

BASEL III – PILLAR III DISCLOSURES

Second Quarter – 2023

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1 Overview of Risk Management and RWA

OV1: Overview of RWA

		RWA		Minimum capital requirements
		Q2 2023	Q1 2023	Q2 2023
1	Credit risk (excluding counterparty credit risk)	16,029,184	15,470,684	1,683,064
2	Of which: standardised approach (SA)	16,029,184	15,470,684	1,683,064
-	-			
-	-			
-	-			
6	Counterparty credit risk (CCR)	329,187	324,084	34,564
7	Of which: standardised approach for counterparty credit risk	329,187	324,084	34,564
-	-			
-	-			
-	-			
-	-			
12	Equity investments in funds - look-through approach	291,798	292,085	30,639
13	Equity investments in funds - mandate-based approach	-	33,662	-
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	113,299	41,945	11,896
21	Of which: standardised approach (SA)	113,299	41,945	11,896
22	-			
23	Operational risk	1,197,031	1,197,031	125,688
-	-			
-	-			
26	Total (1+6+10+11+12+13+14+15+16+20+23)	17,960,499	17,359,491	1,885,851

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

KM1: Key metrics

		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	2,493,281	2,447,484	2,376,130	2,385,339	2,411,132
1a	Fully loaded ECL accounting model	-	-	-	-	-
2	Tier 1	2,493,281	2,447,484	2,376,130	2,385,339	2,411,132
2a	Fully loaded ECL accounting model Tier 1	-	-	-	-	-
3	Total capital	2,701,408	2,648,990	2,567,298	2,576,812	2,602,600
3a	Fully loaded ECL accounting model total capital	-	-	-	-	-
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	17,960,499	17,359,491	16,472,717	16,514,833	16,539,243

		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	13.88%	14.10%	14.42%	14.44%	14.58%
5a	Fully loaded ECL accounting model CET1 (%)	-	-	-	-	-
6	Tier 1 ratio (%)	13.88%	14.10%	14.42%	14.44%	14.58%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	-	-	-	-	-
7	Total capital ratio (%)	15.04%	15.26%	15.59%	15.60%	15.74%
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%	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 (%)	6.88%	7.10%	7.42%	7.44%	7.58%
	Leverage Ratio					
13	Total leverage ratio measure	23,950,681	23,280,445	21,424,944	20,932,552	21,562,964
14	Leverage ratio (%) (row 2/row 13)	10.41%	10.51%	11.09%	11.40%	11.18%
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)	10.41%	10.51%	11.09%	11.40%	11.18%
	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	3,814,566	3,270,489	2,732,051	2,808,511	3,202,322
22	Total liabilities	21,492,351	19,842,511	18,269,351	17,515,241	18,613,071
23	Eligible Liquid Assets Ratio (ELAR) (%)	17.75%	16.48%	14.95%	16.03%	17.20%
	ASRR					
24	Total available stable funding	18,925,269	18,724,019	16,550,285	16,251,585	17,219,774
25	Total Advances	15,563,124	14,533,387	14,261,477	13,744,205	14,217,613
26	Advances to Stable Resources Ratio(%)	82.23%	77.62%	86.17%	84.57%	82.57%

*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	2,173,500
2	Retained earnings	396,148
3	Accumulated other comprehensive income (and other reserves)	(23,054)
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	2,546,594
Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	9,852
8	Goodwill (net of related tax liability)	(33,166)
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)	(30,000)
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)	2,493,281
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)	2,493,281
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	208,127
45	Tier 2 capital before regulatory adjustments	208,127
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)	208,127
52	Total regulatory capital (TC = T1 + T2)	2,701,408
53	Total risk-weighted assets	17,960,499
Capital ratios and buffers		
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	13.88%
55	Tier 1 (as a percentage of risk-weighted assets)	13.88%
56	Total capital (as a percentage of risk-weighted assets)	15.04%
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.	6.88%

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 2023	Q2 2023
Assets		
Cash and balances with the Central Bank	3,026,338	3,026,338
Due from banks and financial institutions	2,038,798	2,038,798
Islamic financing and investing assets, net	13,725,883	13,725,883
Islamic Investments securities at amortised cost	260,835	260,835
Islamic Investments securities at FVTOCI	2,573,207	2,573,207
Investments in associate	63,503	63,503
Investments in Properties	385,489	385,489
Property and Equipment	123,974	123,974
Other Islamic assets	1,384,428	1,384,428
Total assets	23,582,455	23,582,455
Liabilities		
Islamic customers deposits	19,213,137	19,213,137
Due to banks and other financial institutions	749,285	749,285
Other Liabilities	972,223	972,223
Total liabilities	20,934,645	20,934,645

	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	Q2 2023	Q2 2023
Shareholders' equity		
Share Capital	2,173,500	2,173,500
Statutory reserve	286,331	286,331
Investment fair value reserve	(309,385)	(309,385)
General impairment reserve	101,216	101,216
Retained earnings	396,148	396,148
Total shareholders' equity	2,647,810	2,647,810
Total liabilities and Equity	23,582,455	23,582,455

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 2023	Q1 2023
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	23,578,456	22,849,741
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)	23,578,456	22,849,741
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)	3,999	3,317
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	48,338	41,484
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)	73,272	62,721

		Q2 2023	Q1 2023
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	1,005,768	1,068,777
20	(Adjustments for conversion to credit equivalent amounts)	(706,814)	(700,794)
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)	298,953	367,983
Capital and total exposures			
23	Tier 1 capital	2,493,281	2,447,484
24	Total exposures (sum of rows 7, 13, 18 and 22)	23,950,681	23,280,445
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	10.41%	10.51%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	10.41%	10.51%
26	CBUAE minimum leverage ratio requirement	3%	3%
27	Applicable leverage buffers	7.41%	7.51%

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	2,913,653	
1.2	UAE Federal Government Bonds and Sukuks	-	
	Sub Total (1.1 to 1.2)	2,913,653	2,913,653
1.3	UAE local governments publicly traded debt securities	565,581	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub Total (1.3 to 1.4)	565,581	565,581
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	335,332	335,332
1.6	Total	3,814,566	3,814,566
2	Total liabilities		21,492,351
3	Eligible Liquid Assets Ratio (ELAR)		17.75%

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)	13,771,614
	1.2	Lending to non-banking financial institutions	134,218

	Items	Amount
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	191,610
1.4	Interbank Placements	1,465,682
1.5	Total Advances	15,563,124
2	Calculation of Net Stable Resources	
2.1	Total capital + general provisions	2,784,042
	Deduct:	
2.1.1	Goodwill and other intangible assets	-
2.1.2	Fixed Assets	1,141,139
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	251,329
2.1.6	Investment in subsidiaries, associates and affiliates	63,503
2.1.7	Total deduction	1,455,971
2.2	Net Free Capital Funds	1,328,071
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	-
2.3.4	Borrowing from non-Banking Financial Institutions	283,881
2.3.5	Customer Deposits	17,313,317
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
2.3.7	Total other stable resources	17,597,198
2.4	Total Stable Resources (2.2+2.3.7)	18,925,269
3	Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	82.23

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	1,925,920	12,340,733	540,770	409,100	131,670	13,725,883
2	Debt securities	0	2,587,274	11,467	0	11,467	2,575,807
3	Off-balance sheet exposures	29,957	439,922	12,911	9,435	3,476	456,968
4	Total	1,955,877	15,367,929	565,148	418,535	146,613	16,758,658

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	2,257,083
2	Loans and debt securities that have defaulted since the last reporting period	120,884
3	Returned to non-default status	396,870
4	Amounts written off	54,506
5	Other changes	-671
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	1,925,920

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	4,722,990	-	4,587,990	-	831,776	18.13%
2	Public Sector Entities	332,859	-	332,859	-	316,293	95.02%
3	Multilateral development banks	321,983	-	321,983	-	-	0.00%
4	Banks	2,918,112	-	2,918,112	-	2,087,187	71.53%
5	Securities firms	-	-	-	-	-	0.00%
6	Corporates	3,704,896	376,125	2,830,917	253,954	3,069,400	99.50%
7	Regulatory retail portfolios	1,492,600	17,671	1,438,484	15,219	1,221,518	84.03%
8	Secured by residential property	3,712,315	-	3,712,132	-	2,728,484	73.50%
9	Secured by commercial real estate	2,788,463	-	2,788,463	-	2,788,463	100.00%
10	Equity Investment in Funds (EIF)	145,410	-	145,410	-	291,798	200.67%
11	Past-due loans	1,932,748	29,789	1,296,239	29,789	1,395,770	105.26%
12	Higher-risk categories	-	-	-	-	-	0.00%
13	Other assets	2,145,596	-	2,136,623	-	1,888,039	88.37%
14	Total	24,217,973	423,585	22,509,212	298,962	16,618,729	72.86%

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	3,662,335	134,070	-	-	-	-	764,829	26,756	-	4,587,990
2	Public Sector Entities	-	-	-	33,132	-	-	299,727	-	-	332,859
3	Multilateral development banks	321,983	-	-	-	-	-	-	-	-	321,983
4	Banks	-	76,702	-	1,539,140	-	-	1,302,258	13	-	2,918,112
5	Securities firms	-	-	-	-	-	-	-	-	-	-

Asset classes	Risk weight										Total credit exposures amount (post CCF and post-CRM)
	0%	20%	35%	50%	75%	85%	100%	150%	Others		
6 Corporates	-	-	-	112,767	-	83,654	2,781,528	106,921	-	-	3,084,871
7 Regulatory retail portfolios	-	-	-	-	928,741	-	524,963	-	-	-	1,453,704
8 Secured by residential property	-	-	1,513,304	-	-	-	2,198,828	-	-	-	3,712,132
9 Secured by commercial real estate	-	-	-	-	-	-	2,788,463	-	-	-	2,788,463
10 Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	145,410	-	145,410
11 Past-due loans	-	-	-	-	-	-	1,167,675	158,353	-	-	1,326,028
12 Higher-risk categories	-	-	-	-	-	-	-	-	-	-	-
13 Other assets	276,787	-	-	-	-	-	1,803,428	56,408	-	-	2,136,623
14 Total	4,261,106	210,772	1,513,304	1,685,040	928,741	83,654	13,631,698	348,450	145,410	22,808,175	

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)	70,315
3	Foreign exchange risk	42,983
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
-	-	-
8	Securitisation	-
9	Total	113,299