each reporting period. The net gain or loss recognised in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 37.

Financial assets measured at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading. A financial asset is held for trading if:

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.1 Financial instruments (continued)

Financial assets measured at FVTOCI (continued)

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments fair value reserve is not transferred to consolidated statement of profit or loss.

Business model assessment

The Bank assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.1 Financial instruments (continued)

Assessments whether contractual cash flows are solely payments of principal and interest (continued)

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty.

The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECLs are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all their risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.1 Financial instruments (continued)

Financial assets (continued)

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Non-recourse loans

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The group applies judgment in assessing whether the non-recourse loans meet the SPPI criterion.

The Group typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan; and
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and whether the Group will benefit from any upside from the underlying assets.

Measurement of ECL

Credit loss allowances are measured using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
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4 Material accounting policies (continued)

4.1 Financial instruments (continued)

Measurement of ECL (continued)

ECLs are an unbiased probability-weighted estimate of the present value of credit losses that is determined by evaluating a range of possible outcomes. For funded exposures, ECL is measured as follows:

- for financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's coupon rate as a proxy for effective interest rate (EIR);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

However, for unfunded exposures, ECL is measured as follows:

For undrawn loan commitments, as the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and for financial guarantee contracts, the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party. The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic and credit risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's coupon rate, regardless of whether it is measured on an individual basis or a collective basis.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD) – PD estimates are estimates at a certain date, which are calculated based on statistical rating models currently used by the Group, and assessed using rating tools tailored to the various categories and sizes of counterparties.
- Exposure at default (EAD) – EAD represents the expected exposure upon default of an obligor. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable.

EAD is calculated as below:

- For Direct Facilities: Limit or Exposure whichever is higher
- For Letters of Credit & Acceptances: Limit or Exposure whichever is higher
- For all types of Guarantees: Exposure

- Loss given default (LGD) – LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from the proceeds from liquidation of any collateral.

LGD is derived as below:

- Senior Unsecured: 45%
- Eligible Securities as per Basel lower LGD, taking into consideration applicable Basel haircuts on collateral as well as LGD floors to certain collateral

Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement. The group formulates three economic scenarios: a base case with a 40% weight, upside scenario with a 30% weight and a downside scenario with 30% weight.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.1 Financial instruments (continued)

Macroeconomic factors

In its models, the Group relies on a broad range of forward-looking information as economic inputs, such as: GDP (Gross Domestic Product) growth and oil prices. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments using expert credit judgement. The economic scenarios used as at 31 December 2024 included the following key indicators for the years ending 31 December 2025 to 2029.

	Macro Variable	Scenario	2025	2026	2027	2028	2029
UAE	Oil Price	Base	(3.25%)	(2.71%)	(1.16%)	0.02%	0.18%
		Upside	3.54%	(4.05%)	(4.75%)	(0.13%)	0.19%
		Downside	(25.74%)	0.49%	17.86%	2.91%	0.55%
	GDP	Base	3.97%	3.62%	3.80%	3.88%	3.90%
		Upside	5.81%	5.09%	3.83%	3.88%	3.90%
		Downside	0.25%	(0.86%)	4.78%	5.56%	4.39%

Assessment of significant increase in credit risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1, if certain criteria are met, if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

The group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant differs for different types of lending, in particular between wholesale and retail. The credit risk may be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management process that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experiences. As a backstop, the group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. If there is evidence that there is no longer a significant increase in credit risk relative to the initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.1 Financial instruments (continued)

Assessment of significant increase in credit risk (continued)

The group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD [stage 1] and lifetime PD [stage 2].

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators
- a backstop of 30 days past due.

Improvement in credit risk profile

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

The Group has defined below criteria in accordance with regulatory guidelines to assess any improvement in the credit risk profile which will result into upgrading of customers moving from Stage 3 to Stage 2 and from Stage 2 to Stage 1.

- Significant decrease in credit risk will be upgraded stage-wise (one stage at a time) from Stage 3 to Stage 2 and from Stage 2 to Stage 1 after meeting the curing period of at least 12 months.
- Restructured cases will be upgraded if repayments of 3 instalments (for quarterly instalments) have been made or 12 months (for instalments longer than quarterly) curing period is met.

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Bank; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.1 Financial instruments (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: (as a deduction from the gross carrying amount of the assets);
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Group presents a combined loss allowance for both components. The combined amount is presented as deduction from the gross carrying amount of the drawn component.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the statement of profit or loss.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. The amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. In the case where the financial asset is derecognised, the loss allowances for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms. On derecognition of a financial asset in its entirety, the difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain / loss allocated to it that had been recognised in OCI is recognised in consolidated statement of profit or loss. Any cumulative gain / loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated statement of profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'amortised cost'. The Group initially recognises financial liabilities such as deposits and debt securities issued on the date at which they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes party to the contractual provision of the instrument.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.1 Financial instruments (continued)

Financial liabilities at amortized cost

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished - that is when the obligation specified in the contract is discharged, cancelled or expired.

Offsetting

Financial assets and liabilities are offset and reported net in the consolidated financial position only when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group trading activity. The Group is party to a number of arrangements, including master netting agreements, that give it the right to offset financial assets and financial liabilities but where it does not intend to settle the amounts.

4.2 Derivative financial instruments

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward foreign exchange contracts, interest rate swaps and currency swaps. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Fair values are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate.

Hedge Accounting - The Bank may designate a recognised asset or liability, a firm commitment, highly probable forecast transaction or net investment of a foreign operation into a formal hedge accounting relationship with a derivative that has been entered to manage interest rate and/or foreign exchange risks present in the hedged item. The Bank continues to apply the hedge accounting requirements of IAS 39 Financial Instruments: Recognition and Measurement. For the purpose of hedge accounting, the Group classifies hedges into two categories: (a) fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges, which hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction that will affect future reported net income. In order to qualify for hedge accounting, it is required that the hedge should be expected to be highly effective, i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item and should be reliably measurable. At inception of the hedge, the risk management objectives and strategies are documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an ongoing basis.

Fair value hedges - Where a hedging relationship is designated as at fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the re-measurement of both the derivative and the hedged item are recognised in the consolidated statement of profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same consolidated statement of profit or loss category as the related hedged item. Any ineffectiveness is also recognised in the same consolidated statement of profit or loss category as the related hedged item. If the derivative is expired, sold, terminated, exercised, it no longer meets the criteria for fair value hedge accounting, or the designation is revoked, hedge accounting is discontinued. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortised in the consolidated statement of profit or loss as part of the recalculated effective interest rate over the period to maturity.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.2 Derivative financial instruments (continued)

Cash flow hedges - The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in the cash flow hedging reserve in equity. The ineffective part of any gain or loss is recognised immediately in the consolidated statement of profit or loss as trading revenue/loss. Amounts accumulated in equity are transferred to the consolidated statement of profit or loss in the periods in which the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. When a hedging instrument is expired or sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gains or losses recognised in other comprehensive income remain in equity until the forecast transaction is recognised, in the case of a non-financial asset or a non-financial liability, or until the forecast transaction affects the consolidated statement of profit or loss. If the forecast transaction is no longer expected to occur, the cumulative gains or losses recognised in other comprehensive income are immediately transferred to the consolidated statement of profit or loss and classified as trading revenue/loss.

Derivatives that do not qualify for hedge accounting - All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in the consolidated statement of profit or loss as trading revenue/loss. However, the gains and losses arising from changes in the fair values of derivatives that are managed in conjunction with financial instruments designated at fair value are included in net income from financial instruments designated at fair value under other non-interest revenue/loss. Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in the consolidated statement of profit or loss.

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances held with Central Banks, deposits and balances due from banks, items in the course of collection from or in transmission to other banks and highly liquid assets with original maturities of less than three months from the date of acquisition, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

4.4 Reverse-repo placements

Assets purchased with a simultaneous commitment to resell at a fixed price on a specified future date are not recognised. The amount paid to the counterparty under these agreements is shown as reverse repurchase agreements in the consolidated statement of financial position. The difference between purchase and resale price is treated as interest income and accrued over the life of the reverse repurchase agreement and charged to the consolidated statement of profit or loss using the effective interest rate method and recognized initially at amortised cost.

4.5 Investment properties

Investment properties are held to earn rental income and/or capital appreciation. Investment properties include cost of initial purchase, developments transferred from property under development, subsequent cost of development, and fair value adjustments. Investment properties are reported at valuation based on fair value at the end of the reporting period. The fair value is determined on a periodic basis by independent professional valuers. Fair value adjustments on investment property are included in the consolidated statement of profit or loss in the period in which these gains or losses arise. Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.6 Assets acquired in settlement of debt

The Group often acquires real estate and other collateral in settlement of certain loans and advances. Properties acquired in settlement of debt are held as inventory and are stated at lower of cost or net realizable value at the date of acquisition. Subsequently, the real estate are measured at lower of carrying amount or fair value, less impairment losses, if any. Gains or losses on disposal and unrealized losses on revaluation are recognized in the consolidated statement of profit or loss. Directly attributable costs incurred in the acquisition of inventory is included as part of cost of the inventory. Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date.

4.7 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives using the straight-line method as follows:

	Years
Buildings	20 - 40
Furniture and office equipment	2 - 6
Installation, partitions and decorations	3 - 4
Leasehold improvements	5 - 10
Motor vehicles	3

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss statement when incurred. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset at that date and is recognised in the consolidated statement of profit or loss. Capital work-in-progress is carried at cost, less any accumulated impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

4.8 Impairment of tangible

At the end of each reporting period, the Group reviews the carrying amounts of its tangible to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.9 Customers' deposits

Customers' deposits are initially measured at fair value which is normally consideration received net of directly attributable transaction costs incurred, and subsequently measured at their amortised cost using the effective interest method.

4.10 Acceptances

Acceptances arise when the Group is under an obligation to make payments against documents drawn under letters of credit. Acceptances specify the amount of money, the date and the person to which the payment is due.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.10 Acceptances (continued)

After acceptance, the instrument becomes an unconditional liability (time draft) of the Group and is therefore recognized as a financial liability in the consolidated statement of financial position with a corresponding contractual right of reimbursement from the customer recognized as a financial asset. Acceptances have been considered within the scope of IFRS 9 - Financial Instruments and continued to be recognized as a financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments with respect to acceptances have been accounted for as financial assets and financial liabilities.

4.11 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when due in accordance with the contractual terms. Financial guarantees are initially recognised at their fair value, which is the premium received on issuance. The received premium is amortised over the life of the financial guarantee. The guarantee liability (the notional amount) is subsequently recognised at the higher of this amortised amount and the present value of any expected payments (when a payment under guarantee has become probable).

4.12 Employees' end-of-service benefits

The Group provides end of service benefits for its expatriate employees in accordance with U.A.E. Labour Law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Pension and national insurance contributions for the U.A.E. citizens are made by the Group in accordance with Federal Law No. 2 of 2000.

4.13 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements.

4.14 Leasing

The Group has applied IFRS 16 using the modified retrospective approach. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.14 Leasing (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position is 4.23%. The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets - The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Rent receivables

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to the accounting policies on financial assets for more details.

4.15 Revenue and expense recognition

Interest income and expense

Interest income and interest expense are recognised in consolidated statement of profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates the future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.15 Revenue and expense recognition (continued)

The calculation of the effective interest rate includes transactions costs, fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction cost and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Fee and commission

Fee income, which is not an integral part of the effective interest rate of a financial instrument, is earned from a diverse range of services provided by the Group to its customers, and are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. Under the IFRS 15, fee income is measured by the Group based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);
- income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
- other fees and commission income and expense are recognised as the related services are performed or received.

Fee income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and recorded in 'Interest income'.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.15 Revenue and expense recognition (continued)

Dividend income

Dividend income is recognized in the consolidated statement of profit or loss when the Group's right to receive such income is established. Usually this is the ex-dividend date for equity securities.

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment properties or assets acquired in settlement of debts.

Rental income arising from operating leases on investment properties or assets acquired in settlement of debts is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- Interest on financial assets measured at amortised cost;
- Interest on debt instruments measured at FVOCI;

Interest expense presented in the statement of profit or loss and OCI includes:

- Financial liabilities measured at amortised cost; and
- The effective portion of fair value changes in qualifying hedging derivatives designated as cash flows hedges of variability in interest cash flows; in the same period as the hedged cash flows affect interest income/ expense

Interest income and expenses on all trading assets and liabilities were considered to be incidental to the Groups trading operations and were presented together with all other changes in the fair value of trading assets and liabilities in net trading income. Interest income and expense on other financial assets and financial liabilities carried at FVTPL were presented in net income from other financial instruments at FVTPL.

4.16 Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the consolidated statement of financial position date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated into the functional currency using rate of exchange at the date of initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined. Foreign currency differences are generally recognised in the statement of profit or loss.

For financial assets measured at FVTPL, the foreign exchange component is recognised in the consolidated statement of profit or loss. For financial assets measured at FVTOCI any foreign exchange component is recognised in other comprehensive income. For foreign currency denominated debt instruments measured at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the consolidated statement of profit or loss.

Bank of Sharjah P.J.S.C.
Notes to the consolidated financial statements
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4 Material accounting policies (continued)

4.17 Foreign operations

Group companies

The results and financial position of foreign operations that have a functional currency that is different from the group's presentation currency are translated into the group's presentation currency as follows:

- assets and liabilities (including goodwill, intangible assets and fair value adjustments arising on acquisition) are translated at the closing rate at the reporting date
- income and expenses are translated at average exchange rates for each month; and
- all resulting foreign exchange differences are accounted for directly in a separate component of OCI, being the group's FCTR.

Transactions and balances

Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions (in certain instances a rate that approximates the actual rate at the date of the transactions is utilised, for example an average rate for a month). Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss (except when recognised in OCI as part of qualifying cash flow hedges and net investment hedges). Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on equities (debt) classified as fair value through OCI are recognised in the fair value through OCI reserve in OCI (trading revenue) whereas the exchange differences on equities (debt) that are classified as held at fair value through profit or loss are reported as part of the other revenue (trading revenue) in profit or loss. Foreign currency gains and losses on intragroup loans are recognised in profit or loss except where the settlement of the loan is neither planned nor likely to occur in the foreseeable future. In these cases, the foreign currency gains and losses are recognised in the group's FCTR. The results, cash flows and financial position of group entities which are accounted for as entities operating in hyperinflationary economies and that have functional currencies different from the presentation currency of the group are translated into the presentation currency of its parent at the exchange rate at the reporting date. These foreign exchange gains and losses on a hyperinflationary foreign operation are presented in OCI.

4.18 Fiduciary activities

The Group acts as trustee/manager and in other capacities that result in holding or placing of assets in a fiduciary capacity on behalf of trusts or other institutions. Such assets and income arising thereon are not included in the Group's consolidated financial statements as they are not assets of the Group.

4.19 Taxation

The income tax expense represents the sum of current and deferred income tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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4 Material accounting policies (continued)

4.19 Taxation (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5 Critical accounting judgements

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

5.1 Subsidiary held for sale

The Central Bank of the UAE supports the Bank's strategic effort to delink/deconsolidate its Lebanese Subsidiary, as the underlying accounting anomalies impact is not sustainable for the Bank and pose a threat for even greater unnecessary volatility. Accordingly, the ultimate immediate objective was to cease the consolidation of the Lebanese Subsidiary financial statements in the Group's financial statements as per the Central Bank of the UAE recommendations effective 1 April 2023. This is required in order to avoid the unnecessary accounting anomalies and/or disruptions resulting from the consolidation of the Lebanese Subsidiary. On 22 June 2023, the board approved the de-linking.

When the Group classifies the Lebanese subsidiary as an "asset held for sale" involving loss of control and the sale is highly probable within 12 months, all the assets and liabilities of that subsidiary are classified as held for sale. Once classified in this category, the group of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell. If the group of assets and liabilities becomes impaired, an impairment loss is recognised in the consolidated statement of profit and loss. Impairment losses may be reversed. The fair value less cost to sell estimate is a significant judgement and it is determined based on the market offer approach.

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5 Critical accounting judgements (continued)

5.2 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring Expected Credit Loss (ECL) is further detailed in note 35.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL, including measurement of ECL for default exposures;
- Determining the fair values of underlying collaterals values, if any, for each financial asset;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

5.3 Valuation of investment properties and assets acquired in settlement of debts

The fair values of investment properties and assets acquired in settlement of debts are determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement. Investment properties and assets acquired in settlement of debts are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined and on the basis of price offerings from potential buyers.

In one case, the fair value of the investment properties under development could not be reliably determined because it is situated in an area in which there is considerable political uncertainty and economic instability. Therefore, the circumstances do allow for an expert adjustment to the fair values' estimate; based on certain haircut that is suitable in the market. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in notes 10 and 11.

5.4 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

5.5 Determination of fair value of restructured loans

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification such that the Group rights to the cash flows under the original contract have expired, the old loan is derecognised and a new financial asset is recognised at fair value.

In order to determine the fair value of loans and advances to customers, loans are segregated, as far as possible, into portfolios of similar characteristics. Fair values are based on observable market transactions, when available. When they are unavailable, fair values are estimated using valuation models incorporating a range of input assumptions.

These assumptions may include: forward-looking discounted cash flow models, taking account of expected customer prepayment rates, using assumptions that the Group believes are consistent with those that would be used by market participants in valuing such loans; and new business rates estimates for similar loans. The fair value of loans reflects expected credit losses at the balance sheet date and the fair value effect of repricing between origination and the balance sheet date. For credit impaired loans, fair value is estimated by discounting the future cash flows over the time period they are expected to be recovered.

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6 Cash and balances with central banks

(a) The analysis of the Group's cash and balances with central banks is as follows:

	2024 AED'000	2023 AED'000
Cash on hand	44,843	45,336
Statutory deposits	70,022	320,656
Current accounts	4,524,710	4,192,303
	<u>4,639,575</u>	<u>4,558,295</u>

The reserve requirements which are kept with the Central Bank of the country in which the Group operates are not available for use in the Group's day to day operations and cannot be withdrawn without the approval of the Central Bank. The level of reserves required changes periodically in accordance with the directive of the respective Central Bank.

Cash and cash equivalents

For the statement of consolidated statement of cash flows, cash and cash equivalents includes:

	2024 AED'000	2023 AED'000
Cash and balances with central bank (Note 6)	4,639,575	4,558,295
Deposits and balances due from banks (Note 7)	728,654	751,215
Deposits and balances due to banks (Note 16)	(2,822,812)	(1,916,341)
Repo borrowings (Note 17) *	(1,620,284)	(102,312)
	<u>925,133</u>	<u>3,290,857</u>
Less: Deposits with central banks and balances due from banks – original maturity more than three month	(369,081)	(575,185)
Less: Statutory deposits with central banks (Note 6)	(70,022)	(320,656)
Add: Deposits and balances due to banks – original maturity more than three month	1,372,622	-
Add: Repo borrowings – original maturity more than three month	959,753	-
	<u><u>2,818,405</u></u>	<u><u>2,395,016</u></u>

*Approximately AED 0.8 billion (2023: AED 1.6 billion) of Repo borrowing have not been deducted from cash and cash equivalents as at 31 December 2024. Considering the underlying substance of the borrowing and nature of the underlying collateral, the Group has classified the proceeds/ repayments from the Repo borrowing as a cash inflow/ outflow from financing activities. (Note 17)

7 Deposits and balances due from banks

(a) The analysis of the Group's deposits and balances due from banks is as follows:

	2024 AED'000	2023 AED'000
Demand	352,848	176,030
Time	375,806	575,185
	<u>728,654</u>	<u>751,215</u>
Expected credit losses (Note 28)	(132,682)	(132,582)
	<u>595,972</u>	<u>618,633</u>

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7 Deposits and balances due from banks (continued)

(b) The geographical analysis of the deposits and balances due from banks is as follows:

	2024 AED'000	2023 AED'000
Banks abroad	697,204	738,197
Banks in the U.A.E.	31,450	13,018
	728,654	751,215
Expected credit losses (Note 28)	(132,682)	(132,582)
	595,972	618,633

8 Loans and advances, net

(a) The analysis of the Group's loans and advances measured at amortised cost is as follows:

	2024 AED'000	2023 AED'000
Overdrafts	6,511,448	4,663,532
Commercial loans	16,665,417	14,715,439
Bills discounted	1,180,987	2,085,781
Other advances	1,731,476	2,334,467
Gross amount of loans and advances	26,089,328	23,799,219
Expected credit losses (Note 28)	(1,786,570)	(1,731,369)
Net loans and advances	24,302,758	22,067,850

(b) Impairment reserve

The CBUAE issued its IFRS 9 guidance addressing various implementation challenges and practical implications for banks adopting IFRS 9 in the UAE.

Banks must ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.50% of the credit risk weighted assets as calculated under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called "the impairment reserve- general". The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for banks) when computing the regulatory capital.

	2024 AED'000	2023 AED'000
Non-distributable impairment reserve- General		
Minimum provision for stage 1& 2 as per CBUAE requirements*	384,985	389,004
Less: Stage 1 and Stage 2 impairment provision taken against income	194,669	198,688
Shortfall in stage 1 & 2 provision to meet minimum CBUAE requirements	190,316	190,316

*For the purpose of calculation, the movement in impairment reserve provisions under IFRS 9 are determined based on CB UAE classification of loans and advances, only for the purpose of this disclosure.

(c) The geographic analysis of the gross loans and advances of the Group is as follows:

	2024 AED'000	2023 AED'000
Loans and advances resident in the U.A.E.	25,284,183	23,053,575
Loans and advances non-resident	805,145	745,644
	26,089,328	23,799,219

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8 Loans and advances, net (continued)

(d) The composition of the loans and advances portfolio by economic sector is as follows:

	2024 AED'000	2023 AED'000
Economic sector		
Services	8,204,969	6,371,799
Trading	3,783,964	3,659,109
Personal loans	3,738,521	4,486,526
Manufacturing	3,270,766	2,893,831
Government related entities	2,762,518	2,236,096
Financial institutions	1,685,173	685,447
Government	851,433	713,768
Construction	542,450	795,020
Mining and quarrying	435,817	939,718
Transport and communication	178,339	193,508
Other	635,378	824,397
	26,089,328	23,799,219
Expected credit losses (Note 28)	(1,786,570)	(1,731,369)
	24,302,758	22,067,850

(e) The composition of the non-performing loans and advances portfolio by economic sector is as follows:

	2024 AED'000	2023 AED'000
Economic sector		
Trading	1,204,504	1,192,856
Services	653,713	611,018
Manufacturing	132,815	129,117
Personal loans	88,924	76,883
Construction	24,337	6,529
Others	95	95
Total non-performing loans and advances	2,104,388	2,016,498

9 Investment securities, net

(a) The analysis of the Group's investments measured at fair value is as follows:

	2024 AED'000	2023 AED'000
Investments measured at fair value		
<i>Investments measured at FVTPL</i>		
Quoted equity securities	-	134,706
Quoted debt securities	423,181	-
	423,181	134,706
<i>Investments measured at FVTOCI</i>		
Quoted equity securities	215,272	104,544
Unquoted equity securities	76,173	120,222
Quoted debt securities	1,505,016	-
	1,796,461	224,766
Total investments measured at fair value	2,219,642	359,472
Investments measured at amortised cost		
Quoted debt securities	262,855	190,567
Unquoted debt securities	7,622,124	7,180,970
Expected credit losses (Note 28)	(3,051)	(3,599)
Total investments measured at amortised cost	7,881,928	7,367,938
Total investments	10,101,570	7,727,410

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9 Investment securities, net (continued)

All of the quoted investments are listed on the securities exchanges in the U.A.E. (Abu Dhabi Securities Exchange and Dubai Financial Market). Included in the debt securities measured at amortised cost amounting to AED 2.72 billion are bonds and sukuk with the fair value of AED 2.45 billion (2023: AED 2.11 billion) given as collateral against borrowings under repo agreements (Note 17).

During the year ended 31 December 2024, Nil equity securities were acquired (2023: 185 thousand of equity securities were acquired at an amount of AED 2.7 million).

(b) The composition of investments by geography is as follows:

	2024 AED'000	2023 AED'000
United Arab Emirates	8,454,142	7,615,018
Middle East (including G.C.C. countries)	1,593,071	96,653
Europe	57,408	19,338
	10,104,621	7,731,009
Expected credit losses (Note 28)	(3,051)	(3,599)
	10,101,570	7,727,410

Investments measured at FVTOCI are not held to benefit from changes in their fair value and are not held for trading. The management believes therefore that designating these investments as at FVTOCI provides a more meaningful presentation of its medium to long-term interest in its investments rather than fair valuing through profit or loss.

During the year ended 31 December 2024, dividends from financial assets measured at FVTOCI amounting to AED 1 million (2023: AED 13 million) have been recognised as investment income in the consolidated statement of profit or loss.

10 Investment properties

Details of investment properties are as follows:

	Plots of land AED'000	Commercial and residential units AED'000	Total AED'000
Opening balance at 1 January 2023	278,447	879,662	1,158,109
Decrease in fair value during the year	6,277	(61,633)	(55,356)
Balance at 31 December 2023	284,724	818,029	1,102,753
Increase in fair value during the year	-	54,700	54,700
Fair value at 31 December 2024	284,724	872,729	1,157,453

The fair value of the Group's investment properties is estimated using sales comparison, income capitalisation, residual approach and discounted cash flow method, considering the property being valued. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The valuations, where applicable were carried out by RICS certified professional valuers not related to the Group who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment properties being valued. The fair values have been determined based on varying valuation models depending on the intended use of the investment properties; in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards. The valuation of investment properties performed by external valuer is based on the information available to them at the time of the valuation and relies on several inputs.

Nature of property	Country	Valuation technique	Significant unobservable inputs
Offices building	UAE	Income capitalisation	Capitalization rate of 7.5% on Term & 8% on Reversion
Residential buildings	UAE	Income capitalisation	Capitalization rate of 8%
Land and office units	UAE	Direct comparison approach	Comparable transactions
Land	Lebanon	Direct comparison approach	Comparable transactions
Residential buildings	Lebanon	Direct comparison approach	Comparable transactions

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11 Assets acquired in settlement of debts

	Real estate properties AED'000	Investment securities AED'000	Total AED'000
Balance at 1 January 2023	1,212,561	15,260	1,227,821
Subsidiary held for sale adjustment (note 2.1)	(48,212)	-	(48,212)
Impairment during the year	(33,995)	(9,433)	(43,428)
Disposals during the year	(58,097)	-	(58,097)
Balance at 31 December 2023	1,072,257	5,827	1,078,084
Reversal of impairment during the year	5,526	480	6,006
Disposals during the year	(14,000)	-	(14,000)
Balance at 31 December 2024	1,063,783	6,307	1,070,090

Real estate properties represent properties and plots of lands acquired in settlement of debt. During the year, net realised profit of AED 6 million (2023: net unrealised losses of AED 34 million) are recognised in the consolidated statement of profit or loss on real estate properties. The realisable values of the properties and plots of land were carried out by RICS certified independent valuers having appropriate professional qualifications and are based on recent experience in the location and category of the properties and plots of land being valued. The fair value of these properties and plots of land as at 31 December 2024 amounted to AED 1,245 million (2023: AED 1,188 million), out of which AED 1,064 million (2023: AED 1,072 million) was reflected in the statement of financial position as at year end.

Description of valuation techniques and key inputs used to determine the realisable values of real estate properties acquired in settlement of debt as at 31 December 2024:

Nature of property	Country	Valuation technique	Significant unobservable inputs
Residential buildings	UAE	Income capitalization	Capitalization rate of 7.50% on Term & 8.00% on Reversion
Office buildings	UAE	Income capitalization	Capitalization rate of 7.50% on Term & 8.00% on Reversion
Retail and office units	UAE	Direct comparison approach	Comparable transactions
Retail mall	UAE	Discounted cashflow	Discount rate of 10% and capitalisation rate of 8%
Villas	UAE	Discounted cashflow	Discount rate of 9% and capitalisation rate of 7%
Villas	UAE	Direct comparison approach	Comparable transactions
Land	UAE	Direct comparison approach	Comparable transactions
Land	Cyprus	Direct comparison approach	Comparable transactions

The assessment of realisable values performed by external valuer at 31 October 2024 is based on the information available to them at the time of assessment and relies on several inputs. No material change has been in the market since then.

12 Other assets

	2024 AED'000	2023 AED'000
Acceptances – contra (Note 18)	349,408	1,011,401
Interest receivable	98,793	67,595
Prepayments	12,492	9,085
Others	247,103	192,135
	707,796	1,280,216
Expected credit losses (Note 28)	(27,964)	(27,964)
Total	679,832	1,252,252

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13 Derivative financial instruments

In the ordinary course of business, the Group enters into various types of transactions that involve derivatives. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instruments, reference rate, or index. Derivative financial instruments which the Group enters into include forwards and swaps. The Group uses the following derivative financial instruments for both hedging and non-hedging purposes.

Forward currency transactions - Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions.

Swap transactions – Interest rate (IRS) and cross currency interest rate swaps (CCIRS) - are commitments to exchange one set of cash flows for another. CCIRS result in an economic exchange of currency cash flows. Exchange of principal may or may not take place. Under interest rate swaps, the Bank agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional amount. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities, and applies cash margining with market counterparties to mitigate the credit risk involved.

Derivative related credit risk - Credit risk with respect to derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Group. The Group enters into derivative contracts with a number of financial institutions of good credit rating.

Derivatives held or issued for hedging purposes - The Group uses derivative financial instruments for hedging purposes as part of its asset and liability management activities in order to reduce its own exposure to fluctuations in interest rates and exchange rates. In all such cases the hedging relationship and objective, including details of the hedged item and hedging instrument, are formally documented and the transactions are accounted for as fair value hedges.

	Notional amounts by term to maturity					
	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Within 3 months AED'000	3-12 months AED'000	1-5 years AED'000
2024						
Currency swaps	1,144	(1,432)	4,535,782	4,515,128	20,654	-
Total	1,144	(1,432)	4,535,782	4,515,128	20,654	-
2023						
Currency swaps	202	-	6,955,811	6,955,811	-	-
Total	202	-	6,955,811	6,955,811	-	-

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14 Properties and equipment

	Land & buildings AED'000	Furniture and office equipment AED'000	Leasehold improvements installation, partitions and decoration AED'000	Motor vehicles AED'000	Total AED'000
Cost					
At 1 January 2023	400,214	84,065	57,832	2,928	545,039
Subsidiary held for sale adjustment (note 2.1)	(63,976)	(50,012)	(36,870)	(1,110)	(151,968)
Additions	227	6,376	487	1,804	8,894
Disposals	(31,479)	(4)	-	(215)	(31,698)
At 31 December 2023	304,986	40,425	21,449	3,407	370,267
Additions	1,505	4,278	1,153	93	7,029
Disposals	(8,789)	(1,623)	-	(1,148)	(11,560)
At 31 December 2024	297,702	43,080	22,602	2,352	365,736
Accumulated depreciation					
At 1 January 2023	154,096	80,386	30,008	2,475	266,965
Subsidiary held for sale adjustment (note 2.1)	(27,159)	(45,154)	(31,743)	(1,111)	(105,167)
Charge for the year	16,586	4,745	1,672	573	23,576
Disposals	(24,505)	-	-	(215)	(24,720)
At 31 December 2023	119,018	39,977	(63)	1,722	160,654
Charge for the year	14,718	4,338	1,376	636	21,068
Disposals	(5,141)	(1,357)	-	(420)	(6,918)
At 31 December 2024	128,595	42,958	1,313	1,938	174,804
Net book value:					
At 31 December 2024	169,107	122	21,289	414	190,932
At 31 December 2023	185,968	448	21,512	1,685	209,613

15 Customers' deposits

The analysis of customers' deposits is as follows:

	2024 AED'000	2023 AED'000
Current and other accounts	6,324,769	4,586,738
Saving accounts	95,283	98,911
Time deposits	23,284,890	21,656,948
	29,704,942	26,342,597

16 Deposits and balances due to banks

The analysis of deposits and balances due to banks is as follows:

	2024 AED'000	2023 AED'000
Demand	1,469	2,993
Time	2,821,343	1,913,348
	2,822,812	1,916,341

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16 Deposits and balances due to banks (continued)

Due to banks represent due to:

	2024 AED'000	2023 AED'000
Banks in the U.A.E.	1,887,387	537,960
Banks abroad	935,425	1,378,381
	<u>2,822,812</u>	<u>1,916,341</u>

17 Repo borrowings

The analysis of the repo borrowing agreements is as follows:

	2024 AED'000	2023 AED'000
Banks in the U.A.E.	2,420,284	1,702,312
	<u>2,420,284</u>	<u>1,702,312</u>

The Group entered into repo agreements under which bonds with fair value of AED 2.45 billion (31 December 2023: AED 2.11 billion) were given as collateral against borrowings. The risks and rewards relating to these bonds remain with the Group.

Repo borrowings include an amount of AED 0.8 billion (2023: AED 1.6 billion) which is represented as part of the group's financing activities in the consolidated statement of cashflows. (Note 6)

18 Other liabilities

	2024 AED'000	2023 AED'000
Interest payable	561,938	576,165
Acceptances – contra (Note 12)	349,408	1,011,401
Lease liabilities	55,106	66,456
Unearned income	53,025	143,422
Clearing balances	52,714	5,266
Provision for employees' end of service benefits (Note 18.1)	50,165	62,236
Tax liability	31,670	-
Managers' cheques	31,044	26,689
ECL on unfunded exposure (Note 28)	18,104	30,263
Accrued expenses	3,755	12,608
Others	38,113	53,411
	<u>1,245,042</u>	<u>1,987,917</u>

18.1 The movement in the provision for employees' end of service benefits is as follows:

	2024 AED'000	2023 AED'000
At 1 January	62,236	53,155
Subsidiary held for sale adjustment (note 2.1)	-	(358)
Charged during the year	(1,793)	13,230
Payments during the year	(10,278)	(3,791)
At 31 December	<u>50,165</u>	<u>62,236</u>

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19 Issued bonds

Issue date	Maturity	Currency	Face value Million	2024 Carrying value AED' 000	2023 Carrying value AED' 000
18 September 2019	Sep 2024	USD	600	-	2,203,530
14 March 2023	Mar 2028	USD	500	1,809,280	1,801,468
12 September 2024	Sep 2029	USD	500	1,753,790	-
				3,563,070	4,004,998

On 14 March 2023, the Bank issued Senior Unsecured Fixed Rate Notes, totalling USD 500 million (equivalent to AED 1,836.5 million) for a five-year maturity at a coupon of 7%, classified at amortized cost. The Notes were issued under the Bank's EMTN Programme which is listed on the Irish Stock Exchange.

On 12 September 2024, the Bank issued Senior Unsecured Fixed Rate Notes, totalling USD 500 million (equivalent to AED 1,836.5 million) for a five-year maturity at a coupon of 5.25%, classified at amortized cost. The Notes were issued under the Bank's EMTN Programme which is listed on the London Stock Exchange's International Securities Market.

During the year, the Group has fully repaid the below notes:

- Senior Unsecured Fixed Rate Notes, totalling USD 600 million (equivalent to AED 2,204 million) issued on 18 September 2019 with a five-year maturity.

The fair value and the change in that fair value that can be ascribed to changes in underlying credit risk are set out below:

	31 December 2024 AED'000	31 December 2023 AED'000
Fair value of issued bonds	3,686,719	4,068,946
Difference between carrying amount and amount contractually required to be paid at maturity	(109,930)	(35,302)

The Group estimates changes in fair value due to credit risk by estimating the amount of change in fair value that is not due to changes in market conditions that give rise to market risk.

20 Capital and reserves

Issued and paid-up capital

	2024		2023	
	Number of shares	AED'000	Number of shares	AED'000
Issued capital	3,000,000,000	3,000,000	3,000,000,000	3,000,000
	3,000,000,000	3,000,000	3,000,000,000	3,000,000

Statutory reserve - In accordance with the Bank's Articles of Association, and in compliance with Decretal Federal Law No. (14) of 2018, a minimum of 10% of profit should be transferred to a non-distributable statutory reserve until such time as this reserve equals 50% of the Bank's issued capital. As at 31 December 2024, AED 38.5 million were transferred from retained earnings to statutory reserve.

Impairment reserve - In accordance with CBUAE circular, in case where provision under CBUAE guidance exceeds provision under IFRS 9 (stage 1 and 2), the excess is required to be transferred to impairment reserve until the year ended 31 December 2023.

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21 Profit/ (Loss) per share

Profit/ (loss) per share are computed by dividing the profit/ (loss) for the year by the average number of shares outstanding during the year as follows:

Basic and diluted profit/ (loss) per share	2024	2023
Profit/ (loss) attributable to owners of the Bank for the year (AED'000)	<u>384,474</u>	<u>(273,521)</u>
<i>Weighted average number of ordinary shares:</i>		
Ordinary shares at the beginning of the year (in thousands shares)	3,000,000	2,200,000
Weighted average number of shares outstanding during the year (in thousands shares)	<u>3,000,000</u>	<u>2,616,438</u>
Basic and diluted profit/ (loss) per share (AED)	<u>0.13</u>	<u>(0.10)</u>

As at the reporting date, the diluted profit/ (loss) per share is equal to the basic profit/ (loss) per share as the Group has not issued any financial instruments that should be taken into consideration when the diluted profit/ (loss) per share is calculated.

22 Commitments and contingent liabilities

	2024	2023
	AED'000	AED'000
Financial guarantees for loans	207,829	207,829
Other guarantees	1,540,525	1,311,368
Letters of credit	<u>292,343</u>	<u>459,086</u>
	2,040,697	1,978,283
Irrevocable commitments to extend credit	545,953	476,117
	<u>2,586,650</u>	<u>2,454,400</u>

These contingent liabilities have off-balance sheet credit risk as only the related fees and accruals for probable losses are recognised in the statement of financial position until the commitments are fulfilled or expired. Many of the contingent liabilities will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash-flows.

Credit-related commitments include commitments to extend credit, standby letters of credit, and guarantees which are designed to meet the requirements of the Group's customers. Commitments to extend credit represent contractual commitments to make loans and advances and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. Letters of credit and guarantees commit the Group to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract. The bank and its subsidiaries are party to legal proceedings, including regulatory investigations, in the ordinary course of business. While there is inherent difficulty in predicting the outcome of these proceedings, management does not expect the outcome of any of these proceedings, individually or in the aggregate, to have a material adverse effect on the consolidated financial position or the results of operations of the bank.

23 Fiduciary assets

The Group holds investments amounting to AED 284 million (31 December 2023: AED 214 million) which are held on behalf of customers and not treated as assets in the consolidated statement of financial position.

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24 Interest income

	2024 AED'000	2023 AED'000
Loans and advances to customers	1,455,747	1,286,190
Investment securities	478,204	358,142
Loans and advances to banks	151,129	117,987
	<u>2,085,080</u>	<u>1,762,319</u>

25 Interest expense

	2024 AED'000	2023 AED'000
Deposits from customers	1,222,734	1,118,240
Borrowings from banks	207,202	217,658
Issued bonds	226,135	202,498
	<u>1,656,071</u>	<u>1,538,396</u>

26 Net fee and commission income

	2024 AED'000	2023 AED'000
Management & commitment fees	75,689	115,881
Trade finance activities	15,923	30,018
Letters of guarantee	19,448	16,953
Corporate banking credit related fees	41,957	12,622
Others	1,650	1,570
	<u>154,667</u>	<u>177,044</u>

27 Income/(loss) on investments

	2024 AED'000	2023 AED'000
Dividends	1,129	13,193
Net trading gain	9,555	1,086
Realized and unrealized gain/ (loss) on investments	480	(31,754)
Impairment on investments measured at amortised cost	-	(34,710)
	<u>11,164</u>	<u>(52,185)</u>

28 Net impairment loss on financial assets

31 December 2024	Opening balance AED'000	Net charge/ (reversal) during the year AED'000	Write off during the year AED'000	Closing balance AED'000
Deposits and balances due from banks	132,582	100	-	132,682
Loans and advances	1,731,369	55,239	(38)	1,786,570
Investments	3,599	(548)	-	3,051
Unfunded exposure	30,263	(12,159)	-	18,104
Other assets	27,964	-	-	27,964
Total	<u>1,925,777</u>	<u>42,632</u>	<u>(38)</u>	<u>1,968,371</u>
Charge on FVOCI Bonds		6,217		
Other adjustments		(4,463)		
Net impairment loss on financial assets		<u>44,384</u>		

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28 Net impairment loss on financial assets (continued)

31 December 2023	Opening balance AED'000	Subsidiary held for sale adjustment AED'000	Net charge/ (reversal) during the year AED'000	Write off during the year AED'000	Closing balance AED'000
Cash and balances with central banks	153,148	(20,936)	(132,212)	-	-
Deposits and balances due from banks	1,683	(7)	130,906	-	132,582
Loans and advances	1,775,177	(10,576)	(9,506)	(23,726)	1,731,369
Investments	10,720	(6,936)	(185)	-	3,599
Unfunded exposure	33,164	(45)	(2,856)	-	30,263
Other assets	27,964	-	-	-	27,964
Total	2,001,856	(38,500)	(13,853)	(23,726)	1,925,777
Other adjustments			11,664		
Net impairment reversal on financial assets			(2,189)		

29 General and administrative expenses

	2024 AED'000	2023 AED'000
Personnel expenses	136,944	179,616
Depreciation (Note 14)	21,068	23,576
Other expenses*	107,760	127,420
	265,772	330,612

*Other expenses include an amount of AED 2.3 million (2023: AED 9.3 million) representing social contributions made during the year ended 31 December 2024.

30 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, Corporate Tax Law ('CT Law') to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023.

As the Group's accounting year ends on 31 December, the first tax period will be 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

Income tax expense / (benefit) relating to Profit and Loss

Income tax expense / (benefit) recorded in the statement of profit or loss comprises of the following:

	2024 AED'000	2023 AED'000
Current Tax		
Current tax on profits for the year	32,934	-
Adjustments for current tax of prior periods	-	-
Total current tax expense	32,934	-
Deferred income tax		
Increase in deferred tax assets	(1,264)	-
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(1,264)	-
Income Tax	31,670	-

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30 Taxation (continued)

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for 2024 and 2023

The income tax applicable to the entity's 2024 income is 9% (2023: 0%). A reconciliation between the expected and the actual taxation charge is provided below:

	2024	2023
	AED'000	AED'000
Net Profit/(Loss) for the year before income tax expense	416,360	(275,250)
Tax at the company domestic rate of 9% (FY 2023: 0%)	37,473	-
Tax effect of income not taxable in determining taxable profit	(102)	-
Tax effect on OCI that will not be reclassified subsequently to consolidated statement of profit or loss	(6,134)	-
Tax effect of expenses that are not deductible in determining taxable profit	467	-
Other adjustments	(34)	-
Tax expense for the year	31,670	-
Effective Tax Rate	7.61%	0%

31 Subsidiaries

The Bank's interests, held directly or indirectly, in the subsidiaries are as follows:

Name of Subsidiary	Proportion of ownership interest		Year of incorporation	Year of acquisition	Country of incorporation	Principal activities
	2024	2023				
Emirates Lebanon Bank S.A.L.	100%	100%	1965	2008	Lebanon	Financial institution
El Capital FZC	100%	100%	2007	2017	U.A.E.	Investment in a financial institution
BOS Real Estate FZC	100%	100%	2007	2007	U.A.E.	Real estate development activities
BOS Capital FZC	100%	100%	2007	2007	U.A.E.	Investment
Polyco General Trading L.L.C.	100%	100%	2008	2008	U.A.E.	General trading
Borealis Gulf FZC	100%	100%	2010	2010	U.A.E.	Investment & Real estate development activities
Muwaileh Capital FZC	90%	90%	2010	2017	U.A.E.	Developing of real estate & related activities
BOS Funding Limited	100%	100%	2015	2015	Cayman Islands	Financing activities
BOS Repos Limited	100%	100%	2018	2018	Cayman Islands	Financing activities
BOS Derivatives Limited	100%	100%	2018	2018	Cayman Islands	Financing activities
GTW Holding LTD	100%	100%	2022	2022	U.A.E. (ADGM)	Facilitate the sale of real estate assets
GDLR Holding LTD	100%	100%	2022	2022	U.A.E. (ADGM)	Facilitate the sale of real estate assets
BOS Real Estate Egypt	100%	100%	2023	2023	Egypt	Real estate development activities

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32 Related party balances and transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control, their shareholders and key management personnel. Transactions with associate and other related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties. Transactions within the Group and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The related parties' balances included in the consolidated statement of financial position and the significant transactions with related parties are as follows:

	2024 AED'000	2023 AED'000
Balances at the end of the reporting year		
Loans and advances	1,637,929	957,407
Letters of credit, guarantee and acceptances	213,565	225,649
Total	1,851,494	1,183,056
Collateral deposits	(172,239)	(104)
Expected Credit Losses	(3,422)	(2,066)
Net exposure	1,675,833	1,180,886
Other deposits	7,090,609	5,738,669
Investment in Government of Sharjah bonds	7,000,000	7,000,000
	2024 AED'000	2023 AED'000
Transactions during the reporting year		
Interest income	491,459	405,561
Interest expense	480,412	229,050
Rent expense *	8,500	8,500
Compensation of Directors, advisors and key management personnel		
	2024 AED'000	2023 AED'000
Short term benefits	15,904	34,736
End of service benefits	244	3,850
Total compensation as at 31 December	16,148	38,586

No impairment loss has been recognised against balances outstanding with key management personnel and other related parties.

32.1 Transactions with owners and directors of the Group

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Dividends - at the Annual General Meeting of the shareholders to approve the consolidated financial statements of 31 December 2023, held on 30 April 2024, the shareholders approved no cash dividends distribution (2022: no cash dividend distribution).

Directors' remuneration - at the Annual General Meeting of the shareholders to approve the consolidated financial statements of 31 December 2023, held on 30 April 2024, the shareholders of the Bank approved no Directors' remuneration (2022: no Directors' remuneration).

Charity donations - at the Annual General Meeting of the shareholders to approve the consolidated financial statements of 31 December 2023, held on 30 April 2024, the shareholders approved no charitable donations (2022: no charitable donations).

Transfer from reserves - at the Annual General Meeting of the shareholders held on 30 April 2024, the shareholders approved no transfer from reserves (2022: no transfer from reserves).

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33 Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the type of business activities undertaken as a Group. For operating purposes, the Group is organised into two major business segments:

- (i) Commercial, which principally provides loans and other credit facilities, deposits and current accounts for corporate, government, institutional and individual customers; and
- (ii) Investment and treasury, which involves the management of the Group's investment portfolio.

The following table presents information regarding the Group's operating segments for the year ended 31 December 2024:

	Commercial AED'000	Investment and treasury AED'000	Unallocated* AED'000	Total AED'000
Operating income				
- Net interest income	176,938	252,071	-	429,009
- Net fee and commission income	154,667	-	-	154,667
- Exchange profit	25,771	-	-	25,771
- Income on investments	-	11,164	-	11,164
- Net income on properties	-	104,431	-	104,431
- Other income	1,474	-	-	1,474
Total operating income	358,850	367,666	-	726,516
Other material non-cash items				
- Net impairment charge on financial assets	(43,836)	(548)	-	(44,384)
- Depreciation	-	-	(21,068)	(21,068)
- General and administrative expenses	(208,000)	(36,704)	-	(244,704)
- Income tax expense	-	-	(31,670)	(31,670)
Net profit/(loss) for the year	107,014	330,414	(52,738)	384,690
Segment assets	29,887,713	12,103,812	1,591,447	43,582,972
Segment liabilities	35,297,446	3,563,070	895,634	39,756,150

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33 Segmental information (continued)

The following table presents information regarding the Group's operating segments for the year ended 31 December 2023:

	Commercial AED'000	Investment and treasury AED'000	Unallocated* AED'000	Total AED'000
Operating income				
- Net interest income	68,280	155,643	-	223,923
- Net fee and commission income	177,044	-	-	177,044
- Exchange profit	15,188	-	-	15,188
- Loss on investments	-	(52,185)	-	(52,185)
- Net loss on properties	-	(97,762)	-	(97,762)
- Other income	3,806	677	-	4,483
Total operating income	264,318	6,373	-	270,691
Other material non-cash items				
- Net impairment charge on financial assets	2,616	(427)	-	2,189
- Depreciation	-	-	(23,576)	(23,576)
- General and administrative expenses	(260,981)	(46,055)	-	(307,036)
- Impairment of intangible assets	-	-	(18,365)	(18,365)
- Net impairment charge on subsidiary held for sale	-	(199,153)	-	(199,153)
Net profit/(loss) for the year	5,953	(239,262)	(41,941)	(275,250)
Segment assets	28,256,179	9,674,953	1,528,548	39,459,680
Segment liabilities	30,972,647	4,004,998	976,520	35,954,165

* Unallocated items comprise mainly head office expenses and tax assets.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2023: Nil). Transactions between segments, inter-segment cost of funds and allocation of expenses are not determined by management for resource allocation purpose. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments except for property and equipment, goodwill and other intangibles and certain amounts included in other assets; and
- All liabilities are allocated to reportable segments except for certain amounts included in other liabilities.

33.1 Geographical information

The Group currently operates in one principal geographical area – United Arab Emirates. The Group's operating income and information about its non-current assets by geographical location are detailed below:

	Country of domicile AED'000	Foreign AED'000	Total AED'000
2024			
Operating income	726,516	-	726,516
Non-Current Assets	1,013,914	373,367	1,387,281
2023			
Operating income	267,444	3,247	270,691
Non-Current Assets	972,537	373,367	1,345,904

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34 Classification of financial assets and financial liabilities

- (a) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2024:

	FVTPL	FVTOCI	Amortised	Total
	AED'000	AED'000	cost	AED'000
			AED'000	
Financial assets:				
Cash and balances with central banks	-	-	4,639,575	4,639,575
Deposits and balances due from banks	-	-	595,972	595,972
Loans and advances, net	-	-	24,302,758	24,302,758
Investment securities, net	423,181	1,796,461	7,881,928	10,101,570
Other assets and derivatives	1,144	-	666,196	667,340
Total	424,325	1,796,461	38,086,429	40,307,215
Financial liabilities:				
Customers' deposits	-	-	29,704,942	29,704,942
Deposits and balances due to banks	-	-	2,822,812	2,822,812
Repo borrowings	-	-	2,420,284	2,420,284
Other liabilities	-	-	1,141,852	1,141,852
Issued Bonds	-	-	3,563,070	3,563,070
Total	-	-	39,652,960	39,652,960

- (b) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2023:

	FVTPL	FVTOCI	Amortised	Total
	AED'000	AED'000	cost	AED'000
			AED'000	
Financial assets:				
Cash and balances with central banks	-	-	4,558,295	4,558,295
Deposits and balances due from banks	-	-	618,633	618,633
Loans and advances, net	-	-	22,067,850	22,067,850
Investments measured at fair value	134,706	224,766	-	359,472
Investments measured at amortised cost	-	-	7,367,938	7,367,938
Other assets and derivatives	6,029	-	1,242,965	1,248,994
Total	140,735	224,766	35,855,681	36,221,182
Financial liabilities:				
Customers' deposits	-	-	26,342,597	26,342,597
Deposits and balances due to banks	-	-	1,916,341	1,916,341
Repo borrowings	-	-	1,702,312	1,702,312
Other liabilities	-	-	1,782,265	1,782,265
Issued Bonds	-	-	4,004,998	4,004,998
Total	-	-	35,748,513	35,748,513

35 Financial risk management

The Group has Senior Management committees to oversee the risk management. The Board Executive Committee and the Board Risk Committee, under delegation from the Board of Directors defines policies, processes, and systems to manage and monitor credit risk. It also sets policies, system and limits for interest rate risk, foreign exchange risk, and liquidity risk. The Group also has a Credit Risk function which independently reviews adherence to all risk management policies and processes. The Group's internal audit function, which is part of risk review, primarily evaluates the effectiveness of the controls addressing operational risk.

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35 Financial risk management (continued)

Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties. In addition to monitoring credit limits, the Group manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counter-parties in appropriate circumstances, and by limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counter-parties to mitigate credit risk. Concentrations of credit risk arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

Policies relating to credit are reviewed and approved by the Group's Executive Committee. All credit lines are approved in accordance with the Group's credit policy set out in the Credit Policy Manual. Credit and marketing functions are segregated. In addition, whenever possible, loans are secured by acceptable forms of collateral in order to mitigate credit risk. The Group further limits risk through diversification of its assets by economic and industry sectors. All credit facilities are administered and monitored by the Credit Administration Department. Periodic reviews are conducted by Credit Risk and facilities are risk graded based on criterion established in the Credit Policy Manual. Cross border exposure and financial institutions exposure limits for money market and treasury activities are approved as per guidelines established by the Group's Executive Committee and are monitored by the Senior Management on a daily basis. The Executive Committee is responsible for setting credit policy of the Group. It also establishes industry caps, approves policy exceptions, and conducts periodic portfolio reviews to ascertain portfolio quality.

Commercial/Institutional lending underwriting - All credit applications for Commercial and Institutional lending are subject to the Group's credit policies, underwriting standards and industry caps (if any) and to regulatory requirements, as applicable from time to time. The Group does not lend to companies operating in industries that are considered by the Group inherently risky and where industry knowledge specialisation is required. In addition, the Group sets credit limits for all customers based on their creditworthiness. All credit facilities extended by the Group are made subject to prior approval pursuant to a delegated signature authority system under the ultimate authority of the Executive Committee or the Group's Executive Director and General Manager under the supervision of the Board. At least two signatures are required to approve any commercial or institutional credit application.

Credit review procedures and loan classification - The Group's Credit Risk department subjects the Group's risk assets to an independent quality evaluation on a regular basis in conformity with the guidelines of the Central Bank of the U.A.E. and the Group's internal policies in order to assist in the early identification of accrual and potential performance problems. The Credit Risk department validates the risk ratings of all commercial clients, provides an assessment of portfolio risk by product and industry and monitors observance of all approved credit policies, guidelines and operating procedures across the Group. All commercial/institutional loan facilities of the Group are assigned one of ten risk ratings (1-10) where 1 is being excellent and 10 being loss with no reimbursement capacity and total provisioning. If a Loan is impaired, interest will be suspended and not be credited to the consolidated statement of profit or loss. Specific allowance for impairment of classified assets is made based on recoverability of outstanding and risk ratings of the assets. The Group also measures its exposure to credit risk by reference to the gross carrying amount of financial assets less amounts offset, interest suspended and impairment losses, if any. The carrying amount of financial assets represents the maximum credit exposure.

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35 Risk management (continued)

Credit risk management (continued)

Expected credit loss allowance

As of 31 December 2024

	Stage 1		Stage 2		Stage 3		Total	
	AED'000 Exposure	AED'000 ECL	AED'000 Exposure	AED'000 ECL	AED'000 Exposure	AED'000 ECL	AED'000 Exposure	AED'000 ECL
Balances with central banks	4,639,575	-	-	-	-	-	4,639,575	-
Due from banks and financial institutions	111,303	461	679	9	616,672	132,212	728,654	132,682
Loans and advances	12,534,991	59,087	11,449,949	1,330,250	2,104,388	397,233	26,089,328	1,786,570
Investments measured at FVOCI	1,796,461	6,217	-	-	-	-	1,796,461	6,217
Investments measured at amortised cost	7,884,979	3,051	-	-	-	-	7,884,979	3,051
Other assets	707,796	27,964	-	-	-	-	707,796	27,964
Unfunded exposure	1,365,725	71	88,676	18,033	-	-	1,454,401	18,104
	<u>29,040,830</u>	<u>96,851</u>	<u>11,539,304</u>	<u>1,348,292</u>	<u>2,721,060</u>	<u>529,445</u>	<u>43,301,194</u>	<u>1,974,588</u>

As of 31 December 2023

	Stage 1		Stage 2		Stage 3		Total	
	AED'000 Exposure	AED'000 ECL	AED'000 Exposure	AED'000 ECL	AED'000 Exposure	AED'000 ECL	AED'000 Exposure	AED'000 ECL
Balances with central banks	4,558,295	-	-	-	-	-	4,558,295	-
Due from banks and financial institutions	199,294	357	971	13	550,950	132,212	751,215	132,582
Loans and advances	10,568,103	42,570	11,214,618	1,292,551	2,016,498	396,248	23,799,219	1,731,369
Investments measured at FVOCI	224,766	-	-	-	-	-	224,766	-
Investments measured at amortised cost	7,371,537	3,599	-	-	-	-	7,371,537	3,599
Other assets	1,280,216	27,964	-	-	-	-	1,280,216	27,964
Unfunded exposure	1,599,850	537	526,568	29,720	56,327	6	2,182,745	30,263
	<u>25,802,061</u>	<u>75,027</u>	<u>11,742,157</u>	<u>1,322,284</u>	<u>2,623,775</u>	<u>528,466</u>	<u>40,167,993</u>	<u>1,925,777</u>

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35 Risk management (continued)

Credit risk management (continued)

Stage migration of loans and advances

	Non-credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Exposure AED'000	Impairment allowance AED'000	Exposure AED'000	Impairment allowance AED'000	Exposure AED'000	Impairment allowance AED'000	Exposure AED'000	Impairment allowance AED'000
Retail banking loans								
As of 1 January 2024	2,696,205	1,084	31,346	38	21,938	197	2,749,489	1,319
Transfers from stage 1 to stage 2	-	-	-	-	-	-	-	-
Transfers from stage 2 to stage 1	306	-	(306)	-	-	-	-	-
Transfers from 1&2 to stage 3	(107)	-	(26)	-	133	-	-	-
Transfers from stage 3	-	-	120	-	(120)	-	-	-
Change in exposure	206,739	(418)	(1,267)	128	1,227	129	206,699	(161)
As of 31 December 2024	2,903,143	666	29,867	166	23,178	326	2,956,188	1,158
Wholesale banking loans								
As of 1 January 2024	7,871,898	41,486	11,183,272	1,292,513	1,994,560	396,051	21,049,730	1,730,050
Transfers from stage 1 to stage 2	(113,278)	(3,607)	113,278	3,607	-	-	-	-
Transfers from stage 2 to stage 1	827,992	101	(827,992)	(101)	-	-	-	-
Transfers from 1&2 to stage 3	(4,728)	(16)	-	-	4,728	16	-	-
Transfers from stage 3	-	-	-	-	-	-	-	-
Change in exposure	1,049,964	20,457	951,524	34,065	81,922	840	2,083,410	55,362
As of 31 December 2024	9,631,848	58,421	11,420,082	1,330,084	2,081,210	396,907	23,133,140	1,785,412
Total	12,534,991	59,087	11,449,949	1,330,250	2,104,388	397,233	26,089,328	1,786,570

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35 Risk management (continued)

Credit risk management (continued)

Stage migration of loans and advances (continued)

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Exposure AED'000	Impairment allowance AED'000	Exposure AED'000	Impairment allowance AED'000	Exposure AED'000	Impairment allowance AED'000	Exposure AED'000	Impairment allowance AED'000
<i>Retail banking loans</i>								
As of 1 January 2023	1,860,764	7,752	4,276	46	22,223	371	1,887,263	8,169
Subsidiary held for sale adjustment (note 2.1)	(390)	(50)	-	(1)	(162)	(146)	(552)	(197)
Transfers from stage 1 to stage 2	(5,316)	-	5,316	-	-	-	-	-
Transfers from stage 2 to stage 1	-	-	-	-	-	-	-	-
Transfers from 1&2 to stage 3	(61)	-	(165)	-	226	-	-	-
Transfers from stage 3	17	-	-	-	(17)	-	-	-
Change in exposure	841,191	(6,618)	21,919	(7)	(332)	(28)	862,778	(6,653)
As of 31 December 2023	2,696,205	1,084	31,346	38	21,938	197	2,749,489	1,319
<i>Wholesale banking loans</i>								
As of 1 January 2023	10,223,096	73,019	10,007,034	1,297,568	1,281,051	396,421	21,511,181	1,767,008
Subsidiary held for sale adjustment (note 2.1)	(33,173)	(103)	(11,437)	(1,683)	(14,482)	(8,594)	(59,092)	(10,380)
Transfers from stage 1 to stage 2	(1,206,360)	(31,118)	1,206,360	31,118	-	-	-	-
Transfers from stage 2 to stage 1	134,817	3,173	(134,817)	(3,173)	-	-	-	-
Transfers from 1&2 to stage 3	(92,180)	(215)	(212,064)	(7,123)	304,244	7,338	-	-
Transfers from stage 3	-	-	3,229	988	(3,229)	(988)	-	-
Change in exposure	(1,154,302)	(3,270)	324,967	(25,182)	426,976	1,874	(402,359)	(26,578)
As of 31 December 2023	7,871,898	41,486	11,183,272	1,292,513	1,994,560	396,051	21,049,730	1,730,050
Total	10,568,103	42,570	11,214,618	1,292,551	2,016,498	396,248	23,799,219	1,731,369

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35 Risk management (continued)

Credit risk management (continued)

ECL change/(flow) of loans and advances

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
<i>Retail banking loans:</i>				
ECL allowance as of 1 January 2024	1,084	38	197	1,319
Others	(418)	128	129	(161)
ECL allowance as of 31 December 2024	666	166	326	1,158
<i>Wholesale banking loans:</i>				
ECL allowance as of 1 January 2024	41,486	1,292,513	396,051	1,730,050
Emirates governments	(152)	-	-	(152)
GRES (Gov ownership >50%)	337	-	-	337
Other corporates	8,627	36,213	64	44,904
High net worth individuals	(75)	363	17	305
SMEs	335	995	775	2,105
Banks	7,863	-	-	7,863
ECL allowance as of 31 December 2024	58,421	1,330,084	396,907	1,785,412
Total	59,087	1,330,250	397,233	1,786,570

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
<i>Retail banking loans:</i>				
ECL allowance as of 1 January 2023	7,752	46	371	8,169
Subsidiary held for sale adjustment (note 2.1)	(50)	(1)	(146)	(197)
Others	(6,618)	(7)	(28)	(6,653)
ECL allowance as of 31 December 2023	1,084	38	197	1,319
<i>Wholesale banking loans:</i>				
ECL allowance as of 1 January 2023	73,019	1,297,568	396,421	1,767,008
Subsidiary held for sale adjustment (note 2.1)	(103)	(1,683)	(8,594)	(10,380)
Emirates governments	376	-	-	376
GRES (Gov ownership >50%)	4,742	-	-	4,742
Other corporates	(31,491)	79,308	2,543	50,360
High net worth individuals	(147)	(85,902)	8,487	(77,562)
SMEs	(4,910)	3,222	(2,806)	(4,494)
ECL allowance as of 31 December 2023	41,486	1,292,513	396,051	1,730,050
Total	42,570	1,292,551	396,248	1,731,369

35 Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk

2024

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Loans and advances				
Grade 1	-	-	-	-
Grade 2	-	-	-	-
Grade 3	621,551	45,641	-	667,192
Grade 4	3,965,720	514,571	-	4,480,291
Grade 5	6,197,154	157,532	-	6,354,686
Grade 6	1,651,855	5,936,091	-	7,587,946
Grade 7	98,711	4,796,114	-	4,894,825
Default grades 8-10	-	-	2,104,388	2,104,388
Total gross carrying amount	12,534,991	11,449,949	2,104,388	26,089,328
Allowance for impairment losses	(59,087)	(1,330,250)	(397,233)	(1,786,570)
Net carrying amount	12,475,904	10,119,699	1,707,155	24,302,758

2023

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Loans and advances				
Grade 1	-	-	-	-
Grade 2	-	-	-	-
Grade 3	1,229,077	73,566	66	1,302,709
Grade 4	4,725,802	454,336	9,084	5,189,222
Grade 5	4,229,475	19,518	7,760	4,256,753
Grade 6	133,175	5,792,935	-	5,926,110
Grade 7	250,526	2,259,776	239,046	2,749,348
Default grades 8-10	48	2,614,487	1,760,542	4,375,077
Total gross carrying amount	10,568,103	11,214,618	2,016,498	23,799,219
Allowance for impairment losses	(42,570)	(1,292,551)	(396,248)	(1,731,369)
Net carrying amount	10,525,533	9,922,067	1,620,250	22,067,850

35 Risk management (continued)

Credit risk management (continued)

The table below shows the maximum exposure to credit risk for the components of the statement of financial position, including contingent liabilities and commitments. The maximum exposure is shown, before the effect of mitigation through the use of credit enhancements, master netting and collateral agreements.

		2024 AED'000	2023 AED'000
Balances with Central Banks	6	4,594,732	4,512,959
Deposits and balances due from banks	7	595,972	618,633
Loans and advances, net	8	24,302,758	22,067,850
Investments measured at amortised cost	9	7,881,928	7,367,938
Other assets (<i>excluding prepayments & other non-financial assets</i>)	33	667,340	1,248,994
Total		38,042,730	35,816,374
Letters of credit	22	292,343	459,086
Guarantees	22	1,748,354	1,519,197
Undrawn loan commitments	22	545,953	476,117
Total		2,586,650	2,454,400
Total credit risk exposure		40,629,830	38,270,774

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Impaired loans

Impaired loans are loans for which the Group determines that it is likely the collectability of all principal and interest due according to the contractual terms of the loan/securities agreement(s) would be doubtful. These loans are graded 8 to 10 in the Group's internal credit risk grading system.

Write-off policy

The Group writes off a loan balance (and any related allowances for impairment losses) when the Group determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The Group holds collateral against loans and advances in the form of mortgage interests over properties, vehicles and machineries, cash margins, fixed deposits, guarantees and others. The Group accepts guarantees mainly from well-reputed local or international banks, well-established local or multinational corporate and high net worth private individuals. Management has estimated the fair value of collateral to be AED 12.5 billion (2023: AED 13.6 billion) out of which AED 662 million is collateral held against stage 3 loans and advances (2023: AED 645 million). The fair value of the collateral includes cash deposits which are not under lien and the Group has right to set-off against the outstanding facilities. Concentration risk arises when a number of counterparties are engaged in similar business activities or activities in same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group measure its exposure to credit risk by reference to gross carrying amount of financial assets less amounts offset, profit suspended and impairment losses, if any. Concentration of credit risk by industrial sector for loans and advances are presented in notes 8(d) and 8(e). Concentration of credit risk by geographical distribution of loans and advances and financial investments is set out in note 8(c).

35 Risk management (continued)

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

Executive Committee (EC) & Board Risk Committee (BRC) - In addition to its credit related activity, the Executive Committee along with the Board Risk Committee have a broad range of authority delegated by the Board of Directors to manage the Group's asset and liability structure and funding strategy. The EC and BRC review liquidity ratios; asset and liability structure; interest rate and foreign exchange exposures; internal and statutory ratio requirements; funding gaps; and general domestic and international economic and financial market conditions. The EC & BRC formulate liquidity risk management guidelines for the Group's operation on the basis of such review.

The Group's Senior Management monitors the liquidity on a daily basis and uses an interest rate simulation model to measure and monitor interest rate sensitivity and varying interest rate scenarios. The EC members comprise of the Chairman, four Board Members, in addition to the General Manager. The EC meets once or more every 45 days, as circumstances dictate. The quorum requires all members to be present at the meeting and decisions taken to be unanimous. The Group manages its liquidity in accordance with U.A.E. Central Bank requirements and the Group's internal guidelines. The U.A.E. Central Bank sets cash ratio reserve requirements on overall deposits ranging between 1.0 percent for time deposits and 14.0 percent for demand deposits, according to the tenor of the deposits. In addition, the U.A.E. Central Bank requires that banks regulated under the Eligible Liquid Asset Ratio (ELAR) regime maintain a stock of High-Quality Liquid Assets (HQLA), as a buffer against unexpected deposit outflows, of a minimum of 10% (reduced during the Covid-19 pandemic to 7%) of all deposits. The Group complies with this regulation at all times, and applies a higher standard in its internal guidelines. The U.A.E. Central Bank also imposes a mandatory 1:1 utilisation ratio, whereby; loans and advances (combined with inter-bank placements having a remaining term of 'greater than three months') should not exceed stable funds as defined by the U.A.E. Central Bank. Stable funds are defined by the U.A.E. Central Bank to mean free-own funds, inter-bank deposits with a remaining term of more than six months, and stable customer deposits. To guard against liquidity risk, the Group diversifies its funding sources and manages its assets with liquidity in mind, seeking to maintain a preferable proportion between cash, cash equivalent, and readily marketable securities. The Board Risk Committee sets and monitors liquidity ratios and regularly revises and updates the Group's liquidity management policies to ensure that the Group would be in a position to meet its obligations as they fall due. Management of liquidity risk within the parameters prescribed by the Board Risk Committee has been delegated to an Asset and Liability Committee (ALCO) comprising the General Manager (operations) and senior executives from treasury, finance, risk, corporate credit, operations, and investment departments.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or potential damage to the Group's reputation.

The Treasury department communicates with other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury maintains a portfolio of liquid assets to ensure liquidity is maintained within the Group's operations as a whole.

The daily liquidity position is monitored and regular liquidity stress testing is performed under a variety of scenarios covering both normal and severe market conditions. All liquidity policies and procedures are subject to review and approval by the Board. The Daily Position sheet, which reports the liquidity and exchange positions of the Group is reviewed by Senior Management. A summary report, including any exceptions and remedial action taken, is submitted to the Board Risk Committee.

Exposure to liquidity risk

The key measure used by the Group for measuring liquidity risk is the advances to stable resources ratio (regulatory ratio) which is 84.2% as at 31 December 2024 (2023: is 79.6%). In addition, the Group also uses the following ratios/information on a continuous basis for measuring liquidity risk:

- Liquid assets to total assets ratio;
- Net loans to deposits ratio (LDR);
- Basel III ratios (including ASRR, ELAR, etc.) are also monitored internally and shared with the Board on quarterly basis.

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35 Risk management (continued)

Liquidity risk management (continued)

The maturity profile of the assets and liabilities at 31 December 2024 based on the remaining period from the end of the reporting period to the contractual maturity date is as follows:

	Within 3 months AED'000	Over 3 months to 1 year AED'000	Over 1 year AED'000	No fixed maturity AED'000	Total AED'000
Assets					
Cash and balances with central banks	4,594,732	-	-	44,843	4,639,575
Deposits and balances due from banks	228,672	183,650	183,650	-	595,972
Loans and advances, net	11,399,216	3,371,281	9,532,261	-	24,302,758
Investment securities, net	473,310	7,415,912	1,920,903	291,445	10,101,570
Investment properties	-	-	-	1,157,453	1,157,453
Assets acquired in settlement of debt	-	-	-	1,070,090	1,070,090
Other assets	679,832	-	-	-	679,832
Property and equipment	-	-	-	190,932	190,932
Subsidiary held for sale	-	844,790	-	-	844,790
Total assets	17,375,762	11,815,633	11,636,814	2,754,763	43,582,972
Liabilities					
Customers' deposits	16,708,089	12,696,448	300,405	-	29,704,942
Deposits and balances due to banks	2,583,224	239,588	-	-	2,822,812
Repo-borrowing	1,631,776	788,508	-	-	2,420,284
Other liabilities	1,245,042	-	-	-	1,245,042
Issued Bonds	-	-	3,563,070	-	3,563,070
Total liabilities	22,168,131	13,724,544	3,863,475	-	39,756,150
Net liquidity gap	(4,792,369)	(1,908,911)	7,773,339	2,754,763	3,826,822

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35 Risk management (continued)

Liquidity risk management (continued)

The maturity profile of the assets and liabilities at 31 December 2023 based on the remaining period from the end of the reporting period to the contractual maturity date is as follows:

	Within 3 months AED'000	Over 3 months to 1 year AED'000	Over 1 year AED'000	No fixed maturity AED'000	Total AED'000
Assets					
Cash and balances with central banks	4,512,959	-	-	45,336	4,558,295
Deposits and balances due from banks	55,664	195,669	367,300	-	618,633
Loans and advances, net	6,231,351	2,700,308	13,136,191	-	22,067,850
Investment securities, net	178,774	6,998,413	190,751	359,472	7,727,410
Investment properties	-	-	-	1,102,753	1,102,753
Assets acquired in settlement of debt	-	-	-	1,078,084	1,078,084
Other assets	1,252,252	-	-	-	1,252,252
Property and equipment	-	-	-	209,613	209,613
Subsidiary held for sale	-	844,790	-	-	844,790
Total assets	12,231,000	10,739,180	13,694,242	2,795,258	39,459,680
Liabilities					
Customers' deposits	12,945,957	12,778,800	617,840	-	26,342,597
Deposits and balances due to banks	1,916,341	-	-	-	1,916,341
Repo-borrowing	1,702,312	-	-	-	1,702,312
Other liabilities	1,987,917	-	-	-	1,987,917
Issued Bonds	-	2,203,530	1,801,468	-	4,004,998
Total liabilities	18,552,527	14,982,330	2,419,308	-	35,954,165
Net liquidity gap	(6,321,527)	(4,243,150)	11,274,934	2,795,258	3,505,515

35 Risk management (continued)

Market risk management

Market Risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The Group classifies exposures to market risk into trading, or non-trading /banking book.

a) Market risk - trading book

The Executive Committee has set limits for acceptable level of risks in managing the trading book. The Group maintains a well-diversified portfolio. In order to manage the market risk in the trading book, the Group carries a limited amount of market risk based on the policy preference and this is continuously monitored by Senior Management. The Group's trading book mainly comprises of equity instruments in companies listed on the U.A.E. exchanges. As such, the market risk in the trading book is limited to equity price risk. Equity price risk refers to the risk of an increase/ (decrease) in the fair values of equities in the Group's trading investment portfolio as a result of reasonable possible changes in levels of equity indices and the value of individual stocks. The effect on the Group's equity investments held in the trading book due to a reasonable possible change in U.A.E. equity indices, with all other variables held constant is as follows:

Market indices	31 December 2024		31 December 2023	
	Change in equity price %	Effect on income AED'000	Change in equity price %	Effect on income AED'000
Global Stock markets	+1%	-	+1%	1,347
Global Stock markets	-1%	-	-1%	(1,347)

b) Market risk - non-trading or banking book

Market risk on non-trading or banking positions mainly arises from the interest rate, foreign currency exposures and equity price changes.

i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities. The Group uses simulation-modelling tools to periodically measure and monitor interest rate sensitivity. The results are monitored and analysed by the Senior Management. Since most of the Group's financial assets and liabilities are floating rate, deposits and loans generally re-price simultaneously providing a natural hedge, which reduces interest rate exposure. Moreover, the majority of the Group's assets and liabilities will be re-priced within one year or less, thereby further limiting interest rate risk.

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35 Risk management (continued)

b) Market risk - non-trading or banking book (continued)

i) Interest rate risk (continued)

The Group's interest sensitivity position, based on the contractual re-pricing or maturity dates, whichever dates are earlier as at 31 December 2024 was as follows:

	Weighted average effective rate	Within 3 months AED'000	Over 3 months to 1 year AED'000	Over 1 year AED'000	Non- interest sensitive AED'000	Total AED'000
Assets						
Cash and balances with central banks	4.40%	-	-	-	4,639,575	4,639,575
Deposits and balances due from banks		228,672	183,650	183,650	-	595,972
Loans and advances, net	6.88%	20,735,221	1,507,660	2,059,877	-	24,302,758
Investments measured at fair value	1.10%	155,275	241,606	1,531,315	291,446	2,219,642
Investments measured at amortised cost	5.32%	420,808	7,196,865	264,255	-	7,881,928
Investment properties		-	-	-	1,157,453	1,157,453
Assets acquired in settlement of debt		-	-	-	1,070,090	1,070,090
Other assets		-	-	-	679,832	679,832
Property and equipment		-	-	-	190,932	190,932
Subsidiary held for sale		-	-	-	844,790	844,790
Total assets		21,539,976	9,129,781	4,039,097	8,874,118	43,582,972
Liabilities and equity						
Customers' deposits	4.03%	16,708,089	12,696,448	300,405	-	29,704,942
Deposits and balances due to banks	5.08%	2,583,224	239,588	-	-	2,822,812
Repo-borrowing	5.11%	1,631,776	788,508	-	-	2,420,284
Other liabilities		-	-	-	1,245,042	1,245,042
Issued Bonds	6.13%	-	3,563,070	-	-	3,563,070
Equity		-	-	-	3,826,822	3,826,822
Total liabilities and equity		20,923,089	17,287,614	300,405	5,071,864	43,582,972
On statement of financial position gap		616,887	(8,157,833)	3,738,692	3,802,254	-
Cumulative interest rate sensitivity gap		616,887	(7,540,946)	(3,802,254)	-	-

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35 Risk management (continued)

b) Market risk - non-trading or banking book (continued)

i) Interest rate risk (continued)

The Group's interest sensitivity position, based on the contractual re-pricing or maturity dates, whichever dates are earlier as at 31 December 2023 was as follows:

	Weighted average effective rate	Within 3 months AED'000	Over 3 months to 1 year AED'000	Over 1 year AED'000	Non- interest sensitive AED'000	Total AED'000
Assets						
Cash and balances with central banks	5.40%	-	-	-	4,558,295	4,558,295
Deposits and balances due from banks		55,664	12,019	-	550,950	618,633
Loans and advances, net	7.01%	15,702,395	3,323,738	3,041,717	-	22,067,850
Investments measured at fair value		-	-	-	359,472	359,472
Investments measured at amortised cost	5.89%	-	7,366,210	-	1,728	7,367,938
Investment properties		-	-	-	1,102,753	1,102,753
Assets acquired in settlement of debt		-	-	-	1,078,084	1,078,084
Other assets		-	-	-	1,252,252	1,252,252
Property and equipment		-	-	-	209,613	209,613
Subsidiary held for sale		-	-	-	844,790	844,790
Total assets		15,758,059	10,701,967	3,041,717	9,957,937	39,459,680
Liabilities and equity						
Customers' deposits	4.67%	12,945,957	12,778,800	617,840	-	26,342,597
Deposits and balances due to banks	5.29%	1,916,341	-	-	-	1,916,341
Repo-borrowing	5.91%	1,702,312	-	-	-	1,702,312
Other liabilities		-	-	-	1,987,917	1,987,917
Issued Bonds	5.36%	-	4,004,998	-	-	4,004,998
Equity		-	-	-	3,505,515	3,505,515
Total liabilities and equity		16,564,610	16,783,798	617,840	5,493,432	39,459,680
On statement of financial position gap		(806,551)	(6,081,831)	2,423,877	4,464,505	-
Cumulative interest rate sensitivity gap		(806,551)	(6,888,382)	(4,464,505)	-	-

35 Risk management (continued)

Market risk management (continued)

b) Market risk - non-trading or banking book (continued)

i) Interest rate risk (continued)

The effective interest rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument, excluding non-interest-bearing items. The rate is a historical rate for a fixed rate instrument carried at amortised cost and the current market rate for a floating rate instrument or for an instrument carried at fair value. The following table depicts the sensitivity to a reasonable possible change in interest rates, with other variables held constant, on the Group's consolidated statement of profit or loss or equity. The sensitivity of the income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at 31 December 2024, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing the fixed rate, including the effect of any associated hedges as at 31 December 2024 for the effect of assumed changes in interest rates. The sensitivity of equity is analysed by maturity of the asset or swap. All the banking book exposures are monitored and analysed in currency concentrations and relevant sensitivities are disclosed in AED thousands.

As at 31 December 2024	Increase in basis	Sensitivity of interest income	Sensitivity of equity
Rates Up	200 bps	(74,185)	(74,185)
Rates Down	200 bps	74,185	74,185
As at 31 December 2023	Increase in basis	Sensitivity of interest income	Sensitivity of equity
Rates Up	200 bps	(81,103)	(81,103)
Rates Down	200 bps	81,103	81,103

ii) Currency risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Board has set limits on positions by currencies, which are monitored daily, and hedging instruments are also used to ensure that positions are maintained within the limits. The Group's assets are typically funded in the same currency as that of the business transacted in order to eliminate foreign exchange exposure. However, in the normal course of business the Group provides foreign currency exposures to finance its client's activities. The Executive Committee sets the limits on the level of exposure by currency for both overnight and intra-day positions, which are closely monitored by Senior Management. As at 31 December 2024 and 2023, the Group's net currency position was not material, and all the positions were within limits approved by the Executive Committee. As the UAE Dirham and other GCC currencies are currently pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk. The table below shows the foreign currencies to which the Group has a significant exposure to:

	2024 AED'000 equivalent short	2023 AED'000 equivalent short
EURO	(8,489)	(745)
GBP	(1,021)	(390)
CHF	-	(217)
AUD	-	(22)

35 Risk management (continued)

Market risk management (continued)

b) Market risk - non-trading or banking book (continued)

ii) Currency risk (continued)

The analysis below calculates the effect of a possible movement of the currency rate against AED, with all other variables held constant, on the consolidated statement of profit or loss (due to the fair value of the currency sensitive non-trading monetary assets and liabilities) and equity (due to change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges). A positive effect shows a potential increase in consolidated statement of profit or loss or equity; whereas a negative effect shows a potential decrease in consolidated statement of profit or loss or equity.

(AED'000)			
Currency exposure as at 31 December 2024	Change in currency rate in %	Change on net profit	Change on Equity
EURO	+5%	(424)	(424)
EURO	-5%	424	424
GBP	+5%	(51)	(51)
GBP	-5%	51	51

(AED'000)			
Currency exposure as at 31 December 2023	Change in currency rate in %	Change on net profit	Change on Equity
EURO	+5%	(37)	(37)
EURO	-5%	37	37
GBP	+5%	(20)	(20)
GBP	-5%	20	20
CHF	+5%	(11)	(11)
CHF	-5%	11	11
AUD	+5%	(1)	(1)
AUD	-5%	1	1

iii) Equity price risk

Equity price risk refers to the risk of a decrease in the fair value of equities in the Group's non-trading investment portfolio as a result of reasonable possible changes in levels of equity indices and the value of individual stocks. The effect on the Group's quoted equity investments held as financial assets at FVTOCI due to reasonable possible change in equity prices, with all other variables held constant is as follows:

Market indices	31 December 2024		31 December 2023	
	Change in equity price %	Effect on equity AED'000	Change in equity price %	Effect on equity AED'000
Global stock markets	+1%	2,153	+1%	1,045
Global stock markets	-1%	(2,153)	-1%	(1,045)

35 Risk management (continued)

Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud, or external events. When controls fail to perform, operational risks can cause damage to reputation, and may have legal or regulatory implications, or lead to financial losses. The Group would not be able to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group could minimise the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

36 Capital adequacy and capital management

Capital management process

The Group's objectives when managing capital, which is a broader concept than the 'equity' in the consolidated statement of financial positions, are:

- To comply with the capital requirements set by the Central Bank of United Arab Emirates;
- To safeguard the Group's ability to continue as a going concern and increase the returns for the shareholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Group's management, employing techniques based on the guidelines developed by the Basel Committee and the Central Bank of United Arab Emirates. The required information is filed with the authority on a quarterly basis. The Group assets are risk weighted as to their relative credit, market, and operational risk. Credit risk includes both on and off-balance sheet risks. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes profit rate risk, foreign exchange risk, equity exposure risk, and commodity risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The Group's regulatory capital is analysed into two tiers:

- Common equity tier 1 (CET 1) capital, which includes ordinary share capital, legal reserve, general reserve and retained earnings; fair value reserves, after deductions for intangibles, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under "CBUAE" guidelines.
- Tier 2 capital comprises of collective provision which shall not exceed 1.25% of total credit risk weighted assets.

The minimum capital adequacy requirements as set out by the Central Bank are as follows:

- Minimum common equity tier 1 (CET 1) ratio of 7% of risk weighted assets (RWAs).
- Minimum tier 1 ratio of 8.5% of RWAs.
- Total capital adequacy ratio of 10.5% of RWAs.

In addition to CET 1 ratio of 7% of RWAs, a capital conservation buffer (CCB) of 2.5% of RWAs shall be maintained in the form of CET 1. Further, counter cyclical buffer (CCyB) requirement shall be met by using CET 1. The level of CCyB to be notified by 'the Central Bank'. There is no CCyB requirement during the current year. The Group has complied with all the externally imposed capital requirements and has prepared the capital adequacy ratios excluding the currency translation resulting from the Lebanese operations.

36 Capital adequacy and capital management (continued)

Capital management process (continued)

Basel III

	31 December 2024 AED'000	31 December 2023 AED'000
Capital base		
Common Equity Tier 1	3,865,227	3,700,274
Additional Tier 1 capital	-	-
Tier 1 capital	3,865,227	3,700,274
Tier 2 capital	320,821	324,171
Total capital base	4,186,048	4,024,445
Risk-weighted assets:		
Credit risk	25,665,669	25,933,669
Market risk	587,802	272,735
Operational risk	1,185,911	1,231,102
Total risk-weighted assets	27,439,382	27,437,506
Capital ratios		
Common equity Tier 1 capital ratio	14.1%	13.5%
Tier 1 capital ratio	14.1%	13.5%
Total capital ratio	15.3%	14.7%

37 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

37 Fair value of financial instruments (continued)

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

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Investments held at fair value through profit and loss

Investments held for trading or designated at fair value through profit and loss represent investment securities that present the Group with opportunity for returns through dividend income, trading gains and capital appreciation. Including in these investments listed equity securities for which the fair values are based on quoted prices at close of business as of 31 December 2024, and unlisted bonds for which the fair values are derived from internal valuation performed based on generally accepted pricing models, all inputs used for the valuation are supposed by observable market prices or rates.

Unquoted investments held at fair value through other comprehensive income

The consolidated financial statements include holdings in unquoted securities amounting to AED 76 million (2023: AED 120 million) which are measured at fair value. Fair values are determined in accordance with generally accepted pricing models based on comparable ratios backed by discounted cash flow analysis depending on the investment and industry. The valuation model includes some assumptions that are not supported by observable market prices or rates.

For investments valued using comparable ratios, share prices of comparable companies represent significant inputs to the valuation model. If the share prices of the comparable companies were 5% higher/lower while all other variables were held constant, then the fair value of the securities would increase/decrease by AED 4 million (2023: AED 6 million). The impact of the change in fair valuation from previously existing carrying amounts have been recognised as a part of cumulative changes in fair value in equity.

Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

31 December 2024

	Carrying amount				Fair value
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000	Total AED'000
Financial assets					
- Investments measured at amortised cost	262,488	7,619,440	-	7,881,928	7,873,959
- Loans and advances	-	-	24,302,758	24,302,758	24,302,758
Financial liabilities					
- Customers' deposits	-	-	29,704,942	29,704,942	29,704,942
- Issued Bonds	3,563,070	-	-	3,563,070	3,686,719

37 Fair value of financial instruments (continued)

31 December 2023

	Carrying amount				Fair value
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000	Total AED'000
Financial assets					
- Investments measured at amortised cost	-	7,367,938	-	7,367,938	7,363,519
- Loans and advances	-	-	22,067,850	22,067,850	22,067,850
Financial liabilities					
- Customers' deposits	-	-	26,342,597	26,342,597	26,342,597
- Issued Bonds	4,004,998	-	-	4,004,998	4,068,946

The fair value for other financial assets measured at amortised cost is based on market prices.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured at fair value. They are banked into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices, including over-the-counter quoted prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1 and Level 2 during the current year.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
At 31 December 2024				
Investments measured at fair value				
Investment measured at FVTPL				
Quoted debt securities	423,181	-	-	423,181
Investments carried at FVTOCI				
Quoted equity securities	215,272	-	-	215,272
Unquoted equity securities	-	-	76,173	76,173
Quoted debt securities	1,505,016	-	-	1,505,016
Total	2,143,469	-	76,173	2,219,642
Other assets				
Positive fair value of derivatives	-	1,144	-	1,144
Negative fair value of derivatives	-	(1,432)	-	(1,432)
At 31 December 2023				
Investments measured at fair value				
Investment measured at FVTPL				
Quoted equity securities	134,706	-	-	134,706
Investments carried at FVTOCI				
Quoted equity securities	104,544	-	-	104,544
Unquoted equity securities	-	-	120,222	120,222
Total	239,250	-	120,222	359,472
Other assets				
Positive fair value of derivatives	-	202	-	202

37 Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of other financial assets measured at FVTOCI:

	2024 AED'000	2023 AED'000
Opening balance	120,222	157,058
Subsidiary held for sale adjustment (Note 2.1)	-	(66)
Loss recognised in other comprehensive income	(44,049)	(36,770)
Closing balance	<u>76,173</u>	<u>120,222</u>

Unobservable inputs used in measuring fair value

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, 10% change in the underlying value of these investments would have the following effects.

	Effect on OCI	
31 December 2024	Favourable 7,617	Unfavourable (7,617)
	Effect on OCI	
31 December 2023	Favourable 12,022	Unfavourable (12,022)

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions by class of instrument is negligible.

Financial Instruments not recorded at fair value

The fair values of financial instruments not recorded at fair value includes cash and balances with Central Banks, due from banks and financial institutions, loans and advances, net, other assets (excluding prepayments), due to banks, customers' deposits and other liabilities that are categorised as level 2 based on market observable inputs. The fair values of financial instruments not recorded at fair value are not materially different to their carrying values. The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Asset for which fair value approximates carrying value

For financial assets and financial liabilities that have short term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit and maturity. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was first recognised.

38. Subsequent events

There are no material subsequent events that have occurred that require adjustment to, or disclosure in, the consolidated financial statements.



Further Enquiries

For more information and enquiries regarding this report, please reach out to:

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For detailed information on policies and procedures, please refer to the following documents available on the website of the Bank:

- Annual Report 2024
- Corporate Social Responsibility Report 2024
- Sustainability Report 2024
- Financial Report 2024

www.bankofsharjah.com

