



بنك الشارقة
Bank of Sharjah

Pillar 3 Report

31 March 2025



Bank of Sharjah P.J.S.C.
Pillar III Disclosure for the period ended 31 March 2025

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Bank of Sharjah P.J.S.C.

Pillar III Disclosure for the period ended 31 March 2025

1. Introduction

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.

2. Purpose and Basis of preparation

The CBUAE supervises Bank of Sharjah (“BOS” or the “Bank”) and its subsidiaries (together referred to as the “Group”) on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. The capital requirements are computed at a Group level using the Basel III framework of the Basel Committee on Banking Supervision (“Basel Committee”), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework is structured around three ‘pillars’: minimum capital requirements (Pillar I); supervisory review process (Pillar II); and market discipline (Pillar III).

The disclosures have been prepared in line with the disclosures template introduced by the CBUAE guidelines on disclosure requirements published in November 2020, November 2021, December 2022 and December 2023 respectively.

The Pillar III report of the Group for the period ended 31 March 2025 comprises detailed information on the underlying drivers of risk-weighted assets (RWA), and the capital of the Group. The report should be read in conjunction with the Group’s reviewed Financial Statements as at 31 March 2025.

The complete listing of all direct subsidiaries of Bank of Sharjah PJSC as at 31 March 2025 is as follows:

Name of Subsidiary	Proportion of ownership interest		Year of incorporation	Year of acquisition	Country of incorporation	Principal activities
	2025	2024				
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

Bank of Sharjah P.J.S.C.**Pillar III Disclosure for the period ended 31 March 2025****3. Overview of Pillar III**

Pillar III complements the minimum capital requirements and the supervisory review process. Its aim is to encourage market discipline by developing disclosure requirements which allow market participants to assess certain specified information on the scope of application of Basel III, capital, particular risk exposures and risk assessment processes, and hence the capital adequacy of the institution. Disclosures consist of both quantitative and qualitative information and are provided on the consolidated level.

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital.

The minimum capital adequacy requirements as set out by the Central Bank of UAE 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. A further counter cyclical buffer (CCyB) requirement shall be met by using CET 1. The level of CCyB is to be notified by 'the Central Bank' and there is no CCyB requirement during the current period. The Group has complied with all the externally imposed capital requirements and has prepared the capital adequacy ratios excluding the currency translation reserve resulting from the Lebanese operations.

Following are the changes in the revised standards which have been adopted:

- The Tier Capital Supply Standard
- Tier Capital Instruments Standard
- Pillar 2 Standard: Internal Capital Adequacy Assessment Process (ICAAP)
- Credit Risk, Market Risk and Operational Risk
- Equity Investment in Funds, Securitisation, Counterparty Credit Risk, Leverage Ratio
- Credit Value Adjustment (CVA) for Pillar I and III

CBUAE requires the Pillar 2 - Supervisory Review Process to focus on each bank's Internal Capital Adequacy Assessment Process (ICAAP) in addition to Pillar 1 Capital calculations. The ICAAP should include a risk based forward looking view of, but not limited to, Credit, Market and Operational Risk Capital.

3.1 Verification

The Pillar 3 Disclosures for the period ending 31 March 2025 have been reviewed by the Group's internal and statutory auditors.

3.2 Implementation of Basel III standards and guidelines

The Group is compliant with Standardised Approach for Credit, Market and the Basic Indicator Approach for Operational Risk (Pillar 1) as applicable as of 31 March 2025.

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Pillar III Disclosure for the period ended 31 March 2025
4. Key Metrics (KM1)

Key prudential regulatory metrics have been included in the following table:

		Mar 2025	Dec 2024	Sep 2024	Jun 2024	Mar 2024
		AED 000	AED 000	AED 000	AED 000	AED 000
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	3,924,362	3,865,227	3,799,543	3,716,254	3,657,867
1a	Fully loaded ECL accounting model	3,924,362	3,850,872	3,785,129	3,696,885	3,637,576
2	Tier 1	3,924,362	3,865,227	3,799,543	3,716,254	3,657,867
2a	Fully loaded ECL accounting model Tier 1	3,924,362	3,850,872	3,785,129	3,696,885	3,637,576
3	Total capital	4,290,843	4,186,048	4,097,388	4,032,398	3,988,536
3a	Fully loaded ECL accounting model total capital	4,290,843	4,171,693	4,082,974	4,013,029	3,968,246
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	30,998,249	27,439,382	25,500,054	26,847,622	27,843,006
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	12.67%	14.09%	14.90%	13.84%	13.14%
5a	Fully loaded ECL accounting model CET1 (%)	12.67%	14.03%	14.84%	13.77%	13.06%
6	Tier 1 ratio (%)	12.67%	14.09%	14.90%	13.84%	13.14%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	12.67%	14.03%	14.84%	13.77%	13.06%
7	Total capital ratio (%)	13.84%	15.26%	16.07%	15.02%	14.33%
7a	Fully loaded ECL accounting model total capital ratio (%)	13.84%	15.20%	16.01%	14.95%	14.25%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	3.34%	4.76%	5.57%	4.52%	3.83%
Leverage Ratio						
13	Total leverage ratio measure	46,076,297	44,808,326	43,313,478	40,783,714	40,604,088
14	Leverage ratio (%) (row 2/row 13)	8.55%	8.63%	8.77%	9.11%	9.01%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	8.55%	8.59%	8.74%	9.06%	8.96%
14b	"Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)"	8.55%	8.63%	8.77%	9.11%	9.01%
Liquidity Coverage Ratio						
15	Total HQLA	-	-	-	-	-
16	Total net cash outflow	-	-	-	-	-
17	LCR ratio (%)	-	-	-	-	-
Net Stable Funding Ratio						
18	Total available stable funding	-	-	-	-	-
19	Total required stable funding	-	-	-	-	-
20	NSFR ratio (%)	-	-	-	-	-
ELAR						
21	Total HQLA	4,833,300	7,046,178	5,012,761	4,278,551	4,324,397
22	Total liabilities	41,182,676	40,109,352	37,284,971	35,555,710	35,786,133
23	Eligible Liquid Assets Ratio (ELAR) (%)	11.74%	17.57%	13.44%	12.03%	12.08%
ASRR						
24	Total available stable funding	34,474,533	33,430,893	32,490,645	28,774,030	28,652,704
25	Total Advances	27,917,078	26,297,734	25,629,534	24,481,849	24,529,099
26	Advances to Stable Resources Ratio (%)	80.98%	78.66%	78.88%	85.08%	85.61%

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5. Overview of Risk Weighted Assets (RWAs) (OV1))

The following table provides an overview of total RWAs forming the denominator of the risk-based capital requirements. Further breakdown of RWAs are presented in subsequent parts of the report.

		RWA			Minimum capital requirements
		Mar 2025	Dec 2024	Sep 2024	Mar 2025
		AED 000	AED 000	AED 000	AED 000
1	Credit risk (excluding counterparty credit risk)	29,297,159	25,629,851	23,778,099	3,076,202
2	Of which: standardised approach (SA)	29,297,159	25,629,851	23,778,099	3,076,202
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-	-
4	Of which: supervisory slotting approach	-	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-	-
6	Counterparty credit risk (CCR)	-	-	-	-
7	Of which: standardised approach for counterparty credit risk	-	-	-	-
8	Of which: Internal Model Method (IMM)	-	-	-	-
9	Of which: other CCR	-	-	-	-
10	Credit valuation adjustment (CVA)	21,282	35,818	49,507	2,235
11	Equity positions under the simple risk weight approach	-	-	-	-
12	Equity investments in funds - look-through approach	-	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-	-
15	Settlement risk	-	-	-	-
16	Securitisation exposures in the banking book	-	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk	566,176	587,802	668,650	59,449
21	Of which: standardised approach (SA)	566,176	587,802	668,650	59,449
22	Of which: internal models' approach (IMA)	-	-	-	-
23	Operational risk	1,113,632	1,185,911	1,003,798	116,931
24	Amounts below thresholds for deduction (subject to 250% risk weight)	-	-	-	-
25	Floor adjustment	-	-	-	-
26	Total (1+6+10+11+12+13+14+15+16+20+23)	30,998,249	27,439,382	25,500,054	3,254,817

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6. Leverage Ratio

6.1 Summary comparison of accounting assets versus leverage ratio exposure (LR1)

The following table reconciles the total assets in the published financial statements to the leverage ratio exposure measure.

		Mar 2025	Dec 2024	Sep 2024
		AED 000	AED 000	AED 000
1	Total consolidated assets as per published financial statements	44,752,190	43,582,972	40,728,842
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-	-	1,305,711
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-	-	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-	-	-
7	Adjustments for eligible cash pooling transactions	-	-	-
8	Adjustments for derivative financial instruments	48,694	79,493	106,157
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-	-
10	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	(1,541,767)	(1,440,899)	(1,474,166)
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-	-
12	Other adjustments	2,817,180	2,586,760	2,646,934
13	Leverage ratio exposure measure	46,076,297	44,808,326	43,313,478

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6. Leverage Ratio (continued)
6.2 Leverage ratio common disclosure template (LR2)

The table below provides a breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements, and buffers as of period end.

		Mar 2025	Dec 2024	Sep 2024
		AED 000	AED 000	AED 000
	On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	44,431,703	43,233,675	40,230,976
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	2,314	110	110
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(180,149)	-	-
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	44,253,869	43,233,785	40,231,086
	Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	3,861	3,870	4,588
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	42,519	75,512	101,459
10	(Exempted CCP leg of client-cleared trade exposures)	-	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-
13	Total derivative exposures (sum of rows 8 to 12)	46,380	79,382	106,047
	Securities financing transactions			
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-	1,132,215
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-
16	CCR exposure for SFT assets	-	-	173,496
17	Agent transaction exposures	-	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	-	1,305,711
	Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	3,137,668	2,936,058	3,144,800
20	(Adjustments for conversion to credit equivalent amounts)	(1,541,767)	(1,440,899)	(1,474,166)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-	-
22	Off-balance sheet items (sum of rows 19 to 21)	1,595,901	1,495,159	1,670,634
	Capital and total exposures			
23	Tier 1 capital	3,924,362	3,865,227	3,799,543
24	Total exposures (sum of rows 7, 13, 18 and 22)	45,896,150	44,808,326	43,313,478
	Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	8.55%	8.63%	8.77%
25	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	8.55%	8.63%	8.77%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%	3.00%
27	Applicable leverage buffers	5.55%	5.63%	5.77%

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7. Liquidity risk management (LIQA)
7.1 Eligible Liquid Asset Ratio (ELAR)

	Mar 2025		Dec 2024		Sep 2024	
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
High Quality Liquid Assets	Nominal Amount	Eligible Liquid Assets	Nominal Amount	Eligible Liquid Assets	Nominal Amount	Eligible Liquid Assets
Physical cash in hand at the bank + balance with the CBUAE	2,397,596		4,614,865		3,735,219	
UAE Federal Government Bonds and Sukuks	1,298,457		773,389		98,069	
Subtotal	3,696,053	3,696,053	5,388,254	5,388,254	3,833,288	3,833,288
UAE local governments publicly traded debt securities	5,644,318		5,208,657		4,216,114	
UAE Public sector publicly traded debt securities	-		-		-	
Subtotal	5,644,318	1,137,247	5,208,657	1,657,924	4,216,114	1,179,473
Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-	-	-	-	-
Total	9,340,371	4,833,300	10,596,911	7,046,178	8,049,402	5,012,761
Total liabilities		41,182,676		40,109,352		37,284,971
Eligible Liquid Assets Ratio (ELAR)		11.74%		17.57%		13.44%

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7. Liquidity risk management (LIQA) (continued)
7.2 Advances to Stables Resources Ratio (ASRR)

	Mar 2025 AED 000	Dec 2024 AED 000	Sep 2024 AED 000
Computation of Advances			
Net Lending (Gross loans - specific and collective provisions + interest in suspense)	27,315,476	25,692,081	24,695,538
Lending to Non-banking financial institutions	876	13	24,909
Financial Guarantees & Stand-by LC (Issued - Received)	232,300	236,561	236,561
Interbank placements	368,426	369,079	672,526
Total Advances	27,917,078	26,297,734	25,629,534
Calculation of Net Stable Resources			
Total capital + general provision	5,391,211	5,216,155	5,096,054
Deduct:			
Goodwill and other intangible assets	-	-	-
Fixed Assets	1,253,394	1,254,715	1,257,707
Funds allocated to branches abroad	-	-	-
Unquoted Investments	77,529	77,572	102,922
Investment in subsidiaries, associates and affiliates	-	-	-
Total deduction	1,330,923	1,332,287	1,360,629
Net Free Capital Funds	4,060,288	3,883,868	3,735,425
Other stable resources:			
Funds from the head office	-	-	-
Interbank deposits with remaining life of more than 6 months	-	-	476,046
Refinancing of Housing Loans	-	-	-
Borrowing from non-banking financial institutions	796,858	857,756	483,021
Customer Deposits	26,052,260	25,126,199	24,218,891
Capital market funding/ term borrowings maturing after 6 months from reporting date	3,565,127	3,563,070	3,577,262
Total other stable resources	30,414,245	29,547,025	28,755,220
Total Stable Resources	34,474,533	33,430,893	32,490,645
Advances to stable resources ratio	80.98%	78.66%	78.88%