

Bank of Sharjah P.J.S.C

Bank of Sharjah P.J.S.C ("the Bank", "The Group") today announced the audited results of the year ended 31 December 2023. The following Management Discussion and Analysis includes financial results for the Group.

The Bank's Board of Directors approved the implementation of de-linking Emirates Lebanon Bank SAL from Bank of Sharjah Group to take effect from 1st April 2023 onwards. This is in line with the Central Bank of the UAE recommendations to reflect the actual financial performance without any distortions arising from accounting anomalies. These anomalies were related to the consolidation of the Lebanese subsidiary, impacted by hyperinflationary environment and foreign currency exchange rate volatility in Lebanon.

All assets and liabilities of the Lebanese subsidiary are now classified as held for sale. Consequently, they are measured at the lower of carrying amount or fair value less costs to sell. As a result, a one-off impairment loss amounting to AED 199 million has been recognized in the consolidated statement of profit or loss for the year ended 31 December 2023. Excluding this one-off impairment loss, the net loss would have been AED 76 million as compared to a net loss of AED 159 million for the year ended 31 December 2022.

(AED Mn)	For the year ended Dec'23	For the year ended Dec'22
Net Interest Income	224	369
Non-Interest Income	47	379
Operating Income	271	748
Net Impairment reversal/(loss) on Financial Assets	2	(291)
General and administrative expenses	(349)	(302)
Hyperinflation impact from a subsidiary	-	(312)
Net loss before one-off impairment loss (due to de-linking)	(76)	(159)
Net impairment charge on a subsidiary held for sale (due to de-linking)	(199)	-
Net Loss for the year	(275)	(159)

(AED Mn)	Dec'23	Dec'22
Total Assets	39,460	37,402
Loans and Advances	22,068	21,623
Customers' Deposits	26,343	25,281
Total Equity	3,506	1,494
Commitments and Contingent Liabilities	2,454	3,128

	Dec'23	Dec'22
Non-Performing Loans Ratio (Net of ECL & Collateral)	4.29%	1.81%
Non-Performing loans Coverage Ratio	85.86%	136.21%
Loans and Advances to Deposits Ratio	83.77%	85.53%
Capital Adequacy Ratio	14.67%	11.51%
Tier 1 Capital Ratio	13.49%	10.33%
Common Tier 1 Capital Ratio	13.49%	10.33%

The Group's robust metrics are the result of strict adherence to maintaining a disciplined and focused approach to lending, recovery and funding. In this regard, The Group has demonstrated comfortable liquidity and solid capital position with a customer deposit base of AED 26.3 billion (31 December 2022: AED 25.3 billion), a loans-to-deposits ratio of 83.77% (31 December 2022: 85.53%), and strong capitalization with Regulatory Capital Adequacy Ratio significantly improving to 14.67% (31 December 2022: 11.51%) and Regulatory Tier 1 and CET1 Capital Ratios sharply increasing to 13.49% (31 December 2022: 10.33%) as a result of the AED 800 million fresh capital injection that occurred at end of June 2023, which is a clear indication of the support available from the Government of Sharjah.

Sheikh Mohammed Bin Saud Al Qasimi, Chairman of Bank of Sharjah, commented: "Bank of Sharjah witnessed a number of major positive developments. In March, the Bank successfully completed a USD 500 million bond issuance at competitive terms, which strengthened the Bank's overall liquidity position as well as diversified its long-term funding. This was followed by an increase of the Bank's capital by an amount of AED 800 million in June by the Government of Sharjah, raising its stake to just under 40%, thereby reflecting its strong support. This places the Bank on a very solid footing to implement its ambitious and transformational growth strategy. Additionally, the Bank implemented the de-linking of its Lebanese subsidiary, Emirates Lebanon Bank, from Bank of Sharjah Group. This will improve the transparency of the Bank's actual operating performance without distortions attributed to the hyperinflation standard. Finally, the Bank is progressing well in its strategy to diversify its customer portfolio and playing a vital role in supporting the local economy."



Mohamed Khadiri
Chief Executive Officer