

BASEL III – PILLAR III DISCLOSURES

Second Quarter – 2022

Table of Contents

1	Overview of Risk Management and RWA	3
	OV1: Overview of RWA.....	3
	KM1: Key metrics.....	3
2	Capital Composition	4
	CC1: Composition of regulatory capital.....	4
	CC2: Reconciliation of regulatory capital to balance sheet.....	7
	CCA: Main features of regulatory capital instruments.....	7
3	Macroprudential Supervisory measures	8
	CCyB1: Geographical distribution of credit exposures used in the countercyclical buffer	8
4	Leverage Ratio	8
	LR2: Leverage ratio common disclosure template	8
5	Liquidity	9
	LIQ1: Liquidity Coverage Ratio	9
	ELAR: Eligible Liquid Assets Ratio	9
	ASRR: Advances to Stable Resource Ratio.....	9
6	Credit Risk.....	10
	CR1: Credit quality of assets.....	10
	CR2: Changes in the stock of defaulted loans and debt securities	10
	CR4: Standardised approach - credit risk exposure and CRM effects	11
	CR5: Standardised approach - exposures by asset classes and risk weights.....	11
7	Market risk.....	12
	MR1: Market risk under the standardised approach	12

1 Overview of Risk Management and RWA

OV1: Overview of RWA

		RWA		Minimum capital requirements
		Q2 2022	Q1 2022	Q2 2022
1	Credit risk (excluding counterparty credit risk)	14,414,256	15,229,956	1,513,497
2	Of which: standardised approach (SA)	14,414,256	15,229,956	1,513,497
-	-			
-	-			
-	-			
6	Counterparty credit risk (CCR)	323,774	253,218	33,996
7	Of which: standardised approach for counterparty credit risk	323,774	253,218	33,996
-	-			
-	-			
-	-			
-	-			
12	Equity investments in funds - look-through approach	577,081	521,534	60,593
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	-			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	67,315	76,875	7,068
21	Of which: standardised approach (SA)	67,315	76,875	7,068
22	-			
23	Operational risk	1,154,498	1,154,498	121,222
-	-			
-	-			
26	Total (1+6+10+11+12+13+14+15+16+20+23)	16,536,925	17,236,080	1,736,377

Note: The numbers presented in all the tables are in AED '000s unless otherwise specified.

KM1: Key metrics

		Q2 2022	Q1 2022	Q4 2021
	Available capital (amounts)			
1	Common Equity Tier 1 (CET1)	2,411,132	2,480,183	2,522,257
1a	Fully loaded ECL accounting model	-	-	-
2	Tier 1	2,411,132	2,480,183	2,522,257
2a	Fully loaded ECL accounting model Tier 1	-	-	-
3	Total capital	2,602,600	2,680,242	2,720,809
3a	Fully loaded ECL accounting model total capital	-	-	-
	Risk-weighted assets (amounts)			
4	Total risk-weighted assets (RWA)	16,539,243	17,236,080	17,155,557
	Risk-based capital ratios as a percentage of RWA			

		Q2 2022	Q1 2022	Q4 2021
5	Common Equity Tier 1 ratio (%)	14.58%	14.39%	14.70%
5a	Fully loaded ECL accounting model CET1 (%)	-	-	-
6	Tier 1 ratio (%)	14.58%	14.39%	14.70%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	-	-	-
7	Total capital ratio (%)	15.74%	15.55%	15.86%
7a	Fully loaded ECL accounting model total capital ratio (%)	-	-	-
	Additional CET1 buffer requirements as a percentage of RWA			
8	Capital conservation buffer requirement (2.5% from 2019) (%)	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%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.58%	7.39%	7.70%
	Leverage Ratio			
13	Total leverage ratio measure	21,562,964	22,123,501	22,740,886
14	Leverage ratio (%) (row 2/row 13)	11.18%	11.21%	11.09%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	-	-	-
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.18%	11.21%	11.09%
	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	3,202,322	2,714,184	2,545,486
22	Total liabilities	18,613,071	19,495,218	19,014,966
23	Eligible Liquid Assets Ratio (ELAR) (%)	17.20%	13.92%	13.39%
	ASRR			
24	Total available stable funding	17,219,774	17,625,477	18,133,115
25	Total Advances	14,217,613	15,031,265	15,732,255
26	Advances to Stable Resources Ratio (%)	82.57%	85.28%	86.76%

*LCR and NSFR are not applicable

2 Capital Composition

CC1: Composition of regulatory capital

		Amounts
	Common Equity Tier 1 capital: instruments and reserves	
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	2,100,000
2	Retained earnings	276,694
3	Accumulated other comprehensive income (and other reserves)	34,438

4	<i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>	-
5	Common share capital issued by third parties (amount allowed in group CET1)	-
6	Common Equity Tier 1 capital before regulatory deductions	2,411,132
Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Other intangibles including mortgage servicing rights (net of related tax liability)	-
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-
11	Cash flow hedge reserve	-
12	Securitisation gain on sale	-
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-
14	Defined benefit pension fund net assets	-
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
20	Amount exceeding 15% threshold	-
21	Of which: significant investments in the common stock of financials	-
22	Of which: deferred tax assets arising from temporary differences	-
23	CBUAE specific regulatory adjustments	-
24	Total regulatory adjustments to Common Equity Tier 1	-
25	Common Equity Tier 1 capital (CET1)	2,411,132
Additional Tier 1 capital: instruments		
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-
27	Of which: classified as equity under applicable accounting standards	-
28	Of which: classified as liabilities under applicable accounting standards	-
29	<i>Directly issued capital instruments subject to phase-out from additional Tier 1</i>	-
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	Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments		
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	Additional Tier 1 capital (AT1)	-
39	Tier 1 capital (T1= CET1 + AT1)	2,411,132
Tier 2 capital: instruments and provisions		
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
41	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>	-
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	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-
44	Provisions	191,468
45	Tier 2 capital before regulatory adjustments	191,468
Tier 2 capital: regulatory adjustments		
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	Tier 2 capital (T2)	191,468
52	Total regulatory capital (TC = T1 + T2)	2,602,600
53	Total risk-weighted assets	16,539,243
Capital ratios and buffers		
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	14.58%
55	Tier 1 (as a percentage of risk-weighted assets)	14.58%
56	Total capital (as a percentage of risk-weighted assets)	15.74%
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)	0.00%
58	Of which: capital conservation buffer requirement	0.00%
59	Of which: bank-specific countercyclical buffer requirement	0.00%
60	Of which: higher loss absorbency requirement (e.g. DSIB)	0.00%
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	7.58%
The CBUAE Minimum Capital Requirement		
62	Common Equity Tier 1 minimum ratio	7.00%
63	Tier 1 minimum ratio	8.50%
64	Total capital minimum ratio	10.50%
Amounts below the thresholds for deduction (before risk weighting)		
-	-	-
66	Significant investments in common stock of financial entities	-
-	-	-
68	Deferred tax assets arising from temporary differences (net of related tax liability)	-

Applicable caps on the inclusion of provisions in Tier 2		
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	-
-	-	-
-	-	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
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)	-

CC2: Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	Q2 2022	Q2 2022
Assets		
Cash and balances with the Central Bank	2,331,316	2,331,316
Due from banks and financial institutions	837,314	837,314
Islamic financing and investing assets, net	13,502,047	13,502,047
Islamic Investments securities at amortised cost	97,680	97,680
Islamic Investments securities at FVTOCI	2,429,380	2,429,380
Investments in associate	177,313	177,313
Investments in Properties	367,433	367,433
Property and Equipment	128,732	128,732
Other Islamic assets	1,279,125	1,279,125
Total assets	21,150,340	21,150,340
Liabilities		
Islamic customers deposits	16,652,234	16,652,234
Due to banks and other financial institutions	1,738,013	1,738,013
Other Liabilities	234,000	234,000
Total liabilities	18,624,247	18,624,247
Shareholders' equity		
Share Capital	2,100,000	2,100,000
Statutory reserve	270,124	270,124
Investment fair value reserve	(235,685)	(235,685)
General impairment reserve	114,960	114,960
Retained earnings	276,694	276,694
Total shareholders' equity	2,526,093	2,526,093

CCA: Main features of regulatory capital instruments

Not applicable. There are no regulatory capital instruments issued by the Bank.

3 Macprudential Supervisory measures

CCyB1: Geographical distribution of credit exposures used in the countercyclical buffer

Not applicable. There are no private sector credit exposures relevant for the calculation of the countercyclical buffer.

4 Leverage Ratio

LR2: Leverage ratio common disclosure template

		Q2 2022	Q1 2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	21,149,274	21,790,725
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	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	21,149,274	21,790,725
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	1,492	1,707
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	7,157	16,045
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)	8,649	17,751
Securities financing transactions			
14	Gross SFT <i>assets</i> (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	1,291,698	1,131,414
20	(Adjustments for conversion to credit equivalent amounts)	(886,658)	(816,389)
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)	405,041	315,025
Capital and total exposures			
23	Tier 1 capital	2,411,132	2,480,183
24	Total exposures (sum of rows 7, 13, 18 and 22)	21,562,964	22,123,501
Leverage ratio			

		Q2 2022	Q1 2022
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	11.18%	11.21%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.18%	11.21%
26	CBUAE minimum leverage ratio requirement	3%	3%
27	Applicable leverage buffers	8.18%	8.21%

5 Liquidity

LIQ1: Liquidity Coverage Ratio

Not applicable

ELAR: Eligible Liquid Assets Ratio

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,332,631	
1.2	UAE Federal Government Bonds and Sukuks		
	Sub Total (1.1 to 1.2)	2,332,631	2,332,631
1.3	UAE local governments publicly traded debt securities	541,200	
1.4	UAE Public sector publicly traded debt securities		
	Sub total (1.3 to 1.4)	541,200	541,200
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	328,491	328,491
1.6	Total	3,202,322	3,202,322
2	Total liabilities		18,613,071
3	Eligible Liquid Assets Ratio (ELAR)		17.20%

ASRR: Advances to Stable Resource Ratio

	Items	Amount
1	Computation of Advances	
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	13,478,681
1.2	Lending to non-banking financial institutions	-
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	174,660
1.4	Interbank Placements	564,272
1.5	Total Advances	14,217,613
2	Calculation of Net Stable Resources	
2.1	Total capital + general provisions	2,637,193
	Deduct:	
2.1.1	Goodwill and other intangible assets	-
2.1.2	Fixed Assets	1,215,011
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	281,988
2.1.6	Investment in subsidiaries, associates and affiliates	177,313
2.1.7	Total deduction	1,674,312
2.2	Net Free Capital Funds	962,881
2.3	Other stable resources:	
2.3.1	Funds from the head office	-
2.3.2	Interbank deposits with remaining life of more than 6 months	-
2.3.3	Refinancing of Housing Loans	-

	Items	Amount
2.3.4	Borrowing from non-Banking Financial Institutions	1,358,804
2.3.5	Customer Deposits	14,898,089
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
2.3.7	Total other stable resources	16,256,893
2.4	Total Stable Resources (2.2+2.3.7)	17,219,774
3	Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	82.57

6 Credit Risk

CR1: Credit quality of assets

		Gross carrying values of		Allowances /Impairments	Of which ECL accounting provisions for credit losses on SA exposures allocated in		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		regulatory category of Specific	regulatory category of General	
		a	b	c	d	e	f
1	Loans	1,576,068	12,555,826	629,847	526,335	103,512	13,502,047
2	Debt securities	54,506	2,151,095	58,208	54,506	3,702	2,147,393
3	Off-balance sheet exposures	17,854	636,446	12,523	9,577	2,946	641,777
4	Total	1,648,428	15,343,367	700,578	590,418	110,160	16,291,217

CR2: Changes in the stock of defaulted loans and debt securities

1	Defaulted loans and debt securities at the end of the previous reporting period	1,783,236
2	Loans and debt securities that have defaulted since the last reporting period	411,621
3	Returned to non-default status	160,333
4	Amounts written off	289,143
5	Other changes	(169,313)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	1,576,068

CR4: Standardised approach - credit risk exposure and CRM effects

	Asset classes	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 density
1	Sovereigns and their central banks	3,621,121	-	3,621,121	-	724,761	20.01%
2	Public Sector Entities	116,091	-	39,415	-	19,708	50.00%
3	Multilateral development banks	328,568	-	328,568	-	-	0.00%
4	Banks	1,521,980	-	1,521,980	-	795,426	52.26%
5	Securities firms	-	-	-	-	-	0.00%
6	Corporates	3,613,699	1,256,693	2,532,968	295,850	2,763,475	97.69%
7	Regulatory retail portfolios	1,642,892	17,319	1,578,095	15,433	1,349,129	84.66%
8	Secured by residential property	3,837,345	-	3,807,767	-	2,827,257	74.25%
9	Secured by commercial real estate	3,637,929	-	3,609,241	-	3,609,241	100.00%
10	Equity Investment in Funds (EIF)	295,107	-	295,107	-	577,081	195.55%
11	Past-due loans	1,230,481	17,686	727,098	8,133	750,402	102.06%
12	Higher-risk categories	-	-	-	-	-	0.00%
13	Other assets	1,957,287	-	1,948,322	-	1,896,313	97.33%
14	Total	21,802,499	1,291,698	20,009,681	319,415	15,312,793	75.32%

CR5: Standardised approach - exposures by asset classes and risk weights

	Asset classes	Risk weight									Total credit exposures amount (post CCF and post-CRM)
		0%	20%	35%	50%	75%	85%	100%	150%	Others	
1	Sovereigns and their central banks	2,786,681	137,098	-	-	-	-	697,341	-	-	3,621,121
2	Public Sector Entities	-	-	-	39,415	-	-	-	-	-	39,415
3	Multilateral development banks	328,568	-	-	-	-	-	-	-	-	328,568
4	Banks	-	29,658	-	1,405,656	-	-	86,666	-	-	1,521,980
5	Securities firms	-	-	-	-	-	-	-	-	-	-

	Risk weight	Asset classes									Total credit exposures amount (post CCF and post-CRM)
		0%	20%	35%	50%	75%	85%	100%	150%	Others	
6	Corporates	-	-	-	114,474	-	74,366	2,633,877	6,100	-	2,828,817
7	Regulatory retail portfolios	-	-	-	-	977,594	-	615,933	-	-	1,593,528
8	Secured by residential property	-	-	1,508,476	-	-	-	2,299,291	-	-	3,807,767
9	Secured by commercial real estate	-	-	-	-	-	-	3,609,241	-	-	3,609,241
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	295,107	295,107
11	Past-due loans	-	-	-	-	-	-	704,889	30,342	-	735,231
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	88,194	-	-	-	-	-	1,787,756	72,371	-	1,948,322
14	Total	3,203,443	166,756	1,508,476	1,559,546	977,594	74,366	12,434,995	108,813	295,107	20,329,097

7 Market risk

MR1: Market risk under the standardised approach

		RWA
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	67,315
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
-	-	-
8	Securitisation	-
9	Total	67,315