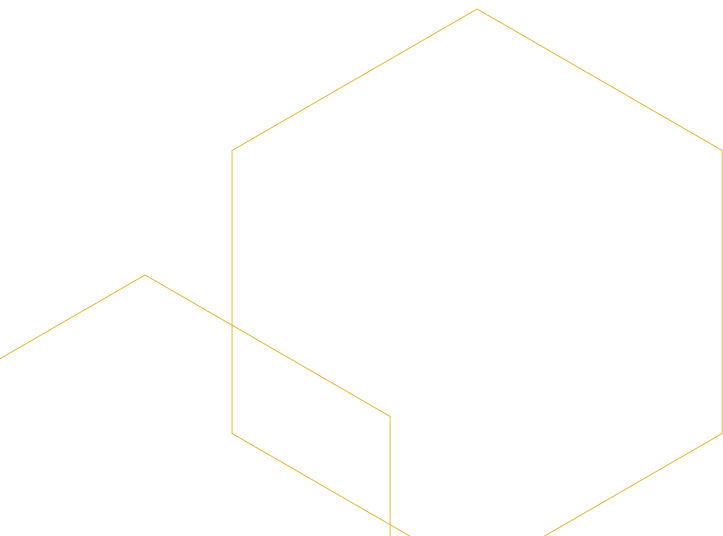




بنك الشارقة  
Bank of Sharjah

# Pillar 3 Report

30 June 2024



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**Bank of Sharjah P.J.S.C.****Pillar III Disclosure for the period ended 30 June 2024****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 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 classified the Lebanese subsidiary as an "asset held for sale", all the assets and liabilities of that subsidiary were classified as held for sale. After it is 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 condensed consolidated interim 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.

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 and December 2022 respectively.

The Pillar III report of the Group for the period ended 30 June 2024 comprises detailed information on the underlying drivers of risk-weighted assets (RWA), capital of the Bank, its wholly owned subsidiaries (together referred to as “The Group”). The report should be read in conjunction with the Group’s reviewed Financial Statements as at 30 June 2024.

## Bank of Sharjah P.J.S.C.

### Pillar III Disclosure for the period ended 30 June 2024

#### 2. Purpose and Basis of preparation (continued)

The complete listing of all direct subsidiaries of Bank of Sharjah PJSC as at 30 June 2024 is as follows:

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

#### 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 the 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, a counter cyclical buffer (CCyB) requirement shall be met by using CET 1. The level of CCyB is to be notified by 'the Central Bank'. There is no CCyB requirement during the current period. The Group has complied with all the externally imposed capital requirements.

**Bank of Sharjah P.J.S.C.****Pillar III Disclosure for the period ended 30 June 2024**

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**3. Overview of Pillar III (continued)**

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 30 June 2024 have been reviewed by the Group's internal auditors.

**3.2 Implementation of Basel III standards and guidelines**

The Group is compliant with the Standardised Approach for Credit, Market and the Basic Indicator Approach for Operational Risk (Pillar 1) as of 30 June 2024.

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**4. Key Metrics for the group (KM1)**

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

|                                                                   |                                                                                                            | Jun 2024   | Mar 2024   | Dec 2023   | Sep 2023   | Jun 2023   |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
|                                                                   |                                                                                                            | AED 000    | AED 000    | AED 000    | AED 000    | AED 000    |
| <b>Available capital (amounts)</b>                                |                                                                                                            |            |            |            |            |            |
| 1                                                                 | Common Equity Tier 1 (CET1)                                                                                | 3,716,254  | 3,657,867  | 3,700,274  | 3,912,860  | 4,003,001  |
| 1a                                                                | Fully loaded ECL accounting model                                                                          | 3,696,885  | 3,637,576  | 3,651,240  | 3,856,939  | 3,956,383  |
| 2                                                                 | Tier 1                                                                                                     | 3,716,254  | 3,657,867  | 3,700,274  | 3,912,860  | 4,003,001  |
| 2a                                                                | Fully loaded ECL accounting model Tier 1                                                                   | 3,696,885  | 3,637,576  | 3,651,240  | 3,856,939  | 3,956,383  |
| 3                                                                 | Total capital                                                                                              | 4,032,398  | 3,988,536  | 4,024,445  | 4,240,350  | 4,334,303  |
| 3a                                                                | Fully loaded ECL accounting model total capital                                                            | 4,013,029  | 3,968,246  | 3,975,411  | 4,184,429  | 4,287,685  |
| <b>Risk-weighted assets (amounts)</b>                             |                                                                                                            |            |            |            |            |            |
| 4                                                                 | Total risk-weighted assets (RWA)                                                                           | 26,847,622 | 27,843,006 | 27,437,506 | 27,905,075 | 28,205,402 |
| <b>Risk-based capital ratios as a percentage of RWA</b>           |                                                                                                            |            |            |            |            |            |
| 5                                                                 | Common Equity Tier 1 ratio (%)                                                                             | 13.84%     | 13.14%     | 13.49%     | 14.02%     | 14.19%     |
| 5a                                                                | Fully loaded ECL accounting model CET1 (%)                                                                 | 13.77%     | 13.06%     | 13.31%     | 13.82%     | 14.03%     |
| 6                                                                 | Tier 1 ratio (%)                                                                                           | 13.84%     | 13.14%     | 13.49%     | 14.02%     | 14.19%     |
| 6a                                                                | Fully loaded ECL accounting model Tier 1 ratio (%)                                                         | 13.77%     | 13.06%     | 13.31%     | 13.82%     | 14.03%     |
| 7                                                                 | Total capital ratio (%)                                                                                    | 15.02%     | 14.33%     | 14.67%     | 15.20%     | 15.37%     |
| 7a                                                                | Fully loaded ECL accounting model total capital ratio (%)                                                  | 14.95%     | 14.25%     | 14.49%     | 15.00%     | 15.20%     |
| <b>Additional CET1 buffer requirements as a percentage of RWA</b> |                                                                                                            |            |            |            |            |            |
| 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 (%)                                   | 4.52%      | 3.83%      | 4.17%      | 4.70%      | 4.87%      |
| <b>Leverage Ratio</b>                                             |                                                                                                            |            |            |            |            |            |
| 13                                                                | Total leverage ratio measure                                                                               | 40,783,714 | 40,604,088 | 40,742,953 | 39,735,830 | 40,863,645 |
| 14                                                                | Leverage ratio (%) (row 2/row 13)                                                                          | 9.11%      | 9.01%      | 9.08%      | 9.85%      | 9.80%      |
| 14a                                                               | Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)                                       | 9.06%      | 8.96%      | 8.96%      | 9.71%      | 9.68%      |
| 14b                                                               | "Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)" | 9.11%      | 9.01%      | 9.08%      | 9.85%      | 9.80%      |
| <b>Liquidity Coverage Ratio</b>                                   |                                                                                                            |            |            |            |            |            |
| 15                                                                | Total HQLA                                                                                                 | -          | -          | -          | -          | -          |
| 16                                                                | Total net cash outflow                                                                                     | -          | -          | -          | -          | -          |
| 17                                                                | LCR ratio (%)                                                                                              | -          | -          | -          | -          | -          |
| <b>Net Stable Funding Ratio</b>                                   |                                                                                                            |            |            |            |            |            |
| 18                                                                | -                                                                                                          | -          | -          | -          | -          | -          |
| 19                                                                | Total required stable funding                                                                              | -          | -          | -          | -          | -          |
| 20                                                                | NSFR ratio (%)                                                                                             | -          | -          | -          | -          | -          |
| <b>ELAR</b>                                                       |                                                                                                            |            |            |            |            |            |
| 21                                                                | Total HQLA                                                                                                 | 4,278,551  | 4,324,397  | 6,068,218  | 4,407,093  | 3,958,740  |
| 22                                                                | Total liabilities                                                                                          | 35,555,710 | 35,786,133 | 36,269,375 | 35,056,917 | 32,176,995 |
| 23                                                                | Eligible Liquid Assets Ratio (ELAR) (%)                                                                    | 12.03%     | 12.08%     | 16.73%     | 12.57%     | 12.30%     |
| <b>ASRR</b>                                                       |                                                                                                            |            |            |            |            |            |
| 24                                                                | Total available stable funding                                                                             | 28,775,758 | 28,654,605 | 31,721,223 | 31,057,765 | 30,688,053 |
| 25                                                                | Total Advances                                                                                             | 24,481,849 | 24,529,099 | 24,284,750 | 24,296,922 | 24,158,111 |
| 26                                                                | Advances to Stable Resources Ratio (%)                                                                     | 85.08%     | 85.60%     | 76.56%     | 78.23%     | 78.72%     |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**5. Overview of Risk Weighted Assets (OV1)**

The following table provides an overview of RWAs, calculated in accordance with Basel III, by risk type and calculation approach.

|    |                                                                      | RWA               |                   | Minimum capital requirements |
|----|----------------------------------------------------------------------|-------------------|-------------------|------------------------------|
|    |                                                                      | Jun 2024          | Dec 2023          | Jun 2024                     |
|    |                                                                      | AED 000           | AED 000           | AED 000                      |
| 1  | Credit risk (excluding counterparty credit risk)                     | 25,241,358        | 25,877,852        | 2,650,343                    |
| 2  | Of which: standardised approach (SA)                                 | 25,241,358        | 25,877,852        | 2,650,343                    |
| 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)                                    | 50,138            | 55,817            | 5,265                        |
| 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                                                          | 638,170           | 272,735           | 67,008                       |
| 21 | Of which: standardised approach (SA)                                 | 638,170           | 272,735           | 67,008                       |
| 22 | Of which: internal models' approach (IMA)                            | -                 | -                 | -                            |
| 23 | Operational risk                                                     | 917,956           | 1,231,102         | 96,385                       |
| 24 | Amounts below thresholds for deduction (subject to 250% risk weight) | -                 | -                 | -                            |
| 25 | Floor adjustment                                                     | -                 | -                 | -                            |
| 26 | <b>Total (1+6+10+11+12+13+14+15+16+20+23)</b>                        | <b>26,847,622</b> | <b>27,437,506</b> | <b>2,819,000</b>             |

Pursuant to the above regulation, CBUAE issued a regulation for a 'Prudential Filter' that permits Banks to add back increase in IFRS 9 provisions (stage 1 and stage 2) to the regulatory capital over a transition period of 5 years, on a proportionate basis. The increase in IFRS 9 provision requirements is determined by calculating the difference between the IFRS 9 provision as of 31 December 2019 and the IFRS 9 provision as at the respective reporting date. The proportion of the increase in IFRS 9 provisions that is permitted to be added-back to regulatory capital from 1 January 2020 onwards will be phased out over a 5-year transition period as follows:

| Years                   | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------|------|------|------|------|------|
| Proportion of provision | 100% | 100% | 75%  | 50%  | 25%  |

## 6. Composition of Capital

### 6.1 Capital Management

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's 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 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.

### 6.2 Regulatory Capital

The Group's capital base is divided into three main categories, namely CET1, AT1 and Tier 2, depending on their characteristics.

- CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under CBUAE guidelines.
- AT1 capital comprises eligible non-common equity capital instruments.
- Tier 2 capital comprises qualifying subordinated debt, and undisclosed reserve.

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**6. Composition of Capital (continued)**
**6.3 Composition of Regulatory Capital (CC1)**

This provides a breakup of the elements constituting the Group's capital:

|           |                                                                                                                                                                              | <b>Jun 2024</b>  | <b>Dec 2023</b>  |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
|           |                                                                                                                                                                              | <b>AED 000</b>   | <b>AED 000</b>   |
|           | <b>Common Equity Tier 1 capital: instruments and reserves</b>                                                                                                                |                  |                  |
| <b>1</b>  | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus                                                    | 3,000,000        | 3,000,000        |
| <b>2</b>  | Retained earnings                                                                                                                                                            | 466,835          | 405,527          |
| <b>3</b>  | Accumulated other comprehensive income (and other reserves)                                                                                                                  | 250,410          | 295,620          |
| <b>4</b>  | Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)                                                                        | -                | -                |
| <b>5</b>  | Common share capital issued by third parties (amount allowed in group CET1)                                                                                                  | -                | -                |
| <b>6</b>  | <b>Common Equity Tier 1 capital before regulatory deductions</b>                                                                                                             | <b>3,717,245</b> | <b>3,701,147</b> |
|           | <b>Common Equity Tier 1 capital regulatory adjustments</b>                                                                                                                   | -                | -                |
| <b>7</b>  | Prudent valuation adjustments                                                                                                                                                | -                | -                |
| <b>8</b>  | Goodwill and other intangibles                                                                                                                                               | 991              | 875              |
| <b>9</b>  | Other intangibles including mortgage servicing rights (net of related tax liability)                                                                                         | -                | -                |
| <b>10</b> | Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)                                     | -                | -                |
| <b>11</b> | Cash flow hedge reserve                                                                                                                                                      | -                | -                |
| <b>12</b> | Securitisation gain on sale                                                                                                                                                  | -                | -                |
| <b>13</b> | Gains and losses due to changes in own credit risk on fair valued liabilities                                                                                                | -                | (2)              |
| <b>14</b> | Defined benefit pension fund net assets                                                                                                                                      | -                | -                |
| <b>15</b> | Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)                                                                         | -                | -                |
| <b>16</b> | Reciprocal cross-holdings in CET1, AT1, Tier 2                                                                                                                               | -                | -                |
| <b>17</b> | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | -                | -                |
| <b>18</b> | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)                                                            | -                | -                |
| <b>19</b> | Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)                                     | -                | -                |
| <b>20</b> | Amount exceeding 15% threshold                                                                                                                                               | -                | -                |
| <b>21</b> | Of which: significant investments in the common stock of financials                                                                                                          | -                | -                |
| <b>22</b> | Of which: deferred tax assets arising from temporary differences                                                                                                             | -                | -                |
| <b>23</b> | CBUAE specific regulatory adjustments                                                                                                                                        | -                | -                |
| <b>24</b> | <b>Total regulatory adjustments to Common Equity Tier 1</b>                                                                                                                  | <b>991</b>       | <b>873</b>       |
| <b>25</b> | <b>Common Equity Tier 1 capital (CET1)</b>                                                                                                                                   | <b>3,716,254</b> | <b>3,700,274</b> |
|           | <b>Additional Tier 1 capital: instruments</b>                                                                                                                                | -                | -                |
| <b>26</b> | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus                                                                                          | -                | -                |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**6. Capital Management (continued)**
**6.3 Composition of Regulatory Capital (CC1) (continued)**

|    |                                                                                                                                                                                                                                          | <b>Jun 2024</b>   | <b>Dec 2023</b>   |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
|    |                                                                                                                                                                                                                                          | <b>AED 000</b>    | <b>AED 000</b>    |
| 27 | OF which: classified as equity under applicable accounting standards                                                                                                                                                                     | -                 | -                 |
| 28 | Of which: classified as liabilities under applicable accounting standards                                                                                                                                                                | -                 | -                 |
| 29 | Directly issued capital instruments subject to phase-out from additional Tier 1                                                                                                                                                          | -                 | -                 |
| 30 | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)                                                                                      | -                 | -                 |
| 31 | <i>Of which: instruments issued by subsidiaries subject to phase-out</i>                                                                                                                                                                 | -                 | -                 |
| 32 | <b>Additional Tier 1 capital before regulatory adjustments</b>                                                                                                                                                                           | -                 | -                 |
|    | <b>Additional Tier 1 capital: regulatory adjustments</b>                                                                                                                                                                                 | -                 | -                 |
| 33 | Investments in own additional Tier 1 instruments                                                                                                                                                                                         | -                 | -                 |
| 34 | Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation                                                                                                               | -                 | -                 |
| 35 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation                                                                                          | -                 | -                 |
| 36 | CBUAE specific regulatory adjustments                                                                                                                                                                                                    | -                 | -                 |
| 37 | Total regulatory adjustments to additional Tier 1 capital                                                                                                                                                                                | -                 | -                 |
| 38 | <b>Additional Tier 1 capital (AT1)</b>                                                                                                                                                                                                   | -                 | -                 |
| 39 | <b>Tier 1 capital (T1= CET1 + AT1)</b>                                                                                                                                                                                                   | <b>3,716,254</b>  | <b>3,700,274</b>  |
|    | <b>Tier 2 capital: instruments and provisions</b>                                                                                                                                                                                        | -                 | -                 |
| 40 | Directly issued qualifying Tier 2 instruments plus related stock surplus                                                                                                                                                                 | -                 | -                 |
| 41 | Directly issued capital instruments subject to phase-out from Tier 2                                                                                                                                                                     | -                 | -                 |
| 42 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)                                                                         | -                 | -                 |
| 43 | Of which: instruments issued by subsidiaries subject to phase-out                                                                                                                                                                        | -                 | -                 |
| 44 | Provisions                                                                                                                                                                                                                               | 316,144           | 324,171           |
| 45 | <b>Tier 2 capital before regulatory adjustments</b>                                                                                                                                                                                      | <b>316,144</b>    | <b>324,171</b>    |
|    | <b>Tier 2 capital: regulatory adjustments</b>                                                                                                                                                                                            | -                 | -                 |
| 46 | Investments in own Tier 2 instruments                                                                                                                                                                                                    | -                 | -                 |
| 47 | Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | -                 | -                 |
| 48 | Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)                                                                        | -                 | -                 |
| 49 | CBUAE specific regulatory adjustments                                                                                                                                                                                                    | -                 | -                 |
| 50 | Total regulatory adjustments to Tier 2 capital                                                                                                                                                                                           | -                 | -                 |
| 51 | <b>Tier 2 capital (T2)</b>                                                                                                                                                                                                               | <b>316,144</b>    | <b>324,171</b>    |
| 52 | <b>Total regulatory capital (TC = T1 + T2)</b>                                                                                                                                                                                           | <b>4,032,398</b>  | <b>4,024,445</b>  |
| 53 | <b>Total risk-weighted assets</b>                                                                                                                                                                                                        | <b>26,847,622</b> | <b>27,437,506</b> |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**6. Capital Management (continued)**
**6.3 Composition of Regulatory Capital (CC1) (continued)**

|    |                                                                                                                                                                                                           | <b>Jun 2024</b> | <b>Dec 2023</b> |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|    |                                                                                                                                                                                                           | <b>AED 000</b>  | <b>AED 000</b>  |
|    | <b>Capital ratios and buffers</b>                                                                                                                                                                         |                 |                 |
| 54 | Common Equity Tier 1 (as a percentage of risk-weighted assets)                                                                                                                                            | 13.84%          | 13.49%          |
| 55 | Tier 1 (as a percentage of risk-weighted assets)                                                                                                                                                          | 13.84%          | 13.49%          |
| 56 | Total capital (as a percentage of risk-weighted assets)                                                                                                                                                   | 15.02%          | 14.67%          |
| 57 | Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets) | 4.52%           | 4.17%           |
| 58 | Of which: capital conservation buffer requirement                                                                                                                                                         | 4.52%           | 4.17%           |
| 59 | Of which: bank-specific countercyclical buffer requirement                                                                                                                                                | -               | -               |
| 60 | Of which: higher loss absorbency requirement (e.g. DSIB)                                                                                                                                                  | -               | -               |
| 61 | Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.                                                                            | 6.84%           | 6.49%           |
|    |                                                                                                                                                                                                           | -               | -               |
|    | <b>The CBUAE Minimum Capital Requirement</b>                                                                                                                                                              | -               | -               |
| 62 | Common Equity Tier 1 minimum ratio                                                                                                                                                                        | 7.00%           | 7.00%           |
| 63 | Tier 1 minimum ratio                                                                                                                                                                                      | 8.50%           | 8.50%           |
| 64 | Total capital minimum ratio                                                                                                                                                                               | 10.50%          | 10.50%          |
|    | Amounts below the thresholds for deduction (before risk weighting)                                                                                                                                        | -               | -               |
| 65 | Non-significant investments in the capital and other TLAC liabilities of other financial entities                                                                                                         | -               | -               |
| 66 | Significant investments in common stock of financial entities                                                                                                                                             | -               | -               |
| 67 | Mortgage servicing rights (net of related tax liability)                                                                                                                                                  | -               | -               |
| 68 | Deferred tax assets arising from temporary differences (net of related tax liability)                                                                                                                     | -               | -               |
|    | <b>Applicable caps on the inclusion of provisions in Tier 2</b>                                                                                                                                           | -               | -               |
| 69 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)                                                                        | -               | -               |
| 70 | Cap on inclusion of provisions in Tier 2 under standardised approach                                                                                                                                      | -               | -               |
| 71 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)                                                              | -               | -               |
| 72 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach                                                                                                                           | -               | -               |
|    | <b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>                                                                                          | -               | -               |
| 73 | Current cap on CET1 instruments subject to phase-out arrangements                                                                                                                                         | -               | -               |
| 74 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)                                                                                                                   | -               | -               |
| 75 | Current cap on AT1 instruments subject to phase-out arrangements                                                                                                                                          | -               | -               |
| 76 | Amount excluded from AT1 due to cap (excess after redemptions and maturities)                                                                                                                             | -               | -               |
| 77 | Current cap on T2 instruments subject to phase-out arrangements                                                                                                                                           | -               | -               |
| 78 | Amount excluded from T2 due to cap (excess after redemptions and maturities)                                                                                                                              | -               | -               |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**6. Capital Management (continued)**
**6.4 Reconciliation of regulatory capital to balance sheet (CC2)**

The following table enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between the bank's balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template set out in Template CC1.

|                                       | 30 June 2024                                           |                                         | 31 December 2023                                       |                                         |
|---------------------------------------|--------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|-----------------------------------------|
|                                       | Balance sheet as published in the financial statements | Under regulatory scope of consolidation | Balance sheet as published in the financial statements | Under regulatory scope of consolidation |
|                                       | AED 000                                                | AED 000                                 | AED 000                                                | AED 000                                 |
| <b>Assets</b>                         |                                                        |                                         |                                                        |                                         |
| Cash and balances with central banks  | 3,213,353                                              | 3,213,353                               | 4,558,295                                              | 4,558,295                               |
| Deposits and balances due from banks  | 642,692                                                | 642,692                                 | 618,633                                                | 618,633                                 |
| Loans and advances, net               | 22,329,977                                             | 22,329,977                              | 22,067,850                                             | 22,067,850                              |
| Investments securities, net           | 8,403,103                                              | 8,403,103                               | 7,727,410                                              | 7,727,410                               |
| Investment properties                 | 1,106,703                                              | 1,106,703                               | 1,102,753                                              | 1,102,753                               |
| Assets acquired in settlement of debt | 1,062,012                                              | 1,062,012                               | 1,078,084                                              | 1,078,084                               |
| Other assets                          | 1,068,662                                              | 1,068,662                               | 1,252,252                                              | 1,252,252                               |
| Property and equipment                | 196,546                                                | 196,546                                 | 209,613                                                | 209,613                                 |
| Subsidiary held for sale              | 844,790                                                | 844,790                                 | 844,790                                                | 844,790                                 |
| <b>Total assets</b>                   | <b>38,867,838</b>                                      | <b>38,867,838</b>                       | <b>39,459,680</b>                                      | <b>39,459,680</b>                       |
| <b>Liabilities</b>                    |                                                        |                                         |                                                        |                                         |
| Customers' deposits                   | 25,777,499                                             | 25,777,499                              | 26,342,597                                             | 26,342,597                              |
| Deposits and balances due to banks    | 1,751,142                                              | 1,751,142                               | 1,916,341                                              | 1,916,341                               |
| Repo borrowings                       | 2,162,150                                              | 2,162,150                               | 1,702,312                                              | 1,702,312                               |
| Other liabilities                     | 1,536,310                                              | 1,536,310                               | 1,987,917                                              | 1,987,917                               |
| Issued bonds                          | 4,009,039                                              | 4,009,039                               | 4,004,998                                              | 4,004,998                               |
| <b>Total liabilities</b>              | <b>35,236,140</b>                                      | <b>35,236,140</b>                       | <b>35,954,165</b>                                      | <b>35,954,165</b>                       |
| Share capital                         | 3,000,000                                              | 3,000,000                               | 3,000,000                                              | 3,000,000                               |
| Statutory reserve                     | 1,050,000                                              | 1,050,000                               | 1,050,000                                              | 1,050,000                               |
| Impairment reserve                    | 201,276                                                | 201,276                                 | 190,316                                                | 190,316                                 |
| Investment fair value reserve         | (799,590)                                              | (799,590)                               | (754,382)                                              | (754,382)                               |
| Currency translation reserve          | (386,675)                                              | (386,675)                               | (386,675)                                              | (386,675)                               |
| Retained earnings                     | 565,931                                                | 565,931                                 | 404,932                                                | 404,932                                 |
| Non-controlling interest              | 756                                                    | 756                                     | 1,324                                                  | 1,324                                   |
| <b>Total equity</b>                   | <b>3,631,698</b>                                       | <b>3,631,698</b>                        | <b>3,505,515</b>                                       | <b>3,505,515</b>                        |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**6. Capital Management (continued)**
**6.5 Main features of regulatory capital instruments (CCA)**

|     | 30 June 2024                                                                  | Quantitative/ qualitative information |
|-----|-------------------------------------------------------------------------------|---------------------------------------|
| 1   | Issuer                                                                        | Bank of Sharjah PJSC                  |
| 2   | Unique identifier                                                             | AEB000101011                          |
| 3   | Governing law(s) of the instrument                                            | Laws of Emirate of Sharjah            |
|     | <b>Regulatory treatment</b>                                                   |                                       |
| 4   | Transitional Basel III rules                                                  | CET1                                  |
| 5   | Post-transitional Basel III rules                                             | CET1                                  |
| 6   | Eligible at solo/group/group and solo                                         | Group                                 |
| 7   | Instrument type                                                               | Ordinary share                        |
| 8   | Amount recognised in regulatory capital (AED Mn)                              | 3,000                                 |
| 9   | Nominal amount of instrument (AED Mn)                                         | 3,000                                 |
| 9a  | Issue price                                                                   | NA                                    |
| 9b  | Redemption price                                                              | NA                                    |
| 10  | Accounting classification                                                     | Equity                                |
| 11  | Original date of issuance                                                     | 22 Dec 1973                           |
| 12  | Perpetual or dated                                                            | Perpetual                             |
| 13  | Original maturity date                                                        | NA                                    |
| 14  | Issue call subject to prior supervisory approval                              | NA                                    |
| 15  | Optional call date, contingent call dates and redemption amount               | NA                                    |
| 116 | Subsequent call dates, if applicable                                          | NA                                    |
|     | <b>Coupons/ dividends</b>                                                     |                                       |
| 17  | Fixed or floating dividend                                                    | Floating                              |
| 18  | Coupon rate or any related index                                              | NA                                    |
| 19  | Existence of a dividend stopper                                               | NA                                    |
| 20a | Full discretionary, partially discretionary or mandatory (in terms of timing) | NA                                    |
| 20b | Full discretionary, partially discretionary or mandatory (in terms of amount) | NA                                    |
| 21  | Existence of step-up or other incentive to redeem                             | NA                                    |
| 22  | Non-cumulative or cumulative                                                  | Non-cumulative                        |
| 23  | Convertible or non-convertible                                                | NA                                    |
| 24  | Write-down feature                                                            | NA                                    |
| 25  | If write-down, write-down trigger(s)                                          | NA                                    |
| 26  | If write-down, full or partial                                                | NA                                    |
| 27  | If write-down, permanent or temporary                                         | NA                                    |
| 28  | If temporary write-down, description of writeup mechanism                     | NA                                    |
| 28a | Type of subordination                                                         | NA                                    |
| 29  | Position in subordination hierarchy in liquidation                            | NA                                    |
| 30  | Non-compliant transitioned features                                           | NA                                    |
| 31  | If yes, specify non-compliant transitioned features                           | NA                                    |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**7. Leverage Ratio**
**7.1 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.

|    |                                                                                                                                                                                     | <b>Jun 2024</b>   | <b>Dec 2023</b>   |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
|    |                                                                                                                                                                                     | <b>AED 000</b>    | <b>AED 000</b>    |
| 1  | Total consolidated assets as per published financial statements                                                                                                                     | 38,867,838        | 39,459,680        |
| 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                                                                | 625,636           | 117,683           |
| 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                                                                                                                                    | 108,375           | 115,036           |
| 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)                                                               | (1,471,622)       | (1,403,846)       |
| 11 | Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital                                                                 | -                 | -                 |
| 12 | Other adjustments                                                                                                                                                                   | 2,653,488         | 2,454,400         |
| 13 | <b>Leverage ratio exposure measure</b>                                                                                                                                              | <b>40,783,715</b> | <b>40,742,953</b> |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**7. Leverage Ratio (continued)**
**7.2 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.

|     |                                                                                                                                                             | <b>Jun 2024</b>   | <b>Dec 2023</b>   |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
|     |                                                                                                                                                             | <b>AED 000</b>    | <b>AED 000</b>    |
| 1   | On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)                                   | 38,105,238        | 38,448,283        |
| 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)                                                            | -                 | -                 |
| 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)                                                                                                      | -                 | -                 |
| 7   | <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>                                                               | <b>38,105,238</b> | <b>38,448,283</b> |
|     | <b>Derivative exposures</b>                                                                                                                                 |                   | -                 |
| 8   | Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting) | 1,286             | 1,313             |
| 9   | Add-on amounts for PFE associated with <i>all</i> derivatives transactions                                                                                  | 107,089           | 113,723           |
| 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  | <b>Total derivative exposures (sum of rows 8 to 12)</b>                                                                                                     | <b>108,375</b>    | <b>115,036</b>    |
|     | <b>Securities financing transactions</b>                                                                                                                    | -                 | -                 |
| 14  | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions                                                         | 624,410           | 117,536           |
| 15  | (Netted amounts of cash payables and cash receivables of gross SFT assets)                                                                                  | -                 | -                 |
| 16  | CCR exposure for SFT assets                                                                                                                                 | 1,226             | 147               |
| 17  | Agent transaction exposures                                                                                                                                 | -                 | -                 |
| 18  | <b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>                                                                              | <b>625,636</b>    | <b>117,683</b>    |
|     | <b>Other off-balance sheet exposures</b>                                                                                                                    |                   |                   |
| 19  | Off-balance sheet exposure at gross notional amount                                                                                                         | 3,416,087         | 3,465,800         |
| 20  | (Adjustments for conversion to credit equivalent amounts)                                                                                                   | (1,471,622)       | (1,403,846)       |
| 21  | (Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)                                        | -                 | -                 |
| 22  | <b>Off-balance sheet items (sum of rows 19 to 21)</b>                                                                                                       | <b>1,944,465</b>  | <b>2,061,954</b>  |
|     | <b>Capital and total exposures</b>                                                                                                                          |                   |                   |
| 23  | <b>Tier 1 capital</b>                                                                                                                                       | <b>3,716,254</b>  | <b>3,700,274</b>  |
| 24  | <b>Total exposures (sum of rows 7, 13, 18 and 22)</b>                                                                                                       | <b>40,783,714</b> | <b>40,742,953</b> |
|     | <b>Leverage ratio</b>                                                                                                                                       |                   |                   |
| 25  | <b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>                                                 | <b>9.11%</b>      | <b>9.08%</b>      |
| 25a | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)                                                        | 9.11%             | 9.08%             |
| 26  | CBUAE minimum leverage ratio requirement                                                                                                                    | 3.00%             | 3.00%             |
| 27  | <b>Applicable leverage buffers</b>                                                                                                                          | <b>6.11%</b>      | <b>6.08%</b>      |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**8. Credit Risk**
**8.1 Credit quality of assets (CR1)**

The table provides a comprehensive picture of the credit quality of the Group's (on- and off-balance sheet) assets.

|              |                            | Gross carrying values of |                         |                  | Of which ECL provisions                      |                                             |                   |
|--------------|----------------------------|--------------------------|-------------------------|------------------|----------------------------------------------|---------------------------------------------|-------------------|
|              |                            | Defaulted exposures      | Non-defaulted exposures |                  | Allocated in regulatory category of Specific | Allocated in regulatory category of General |                   |
| 30 June 2024 |                            | AED 000                  | AED 000                 | AED 000          | AED 000                                      | AED 000                                     | AED 000           |
| 1            | Loans                      | 2,069,515                | 21,993,288              | 1,732,826        | 397,156                                      | 1,335,670                                   | 22,329,977        |
| 2            | Debt securities            | -                        | 8,090,827               | 2,262            | -                                            | 2,262                                       | 8,088,565         |
| 3            | Off-balance sheet exposure | 1,095                    | 1,993,085               | 28,429           | 81                                           | 28,348                                      | 1,965,751         |
| <b>Total</b> |                            | <b>2,070,610</b>         | <b>32,077,200</b>       | <b>1,763,517</b> | <b>397,237</b>                               | <b>1,366,280</b>                            | <b>32,384,293</b> |

|                  |                            | Gross carrying values of |                         |                  | Of which ECL provisions                      |                                             |                   |
|------------------|----------------------------|--------------------------|-------------------------|------------------|----------------------------------------------|---------------------------------------------|-------------------|
|                  |                            | Defaulted exposures      | Non-defaulted exposures |                  | Allocated in regulatory category of Specific | Allocated in regulatory category of General |                   |
| 31 December 2023 |                            |                          |                         |                  |                                              |                                             |                   |
| 1                | Loans                      | 2,016,498                | 21,782,721              | 1,731,369        | 396,248                                      | 1,335,121                                   | 22,067,850        |
| 2                | Debt securities            | -                        | 7,371,537               | 3,599            | -                                            | 3,599                                       | 7,367,938         |
| 3                | Off-balance sheet exposure | 56,327                   | 2,126,418               | 30,263           | 6                                            | 30,257                                      | 2,152,482         |
| <b>Total</b>     |                            | <b>2,072,825</b>         | <b>31,280,676</b>       | <b>1,765,231</b> | <b>396,254</b>                               | <b>1,368,977</b>                            | <b>31,588,270</b> |

**Definition of Default**

Please refer Note 5 in the financial statements for the period ended 30 June 2024 for scope and definitions of 'past due' exposures.

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**8 Credit Risk (continued)**
**8.2 Changes in Stock of Defaulted Loans (CR2)**

The following table identifies the changes in the bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

|   |                                                              | Jun 2024         | Dec 2023         |
|---|--------------------------------------------------------------|------------------|------------------|
|   |                                                              | AED 000          | AED 000          |
| 1 | Defaulted loans at the end of the previous reporting period  | 2,016,498        | 1,303,274        |
| 2 | Subsidiary held for sale opening balance adjustment          | -                | (14,644)         |
| 3 | Loans that have defaulted since the last year                | 11,989           | 304,470          |
| 4 | Returned to non-default status                               | -                | (3,246)          |
| 5 | Change in exposures, net of repayments, write-off and others | 41,028           | 426,644          |
| 6 | <b>Defaulted loans at the end of the reporting period</b>    | <b>2,069,515</b> | <b>2,016,498</b> |

**8.3 Credit Risk Mitigation Techniques (CR3)**

|              |                    | Exposures unsecured: carrying amount | Exposures secured by collateral | Exposures secured by collateral of which: secured amount | Exposures secured by financial guarantees | Exposures secured by financial guarantees, of which: secured amount |
|--------------|--------------------|--------------------------------------|---------------------------------|----------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------|
| 30 June 2024 |                    | AED 000                              | AED 000                         | AED 000                                                  | AED 000                                   | AED 000                                                             |
| 1            | Loans              | 8,161,090                            | 15,901,713                      | 12,449,600                                               | -                                         | -                                                                   |
| 2            | Debt securities    | 952,315                              | 7,138,512                       | 4,550,000                                                | -                                         | -                                                                   |
| 3            | <b>Total</b>       | <b>9,113,405</b>                     | <b>23,040,225</b>               | <b>16,999,600</b>                                        | -                                         | -                                                                   |
| 4            | Of which defaulted | 1,038,282                            | 1,031,233                       | 657,494                                                  | -                                         | -                                                                   |

|                  |                    | Exposures unsecured: carrying amount | Exposures secured by collateral | Exposures secured by collateral of which: secured amount | Exposures secured by financial guarantees | Exposures secured by financial guarantees, of which: secured amount |
|------------------|--------------------|--------------------------------------|---------------------------------|----------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------|
| 31 December 2023 |                    | AED 000                              | AED 000                         | AED 000                                                  | AED 000                                   | AED 000                                                             |
| 1                | Loans              | 6,552,656                            | 17,246,564                      | 13,556,388                                               | -                                         | -                                                                   |
| 2                | Debt securities    | 298,506                              | 7,073,031                       | 4,550,000                                                | -                                         | -                                                                   |
| 3                | <b>Total</b>       | <b>6,851,162</b>                     | <b>24,319,595</b>               | <b>18,106,388</b>                                        | -                                         | -                                                                   |
| 4                | Of which defaulted | 1,035,545                            | 980,953                         | 644,886                                                  | -                                         | -                                                                   |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**8. Credit Risk (continued)**
**8.4 Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects (CR4)**

The following table illustrates the effect of CRM on capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

|                                    | Exposures before CCF and CRM          |                                        | Exposures post-CCF and CRM            |                                        | RWA and RWA density |                |
|------------------------------------|---------------------------------------|----------------------------------------|---------------------------------------|----------------------------------------|---------------------|----------------|
|                                    | On-balance sheet<br>amount<br>AED 000 | Off-balance sheet<br>amount<br>AED 000 | On-balance sheet<br>amount<br>AED 000 | Off-balance sheet<br>amount<br>AED 000 | RWA<br>AED 000      | RWA<br>Density |
| <b>30 June 2024</b>                |                                       |                                        |                                       |                                        |                     |                |
| Sovereigns and their central Banks | 10,987,267                            | -                                      | 10,987,267                            | -                                      | -                   | -              |
| Public Sector Entities             | 2,531,267                             | 157,785                                | 2,743,398                             | 157,785                                | 2,016,171           | 69%            |
| Multilateral development Banks     | -                                     | -                                      | -                                     | -                                      | -                   | -              |
| Banks                              | 641,980                               | 843                                    | 641,583                               | 843                                    | 260,997             | 41%            |
| Securities firms                   | 713                                   | -                                      | 713                                   | -                                      | 143                 | 20%            |
| Corporates                         | 10,013,606                            | 3,186,695                              | 8,695,229                             | 3,186,695                              | 9,634,663           | 81%            |
| Regulatory retail portfolios       | 68,533                                | 70,764                                 | 41,353                                | 70,764                                 | 33,701              | 30%            |
| Secured by residential property    | 2,300,552                             | -                                      | 2,300,552                             | -                                      | 1,836,729           | 80%            |
| Secured by commercial real estate  | 3,406,737                             | -                                      | 3,406,737                             | -                                      | 2,167,881           | 64%            |
| Equity Investment in Funds (EIF)   | -                                     | -                                      | -                                     | -                                      | -                   | -              |
| Past-due loans                     | 4,404,804                             | -                                      | 4,404,804                             | -                                      | 5,338,885           | 121%           |
| Higher-risk categories             | -                                     | -                                      | -                                     | -                                      | -                   | -              |
| Other assets                       | 4,362,288                             | -                                      | 4,362,288                             | -                                      | 3,952,189           | 91%            |
| <b>Total</b>                       | <b>38,717,747</b>                     | <b>3,416,087</b>                       | <b>37,583,924</b>                     | <b>3,416,087</b>                       | <b>25,241,359</b>   | <b>62%</b>     |

**Bank of Sharjah P.J.S.C.**
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**8. Credit Risk (continued)**
**8.4 Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects (CR4)**

The following table illustrates the effect of CRM on capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

|                                    | Exposures before CCF and CRM          |                                        | Exposures post-CCF and CRM            |                                        | RWA and RWA density |                |
|------------------------------------|---------------------------------------|----------------------------------------|---------------------------------------|----------------------------------------|---------------------|----------------|
|                                    | On-balance sheet<br>amount<br>AED 000 | Off-balance sheet<br>amount<br>AED 000 | On-balance sheet<br>amount<br>AED 000 | Off-balance sheet<br>amount<br>AED 000 | RWA<br>AED 000      | RWA<br>Density |
| <b>31 December 2023</b>            |                                       |                                        |                                       |                                        |                     |                |
| Sovereigns and their central Banks | 11,971,186                            | -                                      | 11,971,186                            | -                                      | -                   | -              |
| Public Sector Entities             | 2,562,998                             | 166,024                                | 2,597,979                             | 166,024                                | 2,112,055           | 76%            |
| Multilateral development Banks     | -                                     | -                                      | -                                     | -                                      | -                   | -              |
| Banks                              | 615,105                               | 1,551                                  | 614,355                               | 1,551                                  | 256,449             | 42%            |
| Securities firms                   | 3,528                                 | -                                      | 3,528                                 | -                                      | 3,335               | 95%            |
| Corporates                         | 9,150,967                             | 3,230,668                              | 7,907,791                             | 3,230,668                              | 7,298,688           | 66%            |
| Regulatory retail portfolios       | 73,595                                | 67,558                                 | 46,494                                | 67,558                                 | 48,341              | 42%            |
| Secured by residential property    | 2,414,402                             | -                                      | 2,414,402                             | -                                      | 1,899,749           | 79%            |
| Secured by commercial real estate  | 3,124,613                             | -                                      | 3,124,613                             | -                                      | 3,124,613           | 100%           |
| Equity Investment in Funds (EIF)   | -                                     | -                                      | -                                     | -                                      | -                   | -              |
| Past-due loans                     | 5,217,176                             | -                                      | 5,217,176                             | -                                      | 7,295,569           | 140%           |
| Higher-risk categories             | -                                     | -                                      | -                                     | -                                      | -                   | -              |
| Other assets                       | 3,881,748                             | -                                      | 3,881,748                             | -                                      | 3,839,052           | 99%            |
| <b>Total</b>                       | <b>39,015,318</b>                     | <b>3,465,801</b>                       | <b>37,779,271</b>                     | <b>3,465,801</b>                       | <b>25,877,852</b>   | <b>63%</b>     |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**8. Credit Risk (continued)**
**8.5 Exposures by Asset classes and Risk Weights (CR5)**

The following table presents the breakdown of credit risk exposures under the standardised approach by asset class and risk weight.  
Exposures amount (post CCF and post-CRM)

| 30 June 2024                      |               | Risk weights   |                |                |                |                 |                 |                 |                |               |                  |            | Total credit exposures<br>AED 000 |
|-----------------------------------|---------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|----------------|---------------|------------------|------------|-----------------------------------|
| RWA weights<br><br>Asset Classes  | Others        |                |                |                |                |                 |                 |                 |                |               |                  |            |                                   |
|                                   | 0%<br>AED 000 | 20%<br>AED 000 | 35%<br>AED 000 | 50%<br>AED 000 | 75%<br>AED 000 | 100%<br>AED 000 | 150%<br>AED 000 | 250%<br>AED 000 | 85%<br>AED 000 | 2%<br>AED 000 | 1250%<br>AED 000 |            |                                   |
| Sovereigns                        | 10,987,267    |                |                | -              |                | -               | -               | -               | -              | -             | -                | 10,987,267 |                                   |
| Public Sector Entities            | 874,340       |                |                | 21,345         |                | 2,005,498       | -               | -               | -              | -             | -                | 2,901,183  |                                   |
| Multilateral development Banks    | -             | -              | -              |                | -              |                 | -               | -               | -              | -             | -                | -          |                                   |
| Banks                             | -             | 201,131        |                | 441,049        |                | 246             | -               | -               | -              | -             | -                | 642,426    |                                   |
| Securities firms                  | -             | 713            |                |                |                | 0               | -               | -               | -              | -             | -                | 713        |                                   |
| Corporates                        | 2,198,875     |                |                |                |                | 9,360,481       | -               | -               | 322,567        | -             | -                | 11,881,923 |                                   |
| Regulatory retail portfolios      | 76,942        |                |                |                | 5,898          | 29,277          | -               | -               | -              | -             | -                | 112,117    |                                   |
| Secured by residential property   | -             |                | 680,554        |                | 85,852         | 1,534,146       | -               | -               | -              | -             | -                | 2,300,552  |                                   |
| Secured by commercial real estate | 1,238,856     |                |                |                |                | 2,167,881       | -               | -               | -              | -             | -                | 3,406,737  |                                   |
| Equity Investment in Funds (EIF)  | -             | -              | -              | -              | -              |                 | -               | -               | -              | -             | -                | -          |                                   |
| Past-due loans                    | 88,739        |                |                |                |                | 2,270,426       | 2,045,640       | -               | -              | -             | -                | 4,404,805  |                                   |
| Higher-risk categories            |               |                |                |                |                |                 |                 | -               | -              | -             | -                | -          |                                   |
| Other assets                      | 541,203       | 84,288         |                |                |                | 3,339,727       | 397,069         | -               | -              | -             | -                | 4,362,287  |                                   |
| Total                             | 16,006,223    | 286,132        | 680,554        | 462,394        | 91,750         | 20,707,682      | 2,442,709       | -               | 322,567        | -             | -                | 41,000,010 |                                   |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**8. Credit Risk (continued)**
**8.5 Exposures by Asset classes and Risk Weights (CR5) (continued)**

The following table presents the breakdown of credit risk exposures under the standardised approach by asset class and risk weight.  
Exposures amount (post CCF and post-CRM)

| 31 December 2023                  |            | Risk weights |         |         |         |            |           |         |         |         |         | Total credit exposures<br>AED 000 |
|-----------------------------------|------------|--------------|---------|---------|---------|------------|-----------|---------|---------|---------|---------|-----------------------------------|
| RWA weights<br><br>Asset Classes  | 0%         | 20%          | 35%     | 50%     | 75%     | 100%       | 150%      | 250%    | 85%     | 2%      | 1250%   |                                   |
|                                   | AED 000    | AED 000      | AED 000 | AED 000 | AED 000 | AED 000    | AED 000   | AED 000 | AED 000 | AED 000 | AED 000 |                                   |
| Sovereigns                        | 11,971,186 | -            | -       | -       | -       | -          | -         | -       | -       | -       | -       | 11,971,186                        |
| Public Sector Entities            | 555,794    | -            | -       | 192,307 | -       | 2,015,902  | -         | -       | -       | -       | -       | 2,764,003                         |
| Multilateral development Banks    | -          | -            | -       | -       | -       | -          | -         | -       | -       | -       | -       | -                                 |
| Banks                             | -          | 172,091      | -       | 443,569 | -       | 246        | -         | -       | -       | -       | -       | 615,906                           |
| Securities firms                  | -          | 240          | -       | -       | -       | 3,288      | -         | -       | -       | -       | -       | 3,528                             |
| Corporates                        | 3,839,022  | -            | -       | -       | -       | 7,294,442  | -         | -       | 4,995   | -       | -       | 11,138,459                        |
| Regulatory retail portfolios      | 63,566     | -            | -       | -       | 8,578   | 41,908     | -         | -       | -       | -       | -       | 114,052                           |
| Secured by residential property   | -          | -            | 758,017 | -       | 87,768  | 1,568,617  | -         | -       | -       | -       | -       | 2,414,402                         |
| Secured by commercial real estate | -          | -            | -       | -       | -       | 3,124,613  | -         | -       | -       | -       | -       | 3,124,613                         |
| Equity Investment in Funds (EIF)  | -          | -            | -       | -       | -       | -          | -         | -       | -       | -       | -       | -                                 |
| Past-due loans                    | -          | -            | -       | -       | -       | 1,060,390  | 4,156,786 | -       | -       | -       | -       | 5,217,176                         |
| Higher-risk categories            | -          | -            | -       | -       | -       | -          | -         | -       | -       | -       | -       | -                                 |
| Other assets                      | 180,042    | 76,188       |         |         |         | 3,228,925  | 396,593   | -       | -       | -       | -       | 3,881,748                         |
| Total                             | 16,609,610 | 248,519      | 758,017 | 635,876 | 96,346  | 18,338,331 | 4,553,379 | -       | 4,995   | -       | -       | 41,245,073                        |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**9. Counterparty credit risk (CCR)**
**9.1 Analysis of Counterparty Credit Risk by approach (CCR1)**

The following table provides counterparty credit risk requirements and is aligned to the Standardised Approach required by CBUAE to calculate CCR.

| <b>30 June 2024</b> |                                                              | <b>Replacement cost</b> | <b>Potential future exposure</b> | <b>EEPE</b>    | <b>Alpha used for computing regulatory EAD</b> | <b>EAD post-CRM</b> | <b>RWA</b>     |
|---------------------|--------------------------------------------------------------|-------------------------|----------------------------------|----------------|------------------------------------------------|---------------------|----------------|
|                     |                                                              | <b>AED 000</b>          | <b>AED 000</b>                   | <b>AED 000</b> | <b>AED 000</b>                                 | <b>AED 000</b>      | <b>AED 000</b> |
| 1                   | SA-CCR (for derivatives)                                     | 918                     | 76,492                           | -              | 1.4                                            | 108,375             | 50,139         |
| 2                   | Internal Model Method (for derivatives and SFTs)             | -                       | -                                | -              | -                                              | -                   | -              |
| 3                   | Simple Approach for credit risk mitigation (for SFTs)        | -                       | -                                | -              | -                                              | -                   | -              |
| 4                   | Comprehensive Approach for credit risk mitigation (for SFTs) | -                       | -                                | -              | -                                              | -                   | -              |
| 5                   | VaR for SFTs                                                 | -                       | -                                | -              | -                                              | -                   | -              |
| 6                   | <b>Total</b>                                                 | <b>918</b>              | <b>76,492</b>                    | <b>-</b>       | <b>1.4</b>                                     | <b>108,375</b>      | <b>50,139</b>  |

| <b>31 December 2023</b> |                                                              | <b>Replacement cost</b> | <b>Potential future exposure</b> | <b>EEPE</b>    | <b>Alpha used for computing regulatory EAD</b> | <b>EAD post-CRM</b> | <b>RWA</b>     |
|-------------------------|--------------------------------------------------------------|-------------------------|----------------------------------|----------------|------------------------------------------------|---------------------|----------------|
|                         |                                                              | <b>AED 000</b>          | <b>AED 000</b>                   | <b>AED 000</b> | <b>AED 000</b>                                 | <b>AED 000</b>      | <b>AED 000</b> |
| 1                       | SA-CCR (for derivatives)                                     | 938                     | 81,231                           | -              | 1.4                                            | 115,036             | 55,817         |
| 2                       | Internal Model Method (for derivatives and SFTs)             | -                       | -                                | -              | -                                              | -                   | -              |
| 3                       | Simple Approach for credit risk mitigation (for SFTs)        | -                       | -                                | -              | -                                              | -                   | -              |
| 4                       | Comprehensive Approach for credit risk mitigation (for SFTs) | -                       | -                                | -              | -                                              | -                   | -              |
| 5                       | VaR for SFTs                                                 | -                       | -                                | -              | -                                              | -                   | -              |
| 6                       | <b>Total</b>                                                 | <b>938</b>              | <b>81,231</b>                    | <b>-</b>       | <b>1.4</b>                                     | <b>115,036</b>      | <b>55,817</b>  |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**9. Counterparty credit risk (CCR) (continued)**
**9.2 Credit valuation adjustment (CVA) capital charge (CCR2)**

The following table provides counterparty credit risk requirements and is aligned to the Standardised Approach required by CBUAE to calculate CCR.

|                                                                       | 30 June 2024 |         | 31 December 2023 |         |
|-----------------------------------------------------------------------|--------------|---------|------------------|---------|
|                                                                       | EAD post-CRM | RWA     | EAD post-CRM     | RWA     |
|                                                                       | AED 000      | AED 000 | AED 000          | AED 000 |
| 1 All portfolios subject to the Standardised CVA capital charge       | 108,375      | 50,139  | 115,036          | 55,817  |
| 2 All portfolios subject to the Simple alternative CVA capital charge | -            | -       | -                | -       |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**9. Counterparty credit risk (CCR) (continued)**
**9.3 Standardized approach CCR exposures by regulatory portfolio and risk weights (CCR3)**

The following table provides risk weights of the counterparty credit risk requirements and in aligned to the Standardised Approach by Regulatory portfolio:

**30 June 2024**

| Regulatory portfolio                  | Credit Exposure |               |               |         |         |         |         | Total credit exposure |
|---------------------------------------|-----------------|---------------|---------------|---------|---------|---------|---------|-----------------------|
|                                       | 0%              | 20%           | 50%           | 75%     | 100%    | 150%    | Others  |                       |
|                                       | AED 000         | AED 000       | AED 000       | AED 000 | AED 000 | AED 000 | AED 000 | AED 000               |
| Sovereigns                            | -               | -             | -             | -       | -       | -       | -       | -                     |
| Public Sector Entities (PSEs)         | -               | -             | -             | -       | -       | -       | -       | -                     |
| Multilateral development banks (MDBs) | -               | -             | -             | -       | -       | -       | -       | -                     |
| Banks                                 | -               | 13,496        | 94,879        | -       | -       | -       | -       | 108,375               |
| Securities firms                      | -               | -             | -             | -       | -       | -       | -       | -                     |
| Corporates                            | -               | -             | -             | -       | -       | -       | -       | -                     |
| Regulatory retail portfolios          | -               | -             | -             | -       | -       | -       | -       | -                     |
| Secured by residential property       | -               | -             | -             | -       | -       | -       | -       | -                     |
| Secured by commercial real estate     | -               | -             | -             | -       | -       | -       | -       | -                     |
| Equity Investment in Funds (EIF)      | -               | -             | -             | -       | -       | -       | -       | -                     |
| Past-due loans                        | -               | -             | -             | -       | -       | -       | -       | -                     |
| Higher-risk categories                | -               | -             | -             | -       | -       | -       | -       | -                     |
| Other assets                          | -               | -             | -             | -       | -       | -       | -       | -                     |
| <b>Total</b>                          | -               | <b>13,496</b> | <b>94,879</b> | -       | -       | -       | -       | <b>108,375</b>        |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**9. Counterparty credit risk (CCR) (continued)**
**9.3 Standardized approach CCR exposures by regulatory portfolio and risk weights (CCR3)**

The following table provides risk weights of the counterparty credit risk requirements and in aligned to the Standardised Approach by Regulatory portfolio:

**31 December 2023**

| Regulatory portfolio                  | Credit Exposure |              |                |         |         |         |         | Total credit exposure |
|---------------------------------------|-----------------|--------------|----------------|---------|---------|---------|---------|-----------------------|
|                                       | 0%              | 20%          | 50%            | 75%     | 100%    | 150%    | Others  |                       |
|                                       | AED 000         | AED 000      | AED 000        | AED 000 | AED 000 | AED 000 | AED 000 | AED 000               |
| Sovereigns                            | -               | -            | -              | -       | -       | -       | -       | -                     |
| Public Sector Entities (PSEs)         | -               | -            | -              | -       | -       | -       | -       | -                     |
| Multilateral development banks (MDBs) | -               | -            | -              | -       | -       | -       | -       | -                     |
| Banks                                 | -               | 5,671        | 109,365        | -       | -       | -       | -       | 115,036               |
| Securities firms                      | -               | -            | -              | -       | -       | -       | -       | -                     |
| Corporates                            | -               | -            | -              | -       | -       | -       | -       | -                     |
| Regulatory retail portfolios          | -               | -            | -              | -       | -       | -       | -       | -                     |
| Secured by residential property       | -               | -            | -              | -       | -       | -       | -       | -                     |
| Secured by commercial real estate     | -               | -            | -              | -       | -       | -       | -       | -                     |
| Equity Investment in Funds (EIF)      | -               | -            | -              | -       | -       | -       | -       | -                     |
| Past-due loans                        | -               | -            | -              | -       | -       | -       | -       | -                     |
| Higher-risk categories                | -               | -            | -              | -       | -       | -       | -       | -                     |
| Other assets                          | -               | -            | -              | -       | -       | -       | -       | -                     |
| <b>Total</b>                          | -               | <b>5,671</b> | <b>109,365</b> | -       | -       | -       | -       | <b>115,036</b>        |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**9. Counterparty credit risk (CCR) (continued)**
**9.4 Composition of collateral for Counterparty Credit Risk exposure (CCR5)**

The following table provides collateral posted and received for derivative transactions.

**30 June 2024**

|                          | Collateral used in derivative transactions |              |                                 |              | Collateral used in SFTs           |                                 |
|--------------------------|--------------------------------------------|--------------|---------------------------------|--------------|-----------------------------------|---------------------------------|
|                          | Fair value of collateral received          |              | Fair value of posted collateral |              | Fair value of collateral received | Fair value of posted collateral |
|                          | Segregated                                 | Unsegregated | Segregated                      | Unsegregated |                                   |                                 |
|                          | AED 000                                    | AED 000      | AED 000                         | AED 000      | AED 000                           | AED 000                         |
| Cash - domestic currency | -                                          | -            | -                               | -            | -                                 | -                               |
| Cash - other currencies  | -                                          | -            | -                               | -            | 2,023                             | -                               |
| Domestic sovereign debt  | -                                          | -            | -                               | -            | -                                 | -                               |
| Government agency debt   | -                                          | -            | -                               | -            | -                                 | -                               |
| Corporate bonds          | -                                          | -            | -                               | -            | -                                 | -                               |
| Equity securities        | -                                          | -            | -                               | -            | -                                 | -                               |
| Other collateral         | -                                          | -            | -                               | -            | -                                 | -                               |
| <b>Total</b>             | -                                          | -            | -                               | -            | <b>2,023</b>                      | -                               |

**31 December 2023**

|                          | Collateral used in derivative transactions |              |                                 |              | Collateral used in SFTs           |                                 |
|--------------------------|--------------------------------------------|--------------|---------------------------------|--------------|-----------------------------------|---------------------------------|
|                          | Fair value of collateral received          |              | Fair value of posted collateral |              | Fair value of collateral received | Fair value of posted collateral |
|                          | Segregated                                 | Unsegregated | Segregated                      | Unsegregated |                                   |                                 |
|                          | AED 000                                    | AED 000      | AED 000                         | AED 000      | AED 000                           | AED 000                         |
| Cash - domestic currency | -                                          | -            | -                               | -            | -                                 | -                               |
| Cash - other currencies  | -                                          | -            | -                               | -            | 2,016                             | -                               |
| Domestic sovereign debt  | -                                          | -            | -                               | -            | -                                 | -                               |
| Government agency debt   | -                                          | -            | -                               | -            | -                                 | -                               |
| Corporate bonds          | -                                          | -            | -                               | -            | -                                 | -                               |
| Equity securities        | -                                          | -            | -                               | -            | -                                 | -                               |
| Other collateral         | -                                          | -            | -                               | -            | -                                 | -                               |
| <b>Total</b>             | -                                          | -            | -                               | -            | <b>2,016</b>                      | -                               |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**10. Market risk**
**Market Risk under the Standardised Approach – (MR1)**

The following table provides the components of RWAs under the Standardised Approach for market risk:

|                                                     | <b>30 June 2024</b> | <b>31 December 2023</b> |
|-----------------------------------------------------|---------------------|-------------------------|
|                                                     | <b>RWA</b>          | <b>RWA</b>              |
|                                                     | <b>AED 000</b>      | <b>AED 000</b>          |
| 1 General Interest rate risk (General and Specific) | 66,403              | -                       |
| 2 Equity risk (General and Specific)                | -                   | 28,288                  |
| 3 Foreign exchange risk                             | 605                 | 349                     |
| 4 Commodity risk                                    | -                   | -                       |
| <b>Options</b>                                      | -                   | -                       |
| 5 Simplified approach                               | -                   | -                       |
| 6 Delta-plus method                                 | -                   | -                       |
| 7 Scenario approach                                 | -                   | -                       |
| 8 Securitisation                                    | -                   | -                       |
| <b>Total</b>                                        | <b>67,008</b>       | <b>28,637</b>           |

**11. Liquidity risk management**
**11.1 Eligible Liquid Asset Ratio (ELAR)**

|                                                                                            | <b>Jun 2024</b>       |                               | <b>Dec 2023</b>       |                               |
|--------------------------------------------------------------------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|
|                                                                                            | <b>AED 000</b>        | <b>AED 000</b>                | <b>AED 000</b>        | <b>AED 000</b>                |
| <b>High Quality Liquid Assets</b>                                                          | <b>Nominal Amount</b> | <b>Eligible Liquid Assets</b> | <b>Nominal Amount</b> | <b>Eligible Liquid Assets</b> |
| Physical cash in hand at the bank + balance with the CBUAE                                 | 3,198,373             |                               | 4,566,942             |                               |
| UAE Federal Government Bonds and Sukuks                                                    | 73,460                |                               | 73,460                |                               |
| <b>Subtotal</b>                                                                            | <b>3,271,833</b>      | <b>3,271,833</b>              | <b>4,640,402</b>      | <b>4,640,402</b>              |
| UAE local governments publicly traded debt securities                                      | 5,066,114             |                               | 5,000,000             |                               |
| UAE Public sector publicly traded debt securities                                          | -                     |                               | -                     |                               |
| <b>Subtotal</b>                                                                            | <b>5,066,114</b>      | <b>1,006,718</b>              | <b>5,000,000</b>      | <b>1,427,816</b>              |
| Foreign Sovereign debt instruments or instruments issued by their respective central banks | -                     | -                             | -                     | -                             |
| <b>Total</b>                                                                               | <b>8,337,947</b>      | <b>4,278,551</b>              | <b>9,640,402</b>      | <b>6,068,218</b>              |
| Total liabilities                                                                          |                       | <b>35,555,710</b>             |                       | <b>36,269,375</b>             |
| <b>Eligible Liquid Assets Ratio (ELAR)</b>                                                 |                       | <b>12.03%</b>                 |                       | <b>16.73%</b>                 |

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2024**
**11. Liquidity risk management (continued)**
**11.2 Advances to Stables Resources Ratio (ASRR)**

|                                                                                       | <b>Jun 2024<br/>AED 000</b> | <b>Dec 2023<br/>AED 000</b> |
|---------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Computation of Advances</b>                                                        |                             |                             |
| Net Lending (Gross loans - specific and collective provisions + interest in suspense) | 23,640,995                  | 23,377,541                  |
| Lending to Non-banking financial institutions                                         | 24,653                      | 25,430                      |
| Financial Guarantees & Stand-by LC (Issued - Received)                                | 316,513                     | 319,049                     |
| Interbank placements                                                                  | 499,688                     | 562,730                     |
| <b>Total Advances</b>                                                                 | <b>24,481,849</b>           | <b>24,284,750</b>           |
| <b>Calculation of Net Stable Resources</b>                                            |                             |                             |
| Total capital + general provision                                                     | 4,967,365                   | 4,840,633                   |
| <b>Deduct:</b>                                                                        |                             |                             |
| Goodwill and other intangible assets                                                  | -                           | -                           |
| Fixed Assets                                                                          | 1,258,558                   | 1,281,870                   |
| Funds allocated to branches abroad                                                    | -                           | -                           |
| Unquoted Investments                                                                  | 120,697                     | 120,221                     |
| Investment in subsidiaries, associates and affiliates                                 | -                           | -                           |
| <b>Total deduction</b>                                                                | <b>1,379,255</b>            | <b>1,402,091</b>            |
| <b>Net Free Capital Funds</b>                                                         | <b>3,588,110</b>            | <b>3,438,542</b>            |
| <b>Other stable resources:</b>                                                        |                             |                             |
| Funds from the head office                                                            | -                           | -                           |
| Interbank deposits with remaining life of more than 6 months                          | -                           | -                           |
| Refinancing of Housing Loans                                                          | -                           | -                           |
| Borrowing from non-banking financial institutions                                     | 507,974                     | 620,596                     |
| Customer Deposits                                                                     | 22,864,551                  | 23,657,087                  |
| Capital market funding/ term borrowings maturing after 6 months from reporting date   | 1,815,123                   | 4,004,998                   |
| <b>Total other stable resources</b>                                                   | <b>25,187,648</b>           | <b>28,282,681</b>           |
| <b>Total Stable Resources</b>                                                         | <b>28,775,758</b>           | <b>31,721,223</b>           |
| <b>Advances to stable resources ratio</b>                                             | <b>85.08%</b>               | <b>76.56%</b>               |