بنك الشـــارقـــة
Bank of Sharjah

Pillar 3 Report

30 September 2026

Table of Contents

1. Introduction **3**
2. Purpose and basis of preparation **3**
3. Overview of Pillar III **4**
3.1 Verification 4
3.2 Implementation of Basel III standards and guidelines 4
4. Key Metrics for the group (KM1) **5**
5. Overview of Risk Weighted Assets (OV1) **6**
6. Leverage Ratio **7**
6.1 Summary comparison of accounting assets versus leverage ratio exposure (LR1) 7
6.2 Leverage ratio common disclosure template (LR2) 8
7. Liquidity risk management **9**
7.1 Eligible Liquid Asset Ratio (ELAR) 9
7.2 Advances to Stable Resources Ratio (ASRR) 10

1. Introduction

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

The Bank's registered office is located at Al Khan Road, P.O. Box 1394, Sharjah, United Arab Emirates. The Bank operates through six branches in the United Arab Emirates located in the Emirates of Sharjah, Dubai, Abu Dhabi, and City of Al Ain.

2. Purpose and Basis of preparation

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

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

The Pillar III report of the Group for the period ended 30 September 2026 comprises detailed information on the underlying drivers of risk-weighted assets (RWA), and the capital of the Group. The report should be read in conjunction with the Group's reviewed Financial Statements as at 30 September 2026.

The complete listing of all direct subsidiaries of Bank of Sharjah PJSC as at 30 September 2026 is as follows:

		Incorporation		
Name of subsidiary	**Ownership interest**	**Year**	**Country**	**Principal activities**
Emirates Lebanon Bank S.A.L.	**100%**	1965	Lebanon	Financial institution
El Capital FZC	**100%**	2007	U.A.E.	Investment in a financial institution
BOS Real Estate FZC	**100%**	2007	U.A.E.	Real estate development activities
BOS Capital FZC	**100%**	2007	U.A.E.	Investment
Polyco General Trading L.L.C.	**100%**	2008	U.A.E.	General trading
Borealis Gulf FZC	**100%**	2010	U.A.E.	Investment & Real estate development activities
Muwaileh Capital FZC	**90%**	2010	U.A.E.	Developing of real estate & related activities
BOS Funding Limited	**100%**	2015	Cayman Islands	Financing activities
BOS Repos Limited	**100%**	2018	Cayman Islands	Financing activities
BOS Derivatives Limited	**100%**	2018	Cayman Islands	Financing activities
GTW Holding LTD	**100%**	2022	U.A.E. (ADGM)	Facilitate the sale of real estate assets
GDLR Holding LTD	**100%**	2022	U.A.E. (ADGM)	Facilitate the sale of real estate assets
BOS Real Estate Egypt	**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 CET 1 ratio of 7% of RWAs, a capital conservation buffer (CCB) of 2.5% of RWAs shall be maintained in the form of CET 1. A further counter cyclical buffer (CCyB) requirement shall be met by using CET 1. The level of CCyB is to be notified by 'the Central Bank' and there is no CCyB requirement during the current period. The Group has complied with all the externally imposed capital requirements and has prepared the capital adequacy ratios excluding the currency translation reserve resulting from the Lebanese operations.

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

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

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

3.1 Verification

The Pillar 3 Disclosures for the period ending 30 September 2026 have been reviewed by the Group's internal and statutory auditors.

3.2 Implementation of Basel III standards and guidelines

The Group is compliant with Standardised Approach for Credit, Market and the Basic Indicator Approach for Operational Risk (Pillar 1) as applicable as of 30 September 2026.

4. Key Metrics for the group (KM1)

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

		Sep 2026	Jun 2026	Mar 2026	Dec 2025	Sep 2025
Available capital (amounts)		**AED 000**	**AED 000**	**AED 000**	**AED 000**	**AED 000**
1	Common Equity Tier 1 (CET1)	**5,189,367**	5,045,240	4,823,077	4,596,122	4,224,939
1a	Fully loaded ECL accounting model	**5,189,367**	5,045,240	4,823,077	4,596,122	4,224,939
2	Tier 1	**5,189,367**	5,045,240	4,823,077	4,596,122	4,224,939
2a	Fully loaded ECL accounting model Tier 1	**5,189,367**	5,045,240	4,823,077	4,596,122	4,224,939
3	Total capital	**5,527,660**	5,377,160	5,154,730	4,941,017	4,399,892
3a	Fully loaded ECL accounting model total capital	**5,527,660**	5,377,160	5,154,730	4,941,017	4,399,892
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	**29,327,321**	28,805,701	28,756,772	29,277,899	31,590,709
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	**17.69%**	**17.51%**	**16.77%**	**15.70%**	**13.37%**
5a	Fully loaded ECL accounting model CET1 (%)	**17.69%**	**17.51%**	**16.77%**	**15.70%**	**13.37%**
6	Tier 1 ratio (%)	**17.69%**	**17.51%**	**16.77%**	**15.70%**	**13.37%**
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	**17.69%**	**17.51%**	**16.77%**	**15.70%**	**13.37%**
7	Total capital ratio (%)	**18.85%**	**18.67%**	**17.93%**	**16.88%**	**13.93%**
7a	Fully loaded ECL accounting model total capital ratio (%)	**18.85%**	**18.67%**	**17.93%**	**16.88%**	**13.93%**
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	**2.50%**	**2.50%**	**2.50%**	**2.50%**	**2.50%**
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	**2.50%**	**2.50%**	**2.50%**	**2.50%**	**2.50%**
12	CET1 available after meeting the bank's minimum capital requirements (%)	**8.35%**	**8.17%**	**7.43%**	**6.38%**	**3.43%**
Leverage Ratio						
13	Total leverage ratio measure	**56,918,555**	55,245,369	56,720,183	49,752,107	50,690,378
14	Leverage ratio (%) (row 2/row 13)	**9.12%**	**9.13%**	**8.50%**	**9.24%**	**8.33%**
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	**9.12%**	**9.13%**	**8.50%**	**9.24%**	**8.33%**
14b	"Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)"	**9.12%**	**9.13%**	**8.50%**	**9.24%**	**8.33%**
Liquidity Coverage Ratio						
15	Total HQLA	-	-	-	-	-
16	Total net cash outflow	-	-	-	-	-
17	LCR ratio (%)	-	-	-	-	-
Net Stable Funding Ratio						
18	Total available stable funding	-	-	-	-	-
19	Total required stable funding	-	-	-	-	-
20	NSFR ratio (%)	-	-	-	-	-
ELAR						
21	Total HQLA	**5,1444,651**	5,181,580	9,209,972	7,022,945	6,892,569
22	Total liabilities	**49,952,412**	48,423,907	49,948,267	43,737,270	45,270,704
23	Eligible Liquid Assets Ratio (ELAR) (%)	**10.30%**	**10.70%**	**18.44%**	**16.06%**	**15.23%**
ASRR						
24	Total available stable funding	**43,762,903**	41,173,572	43,210,498	38,707,466	37,697,692
25	Total Advances	**39,293,188**	38,069,500	36,541,296	32,529,357	32,820,432
26	Advances to Stable Resources Ratio (%)	**89.79%**	**92.46%**	**84.57%**	**84.04%**	**87.06%**

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
		Sep 2026	**Jun 2026**	**Dec 2025**	**Sep 2025**	**Sep 2026**
		AED 000	**AED 000**	**AED 000**	**AED 000**	**AED 000**
1	Credit risk (excluding counterparty credit risk)	**27,050,308**	26,541,220	27,585,860	30,051,822	2,840,282
2	Of which: standardised approach (SA)	**27,050,308**	26,541,220	27,585,860	30,051,822	2,840,282
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)	**13,151**	12,362	5,769	18,003	1,381
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	**299,043**	307,744	346,424	303,326	31,400
21	Of which: standardised approach (SA)	**299,043**	307,744	346,424	303,326	31,400
22	Of which: internal models' approach (IMA)	-	-	-	-	-
23	Operational risk	**1,964,819**	1,944,375	1,339,846	1,217,558	206,306
24	Amounts below thresholds for deduction (subject to 250% risk weight)	-	-	-	-	-
25	Floor adjustment	-	-	-	-	-
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**29,327,321**	**28,805,701**	**29,277,899**	**31,590,709**	**3,079,369**

6 Leverage Ratio

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

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

		Sep 2026	Jun 2026	Dec 2025	Sep 2025
		AED 000	AED 000	AED 000	AED 000
1	Total consolidated assets as per published financial statements	**54,883,001**	48,371,413	49,589,011	54,693,696
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	-	-	-	-
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	**47,238**	30,610	55,148	20,188
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)	**(1,891,045)**	(1,790,272)	(1,491,256)	(1,761,957)
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-	-	-
12	Other adjustments	**3,879,361**	3,140,356	2,537,475	3,768,256
13	**Leverage ratio exposure measure**	**56,918,555**	**49,752,107**	**50,690,378**	**56,720,183**

6 Leverage Ratio (continued)

6.2 Leverage ratio common disclosure template (LR2)

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

	On-balance sheet exposures	Sep 2026	Jun 2026	Dec 2025	Sep 2025
		AED 000	AED 000	AED 000	AED 000
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	**54,738,891**	53,128,285	48,182,601	49,351,214
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)	**5,289**	7,493	11,827	14,031
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)	-	-	-	(201,738)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**54,744,180**	**53,135,778**	**48,194,428**	**49,163,507**
	Derivative exposures				
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**6,171**	6,414	5,490	4,861
9	Add-on amounts for PFE associated with *all* derivatives transactions	**35,778**	31,683	13,293	36,256
10	(Exempted CCP leg of client-cleared trade exposures)	-	-	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-
13	**Total derivative exposures (sum of rows 8 to 12)**	**41,949**	**38,097**	**18,783**	**41,117**
	Securities financing transactions	-	-	-	-
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	-	-	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-
16	CCR exposure for SFT assets	-	-	-	-
17	Agent transaction exposures	-	-	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	-	-	-	-
	Other off-balance sheet exposures				
19	Off-balance sheet exposure at gross notional amount	**4,023,470**	3,875,179	3,329,168	2,977,010
20	(Adjustments for conversion to credit equivalent amounts)	**(1,891,045)**	(1,803,685)	(1,790,272)	(1,491,256)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-	-	-
22	**Off-balance sheet items (sum of rows 19 to 21)**	**2,132,425**	**2,071,494**	**1,538,896**	**1,485,754**
	Capital and total exposures				
23	**Tier 1 capital**	**5,189,367**	**5,045,240**	**4,596,122**	**4,224,939**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**56,918,555**	**55,245,369**	**49,752,107**	**50,690,378**
	Leverage ratio				
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**9.12%**	**9.13%**	**9.24%**	**8.33%**
25 a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**9.12%**	9.13%	9.24%	8.33%
26	CBUAE minimum leverage ratio requirement	**3.00%**	3.00%	3.00%	3.00%
27	**Applicable leverage buffers**	**6.12%**	**6.13%**	**6.24%**	**5.33%**

7 Liquidity risk management

7.1 Eligible Liquid Asset Ratio (ELAR)

	Sep 2026		Jun 2026		Dec 2025		Sep 2025	
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
High Quality Liquid Assets	**Nominal Amount**	**Eligible Liquid Assets**	**Nominal Amount**	**Eligible Liquid Assets**	**Nominal Amount**	**Eligible Liquid Assets**	**Nominal Amount**	**Eligible Liquid Assets**
Physical cash in hand at the bank + balance with the CBUAE	**2,573,179**		2,411,107		3,245,127		3,331,365	
UAE Federal Government Bonds and Sukuks	**1,360,966**		1,551,278		2,125,360		1,939,423	
Subtotal	**3,934,145**	**3,934,145**	**3,962,385**	**3,962,385**	**5,370,487**	**5,370,487**	**5,270,788**	**5,270,788**
UAE local governments publicly traded debt securities	**2,532,000**		2,568,000		3,672,000		3,315,651	
UAE Public sector publicly traded debt securities	-		-		-		-	
Subtotal	**2,532,000**	**1,210,506**	**2,568,000**	**1,219,195**	**3,672,000**	**1,652,458**	**3,315,651**	**1,621,781**
Foreign Sovereign debt instruments or instruments issued by their respective central banks	-		-	-	-	-	-	-
Total	**6,466,145**	**5,144,651**	**6,530,385**	**5,181,580**	**9,042,487**	**7,022,945**	**8,586,439**	**6,892,569**
Total liabilities		**49,952,412**		**48,423,907**		**43,737,270**		**45,270,704**
Eligible Liquid Assets Ratio (ELAR)		**10.30%**		**10.70%**		**16.06%**		**15.23%**

7 Liquidity risk management

7.2 Advances to Stables Resources Ratio (ASRR)

	Sep 2026 AED 000	Jun 2026 AED 000	Dec 2025 AED 000	Sep 2025 AED 000
Computation of Advances				
Net Lending (Gross loans - specific and collective provisions + interest in suspense)	**39,137,526**	37,918,597	31,803,499	32,048,066
Lending to non-banking financial institutions	**2**	17	55,111	57,016
Financial Guarantees & Stand-by LC (Issued - Received)	**155,660**	150,886	215,295	219,495
Interbank placements	**-**	-	455,452	495,855
Total Advances	**39,293,188**	**38,069,500**	**32,529,357**	**32,820,432**
Calculation of Net Stable Resources				
Total capital + general provision	**6,341,160**	6,201,113	6,052,307	5,741,094
Deduct:				
Goodwill and other intangible assets	**-**	-	-	-
Fixed Assets	**384,842**	359,781	273,437	1,253,419
Funds allocated to branches abroad	**-**	-	-	-
Unquoted Investments	**64,940**	62,098	82,017	82,586
Investment in subsidiaries, associates and affiliates	**-**	-	-	-
Total deduction	**449,782**	**421,879**	**355,454**	**1,336,005**
Net Free Capital Funds	**5,891,378**	**5,779,234**	**5,696,853**	**4,405,089**
Other stable resources:				
Funds from the head office	**-**	-	-	-
Interbank deposits with remaining life of more than 6 months	**2,183,950**	-	-	-
Refinancing of Housing Loans	**-**	-	-	-
Borrowing from non-banking financial institutions	**724,957**	703,344	851,548	551,635
Customer Deposits	**29,508,456**	29,241,563	26,718,750	29,115,745
Capital market funding/ term borrowings maturing after 6 months from reporting date	**5,454,162**	5,449,431	5,440,315	3,625,223
Total other stable resources	**37,871,525**	**35,394,338**	**33,010,613**	**33,292,603**
Total Stable Resources	**43,762,903**	**41,173,572**	**38,707,466**	**37,697,692**
Advances to stable resources ratio	**89.79%**	**92.46%**	**84.04%**	**87.06%**