



(Incorporated in Switzerland 1967)

Habib Bank AG Zurich

United Arab Emirates

Basel Pillar III Disclosures
for the period ended 30th June 2023

Table of Contents

1.	Introduction:	1
2.	Highlights:	1
3.	Key Metrics (KM1)	2
4.	Regulatory Capital	5
	Capital Management	5
	Composition of Regulatory Capital (CC1).....	6
	Reconciliation of regulatory capital to balance sheet (CC2)	10
	Countercyclical Buffer	11
5.	Leverage Ratio	11
	Summary comparison of accounting assets vs leverage ratio exposure (LR1)	11
	Leverage ratio common disclosure template (LR2)	12
6.	Credit Risk	13
	Credit quality of assets (CR1)	13
	Changes in stock of defaulted loans and debt securities (CR2).....	14
	Credit risk mitigation techniques –Overview (CR3).....	14
	Standardized approach - Credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)	15
	Standardized approach - Exposures by asset classes and risk weights (CR5).....	16
7.	Counterparty credit risk (CCR)	17
	Analysis of Counterparty Credit Risk by approach (CCR1)	17
	Credit valuation adjustment capital charge (CCR2).....	17
	Standardized approach - CCR exposures by regulatory portfolio and risk weights (CCR3)	18
	Composition of collateral for Counterparty Credit Risk exposure (CCR5)	19
	Credit Derivative exposure (CCR6).....	20
	Exposures to Central Counterparties (CCR8)	21
8.	Market Risk	22
	Market risk under the standardized approach (MR1).....	22
9.	Liquidity Risk	23
	Eligible Liquid Assets Ratio	23
	Advances to Stables Resource Ratio	24

1. Introduction:

Habib Bank AG Zurich, UAE Branches (the “Bank”) operates in the Emirates of Abu Dhabi, Dubai and Sharjah under a full commercial banking license issued by the Central Bank of the United Arab Emirates. The Head Office of the Bank is Habib Bank AG Zurich (the “Head Office”) incorporated in Switzerland. The registered address of the Bank is PO Box 3306, Dubai, United Arab Emirates.

2. Highlights:

In line with Article 2.2. of Capital Adequacy Regulation, CBUAE requires banks to apply the following minimum requirement:

- CET1 must be at least 7% of risk weighted assets (RWA);
- Tier 1 Capital must be at least 8.5% of RWA;
- Total Capital, calculated as the sum of Tier 1 Capital and Tier 2 Capital, must be at least 10.5% of RWA.
- In addition to the minimum CET1 capital of 7% of RWA, banks must maintain a capital conservation buffer (CCB) and Countercyclical Capital Buffer (CCyB), maximum of 2.5% of RWAs on the form of CET1 capital.
- All banks must maintain a leverage ratio of at least 3.0%.

The Bank has complied with all the externally imposed capital requirements and is well capitalized with low leverage and high levels of loss-absorbing capacity. As at 30th June 2023:

- The Bank’s Common Equity Tier 1 (CET1) ratio of 20.30%, Tier 1 capital Ratio of 20.30%, Capital Adequacy Ratio of 21.41%, are all well ahead of the regulatory requirements.
- The Bank’s leverage ratio of 9.60% is well ahead of the current regulatory requirement.
- The Bank continues to manage its balance sheet proactively, with focus on sound RWA management.

3. Key Metrics (KM1)

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

	AED'000	AED'000	AED'000	AED'000	AED'000
	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 Jun 2022
Available capital (amounts)					
Common Equity Tier 1 (CET1)	1,384,916	1,385,085	1,392,166	1,246,312	1,292,324
Fully loaded ECL accounting model	1,384,916	1,385,085	1,392,166	1,246,312	1,292,324
Tier 1	1,384,916	1,385,085	1,392,166	1,246,312	1,292,324
Fully loaded ECL accounting model Tier 1	1,384,916	1,385,085	1,392,166	1,246,312	1,292,324
Total capital	1,459,969	1,458,417	1,469,072	1,324,411	1,373,542
Fully loaded ECL accounting model total capital	1,459,969	1,458,417	1,469,072	1,324,411	1,373,542
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	6,820,683	6,681,508	6,965,947	7,016,051	7,268,980
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio (%)	20.30%	20.73%	19.99%	17.76%	17.78%
Fully loaded ECL accounting model CET1 (%)	20.30%	20.73%	19.99%	17.76%	17.78%
Tier 1 ratio (%)	20.30%	20.73%	19.99%	17.76%	17.78%
Fully loaded ECL accounting model Tier 1 ratio (%)	20.30%	20.73%	19.99%	17.76%	17.78%
Total capital ratio (%)	21.41%	21.83%	21.09%	18.88%	18.90%
Fully loaded ECL accounting model total capital ratio (%)	21.41%	21.83%	21.09%	18.88%	18.90%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Total of bank CET1 specific buffer requirements (%)	2.50%	2.50%	2.50%	2.50%	2.50%
CET1 available after meeting the bank's minimum capital requirements (%)	10.91%	11.33%	10.59%	8.38%	8.40%

	AED'000	AED'000	AED'000	AED'000	AED'000
	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 Jun 2022
Leverage Ratio					
Total leverage ratio measure	14,426,094	14,456,997	14,254,971	14,206,283	14,343,382
Leverage ratio (%)	9.60%	9.58%	9.77%	8.77%	9.01%
Fully loaded ECL accounting model leverage ratio (%)	9.60%	9.58%	9.77%	8.77%	9.01%
Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	9.60%	9.58%	9.77%	8.77%	9.01%
Total HQLA	4,812,025	4,750,504	4,176,460	3,786,872	3,483,150
Total liabilities	12,171,418	12,194,326	12,140,477	12,111,954	12,361,467
Eligible Liquid Assets Ratio (ELAR) (%)	39.5%	39.0%	34.4%	31.3%	28.2%
ASRR					
Total available stable funding	11,683,454	11,800,707	11,654,998	11,422,336	11,636,302
Total Advances	4,276,627	4,070,448	4,128,799	4,417,206	4,737,407
Advances to Stable Resources Ratio (%)	36.6%	34.5%	35.4%	38.7%	40.7%

Overview of RWAs (OV1)

		AED'000	AED'000	AED'000
		RWA		Minimum capital requirements
		30 Jun 2023	31 Mar 2023	30 Jun 2023
1	Credit risk (excluding counterparty credit risk)	5,998,413	5,858,492	629,833
2	Of which: standardised approach (SA)	5,998,413	5,858,492	629,833
6	Counterparty credit risk (CCR)	4,272	5,239	449
7	Of which: standardised approach for counterparty credit risk	4,272	5,239	449
10	Credit valuation adjustment (CVA)	1,560	2,840	164
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	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA)			
19	Of which: securitisation standardised approach (SEC-SA)			
20	Market risk	13,169	11,669	1,383
21	Of which: standardised approach (SA)	13,169	11,669	1,383
23	Operational risk	803,268	803,268	84,343
26	Total (1+6+10+12+13+14+15+16+20+23)	6,820,683	6,681,508	716,172

Total capital requirement is defined as the sum of Pillar I and Pillar II capital requirements set by the CBUAE for Capital Adequacy. The minimum requirements represents the total capital requirement to be met by CET1.

4. Regulatory Capital

Capital Management

The Bank's regulator, the Central Bank of the UAE ('CBUAE'), sets and monitors regulatory capital requirements.

The Bank's objectives when managing capital are as follows:

- Safeguard the Bank's ability to continue as a going concern and optimize returns for shareholders;
- Comply with regulatory capital requirements set by the Central Bank of the UAE.

The Bank's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank also assesses its capital requirements internally taking into consideration growth requirements and business plans, and quantifies its Regulatory and Risk / Economic Capital requirements within its ICAAP.

Risks such as Interest Rate Risk in the Banking Book, Credit Concentration Risk, Legal Risk, Compliance Risk, Liquidity Risk, Business Risk, Residual Risk, Counterparty Credit Risk and Reputational Risk are all part of the ICAAP.

The CBUAE supervises the Bank on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Bank as a whole. Effective from 2017, the capital is computed at a Bank level using the Basel III framework of the Basel Committee on Banking Supervision ('Basel Committee'), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework, like Basel II, is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline.

The Bank has complied with all the externally imposed capital requirements.

Composition of Regulatory Capital (CC1)

		(AED 000) 30 June 2023
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	500,000
2	Retained earnings	971,770
3	Accumulated other comprehensive income (and other reserves)	(86,854)
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	1,384,916
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)	-

	Common Equity Tier 1 capital regulatory adjustment	(AED 000) June 30, 2023
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)	1,384,916
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)	1,384,916
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)	-

		(AED 000) June 30, 2023
	Tier 2 capital: instruments and provision	
43	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-
44	Provisions	75,053
45	Tier 2 capital before regulatory adjustments	75,053
	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)	75,053
52	Total regulatory capital (TC = T1 + T2)	1,459,969
53	Total risk-weighted assets	6,820,683
	Capital ratios and buffers	
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	20.30%
55	Tier 1 (as a percentage of risk-weighted assets)	20.30%
56	Total capital (as a percentage of risk-weighted assets)	21.41%
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)	2.50%
58	Of which: capital conservation buffer requirement	2.50%
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.	10.91%
	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%

		(AED 000) June 30, 2023
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)	209,732
70	Cap on inclusion of provisions in Tier 2 under standardised approach	75,053
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
73	<i>Current cap on CET1 instruments subject to phase-out arrangements</i>	-
74	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	-
75	<i>Current cap on AT1 instruments subject to phase-out arrangements</i>	-
76	<i>Amount excluded from AT1 due to cap (excess after redemptions and maturities)</i>	-
77	<i>Current cap on T2 instruments subject to phase-out arrangements</i>	-
78	<i>Amount excluded from T2 due to cap (excess after redemptions and maturities)</i>	-

Reconciliation of regulatory capital to balance sheet (CC2)

The table also presents 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 (CC1).

30 th June 2023	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	AED’000	AED’000
Assets		
Cash and balances with UAE Central Bank	2,208,944	2,208,944
Due from banks	2,284,975	2,284,975
Due from related parties	50,304	50,304
Loans and Islamic financing receivables	3,549,606	3,549,606
Investments	5,275,191	5,275,191
Property and equipment	41,712	41,712
Right of use of assets	81,395	81,395
Customers’ indebtedness for acceptances	64,944	64,944
Deferred tax assets	62,445	62,445
Other assets	147,938	147,938
Total assets	13,767,454	13,767,454
Liabilities		
Deposits from customers	11,695,301	11,695,301
Due to banks	104,517	104,517
Due to related parties	11,979	11,979
Liabilities under acceptances	64,944	64,944
Other liabilities	218,031	218,031
Lease liabilities	61,315	61,315
Deferred tax liability	-	-
Total liabilities	12,156,087	12,156,087
Shareholders' equity		
Allocated capital	500,000	500,000
Legal reserve	50,000	50,000
Retained earnings	1,167,838	1,167,838
Revaluation Reserves	-106,471	-106,471
Impairment Reserves	-	-
Total shareholders' equity	1,611,367	1,611,367

Countercyclical Buffer

The table also presents Geographical distribution of credit exposures used in the countercyclical capital buffer

Geographical breakdown	30th June 2023 (AED'000)				
	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
		Exposure values	Risk-weighted assets		
UAE	0%	14,450,058	6,002,685		
Total		14,450,058	6,002,685		

5. Leverage Ratio

Summary comparison of accounting assets vs leverage ratio exposure (LR1)

The following table reconciles the total assets in the published financial statements to the leverage ratio exposure measure.

		30 Jun 2023 AED'000
1	Total consolidated assets	13,767,454
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	136,854
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	
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	12,053
9	Adjustment for securities financing transactions (ie repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	510,056
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	-
13	Leverage ratio exposure measure	14,426,417

Leverage ratio common disclosure template (LR2)

The following table provides a detailed breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers.

		AED'000	AED'000
		30 Jun 2023	31 Mar 2023
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	13,702,510	13,712,978
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)	136,854	136,693
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	13,839,364	13,849,671
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	7
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	8,606	11,101
10	CCR exposure for derivatives transactions (calculated as 1.4 x (Row 4+5))	12,053	15,551
11	(Exempted CCP leg of client-cleared trade exposures)		
12	Adjusted effective notional amount of written credit derivatives (Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	Total derivative exposures (sum of rows 8 to 12)	12,053	15,551
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)	-	-

		AED'000 30 Jun 2023	AED'000 31 Mar 2023
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	2,389,493	2,414,233
20	(Adjustments for conversion to credit equivalent amounts)	-1,814,816	-1,822,458
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)	574,678	591,775
Capital and total exposures			
23	Tier 1 capital	1,384,916	1,385,085
24	Total exposures (sum of rows 7, 13, 18 and 22)	14,426,094	14,456,997
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	9.6%	9.6%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.6%	9.6%
26	CBUAE minimum leverage ratio requirement	3.0%	3.0%
27	Applicable leverage buffers	6.6%	6.6%

6. Credit Risk

Credit quality of assets (CR1)

The table provides a comprehensive picture of the credit quality of the Bank's (on- and off-balance sheet) assets.

		a	b	c	d	e	f
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
30 th June 2023 (AED'000)		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	112,897	3,763,100	326,391	111,028	215,363	3,549,606
2	Debt securities		5,275,684	493		493	5,275,191
3	Off-balance sheet exposures	2,061	726,377	7,250	1,957	5,293	721,188
4	Total	114,958	9,765,161	334,134	112,985	221,149	9,545,985

Changes in stock of defaulted loans and debt securities (CR2)

The below 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.

		30 Jun 2023 AED'000
1	Defaulted loans and debt securities at the end of the previous reporting period (Dec 31, 2022)	124,823
2	Loans and debt securities that have defaulted since the last reporting period	5,672
3	Returned to non-default status	
4	Amounts written off	(72)
5	Other changes	(15,465)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	114,958

Credit risk mitigation techniques –Overview (CR3)

The following table represents the extent of use of credit risk mitigation techniques.

		a	b	c	d	e	f	g
30th June 2023 (AED'000)		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	2,506,049	1,369,758	424,554	190	190	-	-
2	Debt securities	5,275,684	-	-	-	-	-	-
3	Total	7,781,733	1,369,758	424,554	190	190	0	0
4	Of which defaulted	35,998	76,899	5,243	-	-	-	-

Standardized approach - Credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

The following table illustrates the effect of CRM on standardized approach capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

30 th June 2023 (AED'000)	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
Sovereigns and their central banks	4,843,764	-	4,843,764	-	60,348	1.25%
Public Sector Entities	10,826	-	10,826	-	2,165	20.00%
Multilateral development banks	-	-	-	-	-	-
Banks	3,457,680	70,409	3,480,208	17,001	1,425,685	40.77%
Securities firms	-	-	-	-	-	-
Corporates	3,700,523	2,235,415	3,690,238	444,014	2,877,488	69.60%
Regulatory retail portfolios	190,519	91,906	190,329	71,949	106,681	40.67%
Secured by residential property	567,497	-	567,497	-	377,834	66.58%
Secured by commercial real estate	585,420	-	585,420	-	585,420	100.00%
Equity Investment in Funds (EIF)	-	-	-	-	-	-
Past-due loans	284,583	3,816	147,197	3816	143,913	95.30%
Higher-risk categories	-	-	-	-	-	-
Other assets	398,988	-	397,800	-	423,151	106.37%
Total	14,039,800	2,401,546	13,913,279	536,779	6,002,685	41.54%

Standardized approach - Exposures by asset classes and risk weights (CR5)

The following table presents the breakdown of credit risk exposures under the standardized approach by asset class and risk weight.

30th June 2023 AED'000										
Asset classes		0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	4,783,416					60,348	-		4,843,764
2	Public Sector Entities		10,826							10,826
3	Multilateral development banks									-
4	Banks		1,684,835		1,541,434		176,819	94,122		3,497,209
5	Securities firms									-
6	Corporates	621,008	45,294		951,228		1,685,493	1,197	830,032	4,134,252
7	Regulatory retail portfolios	132,836				91,044	38,398			262,278
8	Secured by residential property	118		291,607		-	275,772			567,497
9	Secured by commercial real estate	-					585,420			585,420
10	Equity Investment in Funds (EIF)									-
11	Past-due loans	7,102					143,907	4		151,013
12	Higher-risk categories									-
13	Other assets	68,317					267,038		62,445	397,800
14	Total	5,612,797	1,740,955	291,607	2,492,662	91,044	3,233,195	95,323	892,477	14,450,058

7. Counterparty credit risk (CCR)

Analysis of Counterparty Credit Risk by approach (CCR1)

The following table provides a comprehensive view of the method used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method.

30 th June 2023 AED'000		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	3	8,606		1.4	12,053	4,272
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5							
6	Total						4,272

Credit valuation adjustment capital charge (CCR2)

		a	B
		EAD post-CRM	RWA
1	All portfolios subject to the Standardised CVA capital charge	12,053	1,560
2	All portfolios subject to the Simple alternative CVA capital charge		

Standardized approach - CCR exposures by regulatory portfolio and risk weights (CCR3)

The following table provides a breakdown of counterparty credit risk exposures calculated according to the standardized approach by regulatory portfolio and by risk weight.

Regulatory portfolio	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	5,849	6,203	-	-	-	-	12,053
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	-	-	-	-	-	-	-	-
Total	-	5,849	6,203	-	-	-	-	12,053

Composition of collateral for Counterparty Credit Risk exposure (CCR5)

The following table provide a breakdown of all types of collateral posted or received by the Bank to support or reduce the counterparty credit risk exposures related to derivative transactions.

30 th Jun 2023 AED'000	a	b	c	d	e	f
	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
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

Credit Derivative exposure (CCR6)

The following table provide a breakdown of extent of a bank's exposures to credit derivatives transactions broken down between derivatives bought or sold.

	a	b
	Protection bought	Protection sold
Notionals	-	-
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total notionals	-	-
Fair values	-	-
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

Exposures to Central Counterparties (CCR8)

The following table provide a breakdown comprehensive picture of the bank's exposures to central counterparties. In particular, the template includes all types of exposures (due to operations, margins, contributions to default funds) and related capital requirements.

		a	b
		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:	-	-
3	(i) OTC derivatives	12,053	4,272
4	(ii) Exchange-traded derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

8. Market Risk

Market risk under the standardized approach (MR1)

		30th June 2023 AED'000
		RWA
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	13,169
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus method	
7		
8	Securitisation	
9	Total	13,169

9. Liquidity Risk

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	2,208,943	
1.2	UAE Federal Government Bonds and Sukuks	2,603,082	
	Sub Total (1.1 to 1.2)	4,812,025	4,812,025
1.3	UAE local governments publicly traded debt securities		
1.4	UAE Public sector publicly traded debt securities		
	Sub total (1.3 to 1.4)	0	0
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks		0
1.6	Total	4,812,025	4,812,025
2	Total liabilities		12,171,418
3	Eligible Liquid Assets Ratio (ELAR)		39.5%

Advances to Stables Resource Ratio

		Items	Amount
1		Computation of Advances	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	3,551,131
	1.2	Lending to non-banking financial institutions	1,641
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	203,807
	1.4	Interbank Placements	520,048
	1.5	Total Advances	4,276,627
2		Calculation of Net Stable Resources	
	2.1	Total capital + general provisions	1,666,129
		Deduct:	
	2.1.1	Goodwill and other intangible assets	
	2.1.2	Fixed Assets	41,712
	2.1.3	Funds allocated to branches abroad	
	2.1.5	Unquoted Investments	1,197
	2.1.6	Investment in subsidiaries, associates and affiliates	
	2.1.7	Total deduction	42,909
	2.2	Net Free Capital Funds	1,623,220
	2.3	Other stable resources:	
	2.3.1	Funds from the head office	0
	2.3.2	Interbank deposits with remaining life of more than 6 months	0
	2.3.3	Refinancing of Housing Loans	0
	2.3.4	Borrowing from non-Banking Financial Institutions	17,376
	2.3.5	Customer Deposits	10,042,858
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	
	2.3.7	Total other stable resources	10,060,234
	2.4	Total Stable Resources (2.2+2.3.7)	11,683,454
3		Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	36.60