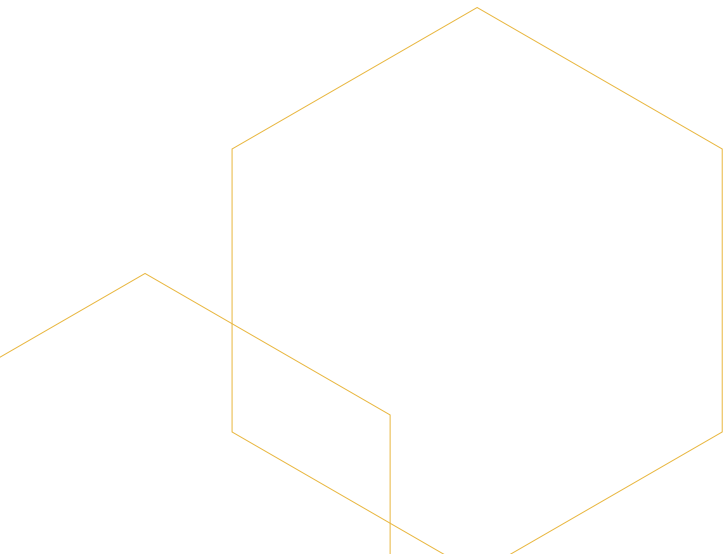




بنك الشارقة  
Bank of Sharjah

## Basel III- Pillar III Disclosures for the period ended 30 June 2023



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

### Pillar III Disclosure for the period ended 30 June 2023

#### 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 eight 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 classifies the Lebanese subsidiary as an "asset held for sale" involving loss of control and the sale is highly probable within 12 months, all the assets and liabilities of that subsidiary are classified as held for sale. Once classified in this category, the group of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell. If the group of assets and liabilities becomes impaired, an impairment loss is recognised in the 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 2023 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 2023.

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

### Pillar III Disclosure for the period ended 30 June 2023

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

The complete listing of all direct subsidiaries of Bank of Sharjah PJSC as at 30 June 2023 is as follows:

Name of Subsidiary	Proportion of ownership interest		Year of incorporation	Year of acquisition	Country of incorporation	Principal activities
	2023	2022				
Emirates Lebanon Bank SAL	100%	100%	1965	2008	Lebanon	Financial institution
El Capital FZC	100%	100%	2007	2017	U.A.E.	Investment in a financial institution
BOS Real Estate FZC	100%	100%	2007	2007	U.A.E.	Real estate development activities
BOS Capital FZC	100%	100%	2007	2007	U.A.E.	Investment
Polyco General Trading LLC	100%	100%	2008	2008	U.A.E.	General trading
Borealis Gulf FZC	100%	100%	2010	2010	U.A.E.	Investment & Real estate development activities
BOS Funding Limited	100%	100%	2015	2015	Cayman Islands	Financing activities
Muwaileh Capital FZC	90%	90%	2010	2017	U.A.E.	Developing of real estate & related activities
BOS Repos Limited	100%	100%	2018	2018	Cayman Islands	Financing activities
BOS Derivatives Limited	100%	100%	2018	2018	Cayman Islands	Financing activities
GTW Holding LTD	100%	-	2022	2022	U.A.E. (ADGM)	Facilitate the sale of real estate assets
GDLR Holding LTD	100%	-	2022	2022	U.A.E. (ADGM)	Facilitate the sale of real estate assets
BOS Real Estate Egypt	100%	-	2023	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. Further, counter cyclical buffer (CCyB) requirement shall be met by using CET 1. The level of CCyB to be notified by 'the Central Bank'. There is no CCyB requirement during the current period.

The capital adequacy ratios are computed based on circulars issued by the Central Bank of UAE and based on a specific exception received from the Central Bank of the UAE considering the currency translation reserve resulting from the change in the Lebanese official rate from LBP 1507.5 to LBP 15,000 on 28 February 2023. 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 2023****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 2023 have been reviewed by the Group's internal 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 in 2023.

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**4. Key Metrics for the group (KM1)**

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

		30 June 2023	31 December 2022	30 September 2022	30 June 2022
	<b>Available capital (amounts)</b>	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>
1	Common Equity Tier 1 (CET1)	4,003,001	3,247,735	3,149,977	3,161,077
1a	Fully loaded ECL accounting model	3,956,383	3,134,690	3,039,395	3,073,104
2	Tier 1	4,003,001	3,247,735	3,149,977	3,161,077
2a	Fully loaded ECL accounting model Tier 1	3,956,383	3,134,690	3,039,395	3,073,104
3	Total capital	4,334,303	3,618,792	3,515,842	3,519,166
3a	Fully loaded ECL accounting model total capital	4,287,685	3,505,747	3,405,260	3,431,193
	<b>Risk-weighted assets (amounts)</b>				
4	Total risk-weighted assets (RWA)	28,205,402	31,428,477	30,791,161	30,210,358
	<b>Risk-based capital ratios as a percentage of RWA</b>				
5	Common Equity Tier 1 ratio (%)	14.19%	10.33%	10.23%	10.46%
5a	Fully loaded ECL accounting model CET1 (%)	14.03%	9.97%	9.87%	10.17%
6	Tier 1 ratio (%)	14.19%	10.33%	10.23%	10.46%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	14.03%	9.97%	9.87%	10.17%
7	Total capital ratio (%)	15.37%	11.51%	11.42%	11.65%
7a	Fully loaded ECL accounting model total capital ratio (%)	15.20%	11.15%	11.06%	11.36%
	<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%
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%
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.87%	1.01%	0.92%	1.15%
	<b>Leverage Ratio</b>				
13	Total leverage ratio measure	40,863,645	43,531,026	38,758,330	39,268,216
14	Leverage ratio (%) (row 2/row 13)	9.80%	7.46%	8.13%	8.05%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	9.68%	7.20%	7.84%	7.83%
14b	"Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)"	9.80%	7.46%	8.13%	8.05%
	<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	3,958,740	4,853,306	3,258,010	3,958,740
22	Total liabilities	32,176,995	36,222,861	31,765,430	32,176,995
23	Eligible Liquid Assets Ratio (ELAR) (%)	12.30%	13.40%	10.26%	12.30%
	<b>ASRR</b>				
24	Total available stable funding	30,688,053	30,413,466	27,442,773	29,575,149
25	Total Advances	24,158,111	25,554,239	24,276,473	24,562,654
26	Advances to Stable Resources Ratio (%)	78.72%	84.02%	88.46%	83.05%

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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.

		<b>RWA</b>	<b>RWA</b>	<b>Minimum capital requirements</b>
		<b>30 June 2023</b>	<b>31 December 2022</b>	<b>30 June 2023</b>
		<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>
1	Credit risk (excluding counterparty credit risk)	26,473,078	29,684,588	2,779,673
2	Of which: standardised approach (SA)	26,473,078	29,684,588	2,779,673
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)	31,049	-	3,260
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	293,482	336,096	30,816
21	Of which: standardised approach (SA)	293,482	336,096	30,816
22	Of which: internal models' approach (IMA)	-	-	-
23	Operational risk	1,407,793	1,407,793	147,818
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>28,205,402</b>	<b>31,428,477</b>	<b>2,961,567</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:

<b>Years</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Proportion of provision</b>	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 assets are risk weighted as to their relative credit, market, and operational risk. Credit risk includes both on and off-balance sheet risks. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes profit rate risk, foreign exchange risk, equity exposure risk, and commodity risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

### 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 2023**
**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>30 June 2023</b>	<b>31 December 2022</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	2,200,000
<b>2</b>	Retained earnings	668,002	86,517
<b>3</b>	Accumulated other comprehensive income (and other reserves)	336,708	984,628
<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>4,004,710</b>	<b>3,271,145</b>
	<b>Common Equity Tier 1 capital regulatory adjustments</b>	-	-
<b>7</b>	Prudent valuation adjustments	-	-
<b>8</b>	Goodwill (net of related tax liability)	1,711	23,412
<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)	(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>1,709</b>	<b>23,410</b>
<b>25</b>	<b>Common Equity Tier 1 capital (CET1)</b>	<b>4,003,001</b>	<b>3,247,735</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 2023**
**6. Capital Management (continued)**
**6.3 Composition of Regulatory Capital (CC1) (continued)**

		<b>30 June 2023</b>	<b>31 December 2022</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>4,003,001</b>	<b>3,247,735</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	331,302	371,057
45	<b>Tier 2 capital before regulatory adjustments</b>	<b>331,302</b>	<b>371,057</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>331,302</b>	<b>371,057</b>
52	<b>Total regulatory capital (TC = T1 + T2)</b>	<b>4,334,303</b>	<b>3,618,792</b>
53	<b>Total risk-weighted assets</b>	<b>28,205,402</b>	<b>31,428,477</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**6. Capital Management (continued)**
**6.3 Composition of Regulatory Capital (CC1) (continued)**

		<b>30 June 2023 AED 000</b>	<b>31 December 2022 AED 000</b>
	<b>Capital ratios and buffers</b>		
<b>54</b>	Common Equity Tier 1 (as a percentage of risk-weighted assets)	<b>14.19%</b>	<b>10.33%</b>
<b>55</b>	Tier 1 (as a percentage of risk-weighted assets)	<b>14.19%</b>	<b>10.33%</b>
<b>56</b>	Total capital (as a percentage of risk-weighted assets)	<b>15.37%</b>	<b>11.51%</b>
<b>57</b>	Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	<b>2.50%</b>	<b>2.50%</b>
<b>58</b>	Of which: capital conservation buffer requirement	<b>2.50%</b>	<b>2.50%</b>
<b>59</b>	Of which: bank-specific countercyclical buffer requirement	-	-
<b>60</b>	Of which: higher loss absorbency requirement (e.g. DSIB)	-	-
<b>61</b>	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	<b>7.19%</b>	<b>3.33%</b>
		-	-
	<b>The CBUAE Minimum Capital Requirement</b>	-	-
<b>62</b>	Common Equity Tier 1 minimum ratio	<b>7.00%</b>	<b>7.00%</b>
<b>63</b>	Tier 1 minimum ratio	<b>8.50%</b>	<b>8.50%</b>
<b>64</b>	Total capital minimum ratio	<b>10.50%</b>	<b>10.50%</b>
	Amounts below the thresholds for deduction (before risk weighting	-	-
<b>65</b>	Non-significant investments in the capital and other TLAC liabilities of other financial entities	-	-
<b>66</b>	Significant investments in common stock of financial entities	-	-
<b>67</b>	Mortgage servicing rights (net of related tax liability)	-	-
<b>68</b>	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
	<b>Applicable caps on the inclusion of provisions in Tier 2</b>	-	-
<b>69</b>	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	-
<b>70</b>	Cap on inclusion of provisions in Tier 2 under standardised approach	-	-
<b>71</b>	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
<b>72</b>	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>	-	-
<b>73</b>	Current cap on CET1 instruments subject to phase-out arrangements	-	-
<b>74</b>	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-
<b>75</b>	Current cap on AT1 instruments subject to phase-out arrangements	-	-
<b>76</b>	Amount excluded from AT1 due to cap (excess after redemptions and maturities)	-	-
<b>77</b>	Current cap on T2 instruments subject to phase-out arrangements	-	-
<b>78</b>	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 2023**
**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 2023		31 December 2022	
	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	4,402,208	4,402,208	3,949,107	7,086,256
Deposits and balances due from banks	780,654	780,654	113,897	146,389
Loans and advances, net	21,934,474	21,934,474	21,623,267	22,811,098
Investments measured at fair value	410,805	410,805	434,308	464,158
Investments measured at amortised cost	7,372,261	7,372,261	7,335,160	7,390,969
Investment properties	1,158,109	1,158,109	1,158,109	1,158,109
Intangible assets	-	-	22,055	22,111
Assets acquired in settlement of debt	1,137,443	1,137,443	1,227,821	1,259,863
Other assets	1,264,212	1,264,212	1,254,145	1,351,327
Derivative assets held for risk management	6,053	6,053	6,388	6,388
Property and equipment	216,451	216,451	278,074	293,340
Subsidiary held for sale	844,790	844,790	-	-
<b>Total assets</b>	<b>39,527,460</b>	<b>39,527,460</b>	<b>37,402,331</b>	<b>41,990,008</b>
<b>Liabilities</b>				
Customers' deposits	25,284,599	25,284,599	25,281,131	27,772,968
Deposits and balances due to banks	185,442	185,442	662,333	662,797
Repo borrowings	4,132,622	4,132,622	5,003,552	5,003,552
Other liabilities	1,822,942	1,822,942	1,901,538	2,074,822
Issued bonds	4,423,880	4,423,880	3,059,421	3,059,421
<b>Total liabilities</b>	<b>35,849,485</b>	<b>35,849,485</b>	<b>35,907,975</b>	<b>38,573,560</b>
Share capital	3,000,000	3,000,000	2,200,000	2,200,000
Statutory reserve	1,050,000	1,050,000	1,050,000	1,050,000
Contingency reserve	-	-	640,000	640,000
Impairment reserve	203,706	203,706	147,624	147,624
Investment fair value reserve	(713,294)	(713,294)	(706,370)	(705,374)
Currency translation reserve	(386,675)	(386,675)	(1,911,502)	-
Retained earnings	521,809	521,809	71,551	81,145
Non-controlling interest	2,429	2,429	3,053	3,053
<b>Total equity</b>	<b>3,677,975</b>	<b>3,677,975</b>	<b>1,494,356</b>	<b>3,416,448</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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>30 June 2023</b>	<b>31 December 2022</b>
		<b>AED 000</b>	<b>AED 000</b>
1	Total consolidated assets as per published financial statements	39,527,460	41,990,008
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	91,825	126,984
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	83,892	27,091
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)	(1,684,781)	(2,064,637)
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12	Other adjustments	2,845,249	3,451,580
13	<b>Leverage ratio exposure measure</b>	<b>40,863,645</b>	<b>43,531,026</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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>30 June 2023</b>	<b>31 December 2022</b>
		<b>AED 000</b>	<b>AED 000</b>
	<b>On-balance sheet exposures</b>		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	38,499,630	40,909,267
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>38,499,630</b>	<b>40,909,267</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)	-	-
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	-	-
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>-</b>	<b>-</b>
	<b>Securities financing transactions</b>	<b>-</b>	<b>-</b>
14	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	91,825	126,984
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(9,440)	(4,371)
16	CCR exposure for SFT assets	93,331	31,461
17	Agent transaction exposures	-	-
18	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	<b>175,716</b>	<b>154,074</b>
	<b>Other off-balance sheet exposures</b>		
19	Off-balance sheet exposure at gross notional amount	3,873,080	4,532,322
20	(Adjustments for conversion to credit equivalent amounts)	(1,684,781)	(2,064,637)
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>2,188,299</b>	<b>2,467,685</b>
	<b>Capital and total exposures</b>		
23	<b>Tier 1 capital</b>	<b>4,003,001</b>	<b>3,247,735</b>
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>40,863,645</b>	<b>43,531,026</b>
	<b>Leverage ratio</b>		
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	<b>9.80%</b>	<b>7.46%</b>
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.80%	7.46%
26	CBUAE minimum leverage ratio requirement	4.00%	4.00%
27	<b>Applicable leverage buffers</b>	<b>5.80%</b>	<b>3.36%</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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 2023		AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
1	Loans	1,527,070	22,140,411	1,733,007	386,240	1,346,767	21,934,474
2	Debt securities	-	7,642,021	2,921	-	2,921	7,639,100
3	Off-balance sheet exposure	2,047	2,032,919	32,785	1,412	31,373	2,002,181
<b>Total</b>		<b>1,529,117</b>	<b>31,815,351</b>	<b>1,768,713</b>	<b>387,652</b>	<b>1,381,061</b>	<b>31,575,755</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 2022		AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
1	Loans	1,303,274	22,095,170	1,775,177	396,792	1,378,385	21,623,267
2	Debt securities	10,474	7,615,347	10,720	6,936	3,784	7,615,101
3	Off-balance sheet exposure	5,361	2,122,322	33,163	1,389	31,774	2,094,520
<b>Total</b>		<b>1,319,109</b>	<b>31,832,839</b>	<b>1,819,060</b>	<b>405,117</b>	<b>1,413,943</b>	<b>31,332,888</b>

**Definition of Default**

Please refer Note 5 in the financial statements for the period ended 30<sup>th</sup> June 2023 for scope and definitions of 'past due' exposures.

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**8 Credit Risk**
**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.

		<b>30 June 2023</b>	<b>31 December 2022</b>
		<b>AED 000</b>	<b>AED 000</b>
1	Defaulted loans at the end of the previous reporting period	1,303,274	1,518,909
2	Subsidiary held for sale opening balance adjustment	(14,644)	-
3	Impact of IAS 21 on the opening balance	-	(6,120)
4	Loans that have defaulted since the last year	62,278	367,521
5	Returned to non-default status	(17)	(42,184)
6	Change in exposures, net of repayments, write-off and others	176,179	(534,852)
7	<b>Defaulted loans at the end of the reporting period</b>	<b>1,527,070</b>	<b>1,303,274</b>

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

<b>30 June 2023</b>							
		<b>Exposures unsecured: carrying amount</b>	<b>Exposures secured by collateral</b>	<b>Exposures secured by collateral of which: secured amount</b>	<b>Exposures secured by financial guarantees</b>	<b>Exposures secured by credit derivatives</b>	<b>Exposures secured by credit derivatives, of which secured amount</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	Loans	5,573,846	18,093,635	14,124,061	-	-	-
2	Debt securities	288,794	7,086,388	7,086,388	-	-	-
3	<b>Total</b>	<b>5,862,640</b>	<b>25,180,023</b>	<b>21,210,449</b>	-	-	-
4	Of which defaulted	1,129,121	397,949	175,958	-	-	-

<b>31 December 2022</b>							
		<b>Exposures unsecured: carrying amount</b>	<b>Exposures secured by collateral</b>	<b>Exposures secured by collateral of which: secured amount</b>	<b>Exposures secured by financial guarantees</b>	<b>Exposures secured by credit derivatives</b>	<b>Exposures secured by credit derivatives, of which secured amount</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	Loans	6,140,107	17,258,337	13,156,038	554	-	-
2	Debt securities	299,176	7,047,870	7,047,870	-	-	-
3	<b>Total</b>	<b>6,439,283</b>	<b>24,306,207</b>	<b>20,203,908</b>	<b>554</b>	-	-
4	Of which defaulted	590,922	718,803	493,354	3	-	-



**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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 amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
<b>30 June 2023</b>	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>	<b>Density</b>
Sovereigns and their central banks	11,773,059	-	11,773,059	-	-	-
Public Sector Entities	2,371,070	161,742	2,274,282	161,742	2,113,210	87%
Multilateral development banks	-	-	-	-	-	-
Banks	775,153	1,679	774,339	1,679	285,416	37%
Securities firms	5,500	-	5,500	-	4,862	88%
Corporates	9,730,247	3,644,033	8,203,128	3,644,033	8,080,051	68%
Regulatory retail portfolios	101,492	65,626	73,909	65,626	62,105	45%
Secured by residential property	2,459,211	-	2,459,211	-	2,217,599	90%
Secured by commercial real estate	4,065,360	-	4,065,360	-	4,065,360	100%
Equity Investment in Funds (EIF)	-	-	-	-	-	-
Past-due loans	3,933,859	-	3,933,859	-	5,728,116	146%
Higher-risk categories	-	-	-	-	-	-
Other assets	3,944,853	-	3,944,853	-	3,916,359	99%
<b>Total</b>	<b>39,159,804</b>	<b>3,873,080</b>	<b>37,507,500</b>	<b>3,873,080</b>	<b>26,473,078</b>	<b>64%</b>

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
<b>31 December 2022</b>	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>	<b>Density</b>
Sovereigns and their central banks	14,300,625	-	14,300,625	-	3,144,414	22%
Public Sector Entities	1,342,847	14,017	1,334,437	14,017	1,197,143	89%
Multilateral development banks	-	-	-	-	-	-
Banks	141,703	25,071	122,297	25,071	48,795	33%
Securities firms	4,688	-	4,688	-	4,507	96%
Corporates	11,018,112	4,387,378	9,033,520	4,387,378	9,757,652	73%
Regulatory retail portfolios	199,357	105,856	149,931	105,856	156,509	61%
Secured by residential property	1,677,693	-	1,677,693	-	1,423,483	85%
Secured by commercial real estate	6,265,441	-	6,265,441	-	6,265,441	100%
Equity Investment in Funds (EIF)	-	-	-	-	-	-
Past-due loans	2,954,500	-	2,954,500	-	4,304,207	146%
Higher-risk categories	-	-	-	-	-	-
Other assets	3,541,353	-	3,541,353	-	3,365,162	95%
<b>Total</b>	<b>41,446,319</b>	<b>4,532,322</b>	<b>39,384,485</b>	<b>4,532,322</b>	<b>29,667,313</b>	<b>68%</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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 2023	Risk weights											Total credit exposures
	0%	20%	35%	50%	75%	100%	150%	Others	Others	Others	Others	
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
<b>Regulatory portfolio</b>												
Sovereigns	11,773,059			-		-		-	-	-	-	11,773,059
Public Sector Entities	312,242			21,144		2,102,638		-	-	-	-	2,436,024
Multilateral development banks								-	-	-	-	-
Banks		342,433		433,312		273		-	-	-	-	776,018
Securities firms		797				4,703		-	-	-	-	5,500
Corporates	3,766,595					8,077,135		-	3,431	-	-	11,847,161
Regulatory retail portfolios	74,781				10,595	54,159		-	-	-	-	139,535
Secured by residential property	-		250,444		315,297	1,893,470		-	-	-	-	2,459,211
Secured by commercial real estate						4,065,360		-	-	-	-	4,065,360
Equity Investment in Funds (EIF)								-	-	-	-	-
Past-due loans	-					345,346	3,588,513	-	-	-	-	3,933,859
Higher-risk categories								-	-	-	-	-
Other assets	187,498	81,818				3,226,621	448,916	-	-	-	-	3,944,853
<b>Total</b>	<b>16,114,175</b>	<b>425,048</b>	<b>250,444</b>	<b>454,456</b>	<b>325,892</b>	<b>19,769,705</b>	<b>4,037,429</b>	<b>-</b>	<b>3,431</b>	<b>-</b>	<b>-</b>	<b>41,380,580</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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 2022	Risk weights											Total credit exposures
	0%	20%	35%	50%	75%	100%	150%	Others	Others	Others	Others	
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
<b>Regulatory portfolio</b>												
Sovereigns	11,076,344	-	-	159,734	-	3,064,547	-	-	-	-	-	14,300,625
Public Sector Entities	140,737	-	-	21,148	-	1,186,569	-	-	-	-	-	1,348,454
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Banks	-	83,418	-	63,677	-	273	-	-	-	-	-	147,368
Securities firms	-	227	-	-	-	4,461	-	-	-	-	-	4,688
Corporates	3,630,601	-	-	-	-	9,572,667	-	-	217,630	-	-	13,420,898
Regulatory retail portfolios	73,235	-	-	-	104,175	78,377	-	-	-	-	-	255,787
Secured by residential property	45	-	381,286	-	25,315	1,271,047	-	-	-	-	-	1,677,693
Secured by commercial real estate	-	-	-	-	-	6,265,441	-	-	-	-	-	6,265,441
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	255,085	2,699,415	-	-	-	-	2,954,500
Higher-risk categories	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	357,765	56,956	-	-	-	2,672,354	454,278	-	-	-	-	3,541,353
<b>Total</b>	<b>15,278,727</b>	<b>140,601</b>	<b>381,286</b>	<b>244,559</b>	<b>129,490</b>	<b>24,370,821</b>	<b>3,153,693</b>	<b>-</b>	<b>217,630</b>	<b>-</b>	<b>-</b>	<b>43,916,807</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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 2023 (AED 000)</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>
1	SA-CCR (for derivatives)	2,777	63,888	-	1.4	93,331	31,049
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>2,777</b>	<b>63,888</b>	<b>-</b>	<b>1.4</b>	<b>93,331</b>	<b>31,049</b>

	<b>31 December 2022 (AED 000)</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>
1	SA-CCR (for derivatives)	2,449	28,585	-	1.4	43,447	17,274
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>2,449</b>	<b>28,585</b>	<b>-</b>	<b>1.4</b>	<b>43,447</b>	<b>17,274</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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.

<b>30 June 2023 (AED 000)</b>		<b>EAD post-CRM</b>	<b>RWA</b>
1	All portfolios subject to the Standardised CVA capital charge	93,331	31,049
2	All portfolios subject to the Simple alternative CVA capital charge	-	-

<b>31 December 2022 (AED 000)</b>		<b>EAD post-CRM</b>	<b>RWA</b>
1	All portfolios subject to the Standardised CVA capital charge	43,447	17,274
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 2023**
**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 2023 (AED 000)		Credit Exposure						
Regulatory portfolio	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	52,056	41,275	-	-	-	-	93,331
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>52,056</b>	<b>41,275</b>	-	-	-	-	<b>93,331</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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 2022 (AED 000)	Credit Exposure							
Regulatory portfolio	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	14,830	28,617	-	-	-	-	43,447
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>14,830</b>	<b>28,617</b>	-	-	-	-	<b>43,447</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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.

	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
30 June 2023 (AED 000)	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	9,587	-	147	-	-
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>9,587</b>	-	<b>147</b>	-	-

	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
31 December 2022 (AED 000)	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	4,371	-	4,294	-	-
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>4,371</b>	-	<b>4,294</b>	-	-



**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**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:

		30 June 2023	31 December 2022
		RWA	RWA
		AED 000	AED 000
1	General Interest rate risk (General and Specific)	-	-
2	Equity risk (General and Specific)	30,233	32,417
3	Foreign exchange risk	582	2,873
4	Commodity risk	-	-
	<b>Options</b>	-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
	<b>Total</b>	<b>30,815</b>	<b>35,290</b>

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

	30 June 2023		31 December 2022	
	AED 000	AED 000	AED 000	AED 000
<b>High Quality Liquid Assets</b>	<b>Nominal Amount</b>	<b>Eligible Liquid Asset</b>	<b>Nominal Amount</b>	<b>Eligible Liquid Asset</b>
Physical cash in hand at the bank + balance with the CBUAE	2,990,542		3,904,846	
UAE Federal Government Bonds and Sukuks	36,730		73,460	
<b>Subtotal</b>	<b>3,027,272</b>	<b>3,027,272</b>	<b>3,978,306</b>	<b>3,978,306</b>
UAE governments publicly traded debt securities	2,716,825		875,000	
UAE Public sector publicly traded debt securities	-	-	-	-
<b>Subtotal</b>	<b>2,716,825</b>	<b>931,468</b>	<b>875,000</b>	<b>875,000</b>
Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-	-	-
<b>Total</b>	<b>5,744,097</b>	<b>3,958,740</b>	<b>4,853,306</b>	<b>4,853,306</b>
Total liabilities		32,176,995		36,222,861
<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>12.30%</b>		<b>13.40%</b>

**Bank of Sharjah P.J.S.C.**
**Pillar III Disclosure for the period ended 30 June 2023**
**11. Liquidity risk management (continued)**
**11.2 Advances to Stables Resources Ratio (ASRR)**

	<b>30 June 2023 AED 000</b>	<b>31 December 2022 AED 000</b>
<b>Computation of Advances</b>		
Net Lending (Gross loans - specific and collective provisions + interest in suspense)	23,256,172	24,872,878
Lending to Non-banking financial institutions	25,070	24,784
Financial Guarantees & Stand-by LC (Issued - Received)	320,986	656,577
Interbank placements with a remaining life of more than 3 months	555,883	-
<b>Total Advances</b>	<b>24,158,111</b>	<b>25,554,239</b>
<b>Calculation of Net Stable Resources</b>		
Total own funds	5,024,740	4,839,290
<b>Deduct:</b>		
Goodwill and other intangible assets	-	22,111
Fixed Assets	1,353,894	1,537,942
Funds allocated to branches abroad	-	-
Unquoted Investments	153,319	239,171
Investment in subsidiaries, associates and affiliates	-	-
<b>Total deduction</b>	<b>1,507,213</b>	<b>1,799,224</b>
<b>Net Free Capital Funds</b>	<b>3,517,527</b>	<b>3,040,066</b>
<b>Other stable resources:</b>		
Interbank deposits with remaining life of more than 6 months	-	-
Refinancing of Housing Loans	-	-
Deposits from non-banking financial institutions remaining life of more than 6 months	245,104	139,766
85% of the rest of NBFI Deposits	277,721	615,245
Total customer deposits with remaining life of more than 6 months	10,855,798	5,346,129
85% of the rest of Customer Deposits	11,778,422	18,671,857
Capital market funding/ term borrowings maturing after 6 months from reporting date	4,013,481	2,600,403
<b>Total other stable resources</b>	<b>27,170,526</b>	<b>27,373,400</b>
<b>Total Stable Resources</b>	<b>30,688,053</b>	<b>30,413,466</b>
<b>Advances to stable resources ratio</b>	<b>78.72%</b>	<b>84.02%</b>