

**SUPPLEMENT NUMBER 1 DATED 22 AUGUST 2019 TO THE BASE PROSPECTUS  
DATED 9 JULY 2019**



**BOS FUNDING LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

unconditionally and irrevocably guaranteed by

**BANK OF SHARJAH P.J.S.C.**

*(incorporated in the Emirate of Sharjah with limited liability)*

**U.S.\$1,500,000,000**

**Euro Medium Term Note Programme**

This supplement (the **Supplement**) is supplemental to, forms part of and must be read and construed in conjunction with, the base prospectus dated 9 July 2019 (the **Base Prospectus**) prepared by BoS Funding Limited (the **Issuer**) in connection with its Euro Medium Term Note Programme (the **Programme**) for the issuance of up to U.S.\$1,500,000,000 in aggregate nominal amount of notes (**Notes**) guaranteed by Bank of Sharjah P.J.S.C. (the **Bank**).

Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the **CBI**) as competent authority under Directive 2003/71/EC, as amended or superseded (the **Prospectus Directive**). The CBI only approves this Supplement as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive.

## **IMPORTANT NOTICES**

Each of the Issuer and the Bank accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and the Bank (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the Dealers nor the Arranger have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Arranger as to the accuracy or completeness of the information contained in this Supplement or any other information provided by any Dealer or the Arranger or the Issuer or the Bank in connection with the Programme. To the fullest extent permitted by law, no Dealer accepts any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Supplement or any such statement, including in relation to the information contained in this Supplement or any other information provided by the Issuer or the Bank in connection with the Programme or the issue or offering of Notes thereunder.

To the extent that there is any inconsistency between: (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement; and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact or material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

This Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Bank or the Dealers to subscribe for, or purchase, any Notes.

Copies of this Supplement and the Base Prospectus: (i) will be available in electronic form on the website of the Irish Stock Exchange plc, trading as Euronext Dublin ([www.ise.ie](http://www.ise.ie)); and (ii) can be obtained on written request and without charge from the registered office of the Issuer and the Bank and from the specified office of the Principal Paying Agent as described in the Base Prospectus.

## AMENDMENTS OR ADDITIONS TO THE BASE PROSPECTUS

With effect from the date of this Supplement the information appearing in, or incorporated by reference into, the Base Prospectus shall be amended and/or supplemented in the manner described below.

1. The section entitled "*Documents Incorporated By Reference*" on page 21 of the Base Prospectus shall be amended as follows:

- (a) the following paragraph shall be inserted as a new paragraph "(a)":

"the reviewed condensed consolidated interim financial information of the Group as at and for the six months ended 30 June 2019 together with the review report thereon and the notes thereto (an electronic copy of which is available at [https://www.bankofsharjah.com/public/uploads/contents/FS\\_Q2\\_2019\\_English.h.pdf](https://www.bankofsharjah.com/public/uploads/contents/FS_Q2_2019_English.pdf)) (the **H1 2019 Financial Statements**);";

- (b) the alphabet "(a)" at the beginning of paragraph (a) shall be deleted and replaced with "(b)";
  - (c) the alphabet "(b)" at the beginning of paragraph (b) shall be deleted and replaced with "(c)";
  - (d) the alphabet "(c)" at the beginning of paragraph (c) shall be deleted and replaced with "(d)"; and
  - (e) the alphabet "(d)" at the beginning of paragraph (d) shall be deleted and replaced with "(e)".
2. The second paragraph of the section entitled "*Significant or Material Change*" on page 147 of the Base Prospectus shall be deleted in its entirety and replaced with the following paragraph:
 

"There has been no significant change in the financial or trading position of the Bank or the Group since 30 June 2019 and there has been no material adverse change in the prospects of the Bank or the Group since 31 December 2018."
3. The following shall be inserted on page 85 of the Base Prospectus, under the heading "*Recent Developments*":

"On 3 August 2019, the Bank published the H1 2019 Financial Statements, which have not been audited. The following discussion is based on the financial information included in the H1 2019 Financial Statements.

### Total operating income

	Six months ended 30 June		Percentage change
	2019	2018	2019/2018
	(AED'000)		(%)
Net interest income.....	223,193	234,239	(4.7)

Net fee and commission income .....	49,931	57,022	(12.4)
Exchange profit .....	6,432	8,053	(20.1)
Income on investments.....	15,611	41,558	(62.4)
Other income .....	12,281	7,404	65.9
<b>Operating income .....</b>	<b>307,448</b>	<b>348,276</b>	<b>(11.7)</b>

The Group's net interest income decreased by 4.7 per cent. from AED 234.2 million for the six months ended 30 June 2018 to AED 223.2 million for the six months ended 30 June 2019.

Non-interest income constituted 27.4 per cent. of the Group's total operating income for the six months ended 30 June 2019 and 32.7 per cent. of the Group's total operating income for the six months ended 30 June 2018. Total non-interest income for the six months ended 30 June 2019 decreased 26.1 per cent. from AED 114.0 million for the six months ended 30 June 2018 to AED 84.3 million for the six months ended 30 June 2019. This decrease was principally the result of an AED 25.9 million decrease in income on investments. Other income in the six months ended 30 June 2019 predominantly comprised rental income and income related to termination of financial instruments.

As a result of the foregoing, the Group's operating income for the six months ended 30 June 2019 decreased by 11.7 per cent. from AED 348.3 million for the six months ended 30 June 2018 to AED 307.4 million for the six months ended 30 June 2019.

#### *Net impairment loss on financial assets*

The Group's net impairment loss on financial assets for the six months ended 30 June 2019 decreased by 85.6 per cent. from AED 6.9 million for the six months ended 30 June 2018 to AED 1.0 million for the six months ended 30 June 2019. This was principally the result of recoveries and/or writebacks of provisions.

The Group's non-performing financings provisions ratio (calculated as the aggregate of impaired loans classified as Stage 3 under Basel III against provision held for Stage 3 Expected Credit Loss) for the six months ended 30 June 2019 was 63.99 per cent. compared to 62.87 per cent. for the year ended 31 December 2018. This ratio does not take into consideration mortgaged properties and other realisable collateral available against impaired loans.

#### *Net operating income*

As a result of the foregoing, the Group's net operating income for the six months ended 30 June 2019 decreased by 13.2 per cent. from AED 355.2 million for the six months ended 30 June 2018 to AED 308.4 million for the six months ended 30 June 2019.

### **Profit for the period**

#### *General and administrative expenses*

The Group's general and administrative expenses decreased by 1.9 per cent. from AED 143.0 million for the six months ended 30 June 2018 to AED 140.3 million for the six months ended 30 June 2019.

#### *Profit for the period*

As a result of the foregoing, the Group's profit for the six months ended 30 June 2019 decreased by 24.1 per cent. from AED 200.1 million for the six months ended 30 June 2018 to AED 151.9 million for the six months ended 30 June 2019.

## **Financial position**

### *Total assets*

The Group's total assets increased by 4.5 per cent. from AED 29,010.6 million as at 31 December 2018 to AED 30,330.3 million as at 30 June 2019. The Group's loans and advances increased by 10.8 per cent. from AED 16,214.3 million as at 31 December 2018 to AED 17,969.5 million as at 30 June 2019.

### *Customers' deposits*

The Group's customer deposits increased by 3.3 per cent. from AED 20,119.2 million as at 31 December 2018 to AED 20,784.9 million as at 30 June 2019."

4. The section entitled "*Management and Employees*" on page 119 of the Base Prospectus shall be updated by including the following:

"On 25 July 2019 the Board appointed Sheikh Mohamed Bin Saud Al Qasimi as Chairman of the Bank to replace Mr. Ahmed Abdalla Al Noman. The Board also appointed Sheikh Saif Bin Mohammed Bin Butti Al Hamed as Vice Chairman of the Bank."