



(Incorporated in Switzerland 1967)

# Habib Bank AG Zurich

## United Arab Emirates

Basel Pillar III Disclosures  
for the period ended 30<sup>th</sup> June 2024

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## **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.

## **1. 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 30 June 2024:

- The Bank’s Common Equity Tier 1 (CET1) ratio of 21.44%, Tier 1 capital Ratio of 21.44%, Capital Adequacy Ratio of 22.49%, are all well ahead of the regulatory requirements.
- The Bank’s leverage ratio of 9.71% is well ahead of the current regulatory requirement.
- The Bank continues to manage its balance sheet proactively, with focus on sound RWA management.

## 2. 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 2024	31 Mar 2024	31 Dec 2023	30 Sept 2023	30 Jun 2023
<b>Available capital (amounts)</b>					
Common Equity Tier 1 (CET1)	1,443,432	1,436,782	1,454,436	1,373,523	1,384,916
Fully loaded ECL accounting model	1,443,432	1,436,782	1,454,436	1,373,523	1,384,916
Tier 1	1,443,432	1,436,782	1,454,436	1,373,523	1,384,916
Fully loaded ECL accounting model Tier 1	1,443,432	1,436,782	1,454,436	1,373,523	1,384,916
Total capital	1,514,335	1,504,709	1,525,327	1,446,539	1,459,969
Fully loaded ECL accounting model total capital	1,514,335	1,504,709	1,525,327	1,446,539	1,459,969
<b>Risk-weighted assets (amounts)</b>					
Total risk-weighted assets (RWA)	6,733,446	6,498,068	6,727,267	6,652,936	6,820,683
<b>Risk-based capital ratios as a percentage of RWA</b>					
Common Equity Tier 1 ratio (%)	21.44%	22.11%	21.62%	20.65%	20.30%
Fully loaded ECL accounting model CET1 (%)	21.44%	22.11%	21.62%	20.65%	20.30%
Tier 1 ratio (%)	21.44%	22.11%	21.62%	20.65%	20.30%
Fully loaded ECL accounting model Tier 1 ratio (%)	21.44%	22.11%	21.62%	20.65%	20.30%
Total capital ratio (%)	22.49%	23.16%	22.67%	21.74%	21.41%
Fully loaded ECL accounting model total capital ratio (%)	22.49%	23.16%	22.67%	21.74%	21.41%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement (%)	0.03%	0.03%	0.17%	0.00%	0.00%
Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total of bank CET1 specific buffer requirements (%)</b>	<b>2.53%</b>	<b>2.53%</b>	<b>2.67%</b>	<b>2.50%</b>	<b>2.50%</b>
CET1 available after meeting the bank's minimum capital requirements (%)	11.99%	12.66%	12.17%	11.24%	10.91%

	AED'000	AED'000	AED'000	AED'000	AED'000
	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sept 2023	30 Jun 2023
<b>Leverage Ratio</b>					
Total leverage ratio measure	14,869,556	15,266,335	15,305,830	14,765,411	14,426,094
Leverage ratio (%)	9.71%	9.41%	9.50%	9.30%	9.60%
Fully loaded ECL accounting model leverage ratio (%)	9.71%	9.41%	9.50%	9.30%	9.60%
Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	9.71%	9.41%	9.50%	9.30%	9.60%
Total HQLA	5,479,847	6,239,222	6,115,688	5,101,547	4,812,025
Total liabilities	12,643,541	12,697,044	12,837,877	12,371,572	12,171,418
Eligible Liquid Assets Ratio (ELAR) (%)	43.3%	49.1%	47.6%	41.2%	39.5%
<b>ASRR</b>					
Total available stable funding	12,183,204	12,488,372	12,417,571	11,902,818	11,683,454
Total Advances	4,202,118	3,944,135	3,851,504	3,925,482	4,276,627
Advances to Stable Resources Ratio (%)	34.5%	31.6%	31.0%	33.0%	36.6%

### 3. Overview of RWA (OV1)

		AED'000	AED'000	AED'000
		RWA		Minimum capital requirements
		30 Jun 2024	31 Mar 2024	30 Jun 2024
1	Credit risk (excluding counterparty credit risk)	5,670,439	5,431,800	595,396
2	Of which: standardised approach (SA)	5,670,439	5,431,800	595,396
6	Counterparty credit risk (CCR)	-	-	-
7	Of which: standardised approach for counterparty credit risk	-	-	-
10	Credit valuation adjustment (CVA)	1,776	2,388	186
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	11,633	14,282	1,221
21	Of which: standardised approach (SA)	11,633	14,282	1,221
23	Operational risk	1,049,599	1,049,599	110,208
26	<b>Total (1+6+10+12+13+14+15+16+20+23)</b>	<b>6,733,446</b>	<b>6,498,068</b>	<b>707,012</b>

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 capital management section of the 2023 audited Financial Statements sets out the Bank's capital resources and adequacy (page 101).

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

Composition of Regulatory Capital (CC1)

		(AED 000s) 30 June 2024
<b>Common Equity Tier 1 capital: instruments and reserves</b>		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	500,000
2	Retained earnings	973,955
3	Accumulated other comprehensive income (and other reserves)	(30,523)
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)	-
<b>6</b>	<b>Common Equity Tier 1 capital before regulatory deductions</b>	<b>1,443,432</b>
<b>Common Equity Tier 1 capital regulatory adjustments</b>		
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)	-



	<b>Common Equity Tier 1 capital regulatory adjustment</b>	<b>(AED 000s) June 30, 2024</b>
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	<b>Total regulatory adjustments to Common Equity Tier 1</b>	-
25	<b>Common Equity Tier 1 capital (CET1)</b>	<b>1,443,432</b>
<b>Additional Tier 1 capital: instruments</b>		
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	-
<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>1,443,432</b>
<b>Tier 2 capital: instruments and provisions</b>		
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 000s) June 30, 2024
	<b>Tier 2 capital: instruments and provision</b>	
43	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-
44	Provisions	70,903
45	<b>Tier 2 capital before regulatory adjustments</b>	70,903
	<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	<b>Total regulatory adjustments to Tier 2 capital</b>	-
51	<b>Tier 2 capital (T2)</b>	70,903
52	<b>Total regulatory capital (TC = T1 + T2)</b>	<b>1,514,335</b>
53	<b>Total risk-weighted assets</b>	6,733,446
	<b>Capital ratios and buffers</b>	
54	<b>Common Equity Tier 1 (as a percentage of risk-weighted assets)</b>	21.44%
55	<b>Tier 1 (as a percentage of risk-weighted assets)</b>	21.44%
56	<b>Total capital (as a percentage of risk-weighted assets)</b>	22.49%
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>	2.53%
58	<b>Of which: capital conservation buffer requirement</b>	2.50%
59	<b>Of which: bank-specific countercyclical buffer requirement</b>	0.03%
60	<b>Of which: higher loss absorbency requirement (e.g. DSIB)</b>	0.00%
61	<b>Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.</b>	11.99%
	<b>The CBUAE Minimum Capital Requirement</b>	
62	Common Equity Tier 1 minimum ratio	7.00%
63	Tier 1 minimum ratio	8.50%
64	Total capital minimum ratio	10.50%

		(AED 000s) June 30,2024
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
66	Significant investments in common stock of financial entities	-
68	Deferred tax assets arising from temporary differences (net of related tax liability)	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	180,963
70	Cap on inclusion of provisions in Tier 2 under standardised approach	70,903
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>		
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 Jun 2024	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	AED’000	AED’000
<b>Assets</b>		
Cash and balances with UAE Central Bank	2,840,862	2,840,862
Due from banks	2,102,493	2,102,493
Due from related parties	46,863	46,863
Loans and Islamic financing receivables	3,910,519	3,910,519
Investments	5,079,278	5,079,278
Property and equipment	36,933	36,933
Right of use of assets	71,974	71,974
Customers’ indebtedness for acceptances	53,597	53,597
Deferred tax assets	-	-
Other assets	162,075	162,075
<b>Total assets</b>	<b>14,304,594</b>	<b>14,304,594</b>
<b>Liabilities</b>		
Deposits from customers	12,212,035	12,212,035
Due to banks	32,149	32,149
Due to related parties	13,866	13,866
Liabilities under acceptances	53,597	53,597
Other liabilities	296,213	296,213
Lease liabilities	51,974	51,974
Deffered tax liability		
<b>Total liabilities</b>	<b>12,659,834</b>	<b>12,659,834</b>
<b>Shareholders' equity</b>		
Allocated capital	500,000	500,000
Legal reserve	50,000	50,000
Retained earnings	1,174,331	1,174,331
Revaluation Reserves	(79,571)	(79,571)
Impairment Reserves	-	-
<b>Total shareholders' equity</b>	<b>1,644,760</b>	<b>1,644,760</b>

Countercyclical Buffer

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

Geographical breakdown	30 <sup>th</sup> June 2024 (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	0.00%	10,088,492	3,699,394		
Other Countries	0.00%	4,239,336	1,702,669		
United Kingdom	2.00%	172,983	77,893		
France	1.00%	118,063	59,008		
Australia	1.00%	80,541	52,693		
Korea	1.00%	76,262	34,870		
Germany	0.75%	54,026	23,555		
Hong Kong	1.00%	22,905	10,930		
Netherlands	2.00%	18,854	9,427		
<b>Total</b>		14,871,462	5,670,439		

## 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.

		<b>30 June 2024 AED'000</b>
1	Total consolidated assets as per published financial statements	14,304,594
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	80,523
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	12,685
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)	471,754
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	0
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>14,869,556</b>

### 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 2024	31 Mar 2024
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	14,250,997	14,569,932
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)	80,523	87,173
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>14,331,520</b>	<b>14,657,105</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)	8	1,054
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	9,053	10,583
	CCR exposure for derivatives transactions (calculated as 1.4 x (Row 4+5))	12,685	16,292
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 9 to 12)</b>	<b>12,685</b>	<b>16,292</b>
<b>Securities financing transactions</b>			
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 2024	AED'000 31 Mar 2024
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	-	-
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	2,492,445	2,712,979
20	(Adjustments for conversion to credit equivalent amounts)	-1,967,094	-2,120,041
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>	525,351	592,938
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	1,443,432	1,436,782
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	14,869,556	15,266,335
<b>Leverage ratio</b>			
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	9.7%	9.4%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.7%	9.4%
26	CBUAE minimum leverage ratio requirement	3.0%	3.0%
27	<b>Applicable leverage buffers</b>	6.7%	6.4%

## 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 <sup>th</sup> June 2024 (AED'000)		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	108,994	4,010,182	208,657	105,011	103,646	3,910,519
2	Debt securities		5,079,566	288		288	5,079,278
3	Off-balance sheet exposures	2,061	571,637	5,252	1,957	3,295	568,446
4	<b>Total</b>	<b>111,055</b>	<b>9,661,385</b>	<b>214,197</b>	<b>106,968</b>	<b>107,229</b>	<b>9,558,243</b>



### 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.

		<b>30 June 2024 AED'000</b>
<b>1</b>	<b>Defaulted loans and debt securities at the end of the previous reporting period (Dec 31, 2023)</b>	113,832
2	Loans and debt securities that have defaulted since the last reporting period	27
3	Returned to non-default status	
4	Amounts written off	(1)
5	Other changes	(2,803)
<b>6</b>	<b>Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)</b>	<b>111,055</b>

### Credit risk mitigation techniques –Overview (CR3)

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

		<b>a</b>	<b>b</b>	<b>c</b>	<b>d</b>	<b>e</b>	<b>f</b>	<b>g</b>
<b>30<sup>th</sup> June 2024 (AED'000)</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 financial guarantees, of which: secured amount</b>	<b>Exposures secured by credit derivatives</b>	<b>Exposures secured by credit derivatives, of which: secured amount</b>
1	Loans	2,556,598	1,559,694	496,632	2,884	2,884	-	-
2	Debt securities	5,079,566	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>7,636,164</b>	<b>1,559,694</b>	<b>496,632</b>	<b>2,884</b>	<b>2,884</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	108,994	-	-	-	-	-	-

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 <sup>th</sup> June 2024 (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	5,486,427	-	5,486,427	-	6,203	0.1%
Public Sector Entities	-	-	0	-	0	0
Multilateral development banks	-	-	-	-	-	-
Banks	3,256,529	69,050	3,275,369	14,687	1,223,943	37.2%
Securities firms	-	-	-	-	-	-
Corporates	3,679,988	2,355,705	3,890,693	133,104	2,716,974	67.5%
Regulatory retail portfolios	168,588	79,054	222,413	10,738	78,921	33.8%
Secured by residential property	749,581	-	749,581	-	539,108	71.9%
Secured by commercial real estate	621,577	-	621,577	-	621,577	100.0%
Equity Investment in Funds (EIF)	-	-	-	-	-	-
Past-due loans	250,907	3,807	134,641	-	132,683	98.5%
Higher-risk categories	-	-	-	-	-	-
Other assets	333,585	-	332,232	-	351,030	105.7%
<b>Total</b>	<b>14,547,182</b>	<b>2,507,616</b>	<b>14,712,933</b>	<b>158,529</b>	<b>5,670,439</b>	<b>38.1%</b>

**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.

		<b>30<sup>th</sup> June 2024</b>								<b>Total credit exposures amount (post CCF and post-CRM)</b>
		<b>AED'000</b>								
	<b>Asset classes</b>	<b>0%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	
1	Sovereigns and their central banks	5,486,427					-	-		5,486,427
2	Public Sector Entities		-							-
3	Multilateral development banks									-
4	Banks		1,816,008		1,254,718		191,224	28,105		3,290,056
5	Securities firms									-
6	Corporates	631,315	45,947		1,026,471		1,483,299	-	836,766	4,023,797
7	Regulatory retail portfolios	132,605				86,500	14,046			233,151
8	Secured by residential property	1,975		320,766		-	426,840			749,581
9	Secured by commercial real estate	-					621,577			621,577
10	Equity Investment in Funds (EIF)									-
11	Past-due loans	1,958					132,683	-		134,641
12	Higher-risk categories									-
13	Other assets	66,015					209,675		56,542	332,232
<b>14</b>	<b>Total</b>	<b>6,320,295</b>	<b>1,861,955</b>	<b>320,766</b>	<b>2,281,189</b>	<b>86,500</b>	<b>3,079,344</b>	<b>28,105</b>	<b>893,308</b>	<b>14,871,462</b>

## 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 <sup>th</sup> June 2024 AED'000		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5							
6	<b>Total</b>						

### Credit valuation adjustment capital charge (CCR2)

		a	B
		EAD post-CRM	RWA
1	All portfolios subject to the Standardised CVA capital charge		
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.

<b>Regulatory portfolio</b>	<b>0%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit exposure</b>
Sovereigns	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-
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>	-	-	-	-	-	-	-	-

**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 <sup>th</sup> June 2024 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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**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.

	<b>a</b>	<b>b</b>
	<b>Protection bought</b>	<b>Protection sold</b>
<b>Notionals</b>		
Single-name credit default swaps		
Index credit default swaps		
Total return swaps		
Credit options		
Other credit derivatives		
<b>Total notionals</b>		
<b>Fair values</b>		
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.

		<b>a</b>	<b>b</b>
		<b>EAD (post-CRM)</b>	<b>RWA</b>
<b>1</b>	<b>Exposures to QCCPs (total)</b>		
2	Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:		
3	(i) OTC derivatives	-	-
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		
<b>11</b>	<b>Exposures to non-QCCPs (total)</b>		
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)

		<b>30<sup>th</sup> June 2024 AED'000</b>
		<b>RWA</b>
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	11,633
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus method	-
7		-
8	Securitisation	-
<b>9</b>	<b>Total</b>	<b>11,633</b>

## 9. Liquidity Risk

### Eligible Liquid Assets Ratio

<b>1</b>	<b>High Quality Liquid Assets</b>	<b>Nominal amount</b>	<b>Eligible Liquid Asset</b>
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,840,862	
1.2	UAE Federal Government Bonds and Sukuks	2,325,917	
	Sub Total (1.1 to 1.2)	5,166,779	5,166,779
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	313,068	313,068
<b>1.6</b>	<b>Total</b>	<b>5,479,847</b>	<b>5,479,847</b>
<b>2</b>	Total liabilities		12,643,541
<b>3</b>	<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>43.3%</b>

Advances to Stables Resource Ratio

		<b>Items</b>	<b>Amount</b>
<b>1</b>		<b>Computation of Advances</b>	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	3,891,102
	1.2	Lending to non-banking financial institutions	125
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	156,255
	1.4	Interbank Placements	154,636
	<b>1.5</b>	<b>Total Advances</b>	<b>4,202,118</b>
<b>2</b>		<b>Calculation of Net Stable Ressources</b>	
	2.1	Total capital + general provisions	1,731,355
		<b>Deduct:</b>	
	2.1.1	Goodwill and other intangible assets	
	2.1.2	Fixed Assets	36,934
	2.1.3	Funds allocated to branches abroad	
	2.1.5	Unquoted Investments	0
	2.1.6	Investment in subsidiaries, associates and affiliates	
	<b>2.1.7</b>	<b>Total deduction</b>	<b>36,934</b>
	<b>2.2</b>	<b>Net Free Capital Funds</b>	<b>1,694,421</b>
	<b>2.3</b>	<b>Other stable resources:</b>	
	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	14,525
	2.3.5	Customer Deposits	10,474,258
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	
	<b>2.3.7</b>	<b>Total other stable resources</b>	<b>10,488,783</b>
	<b>2.4</b>	<b>Total Stable Resources (2.2+2.3.7)</b>	<b>12,183,204</b>
<b>3</b>		<b>Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)</b>	<b>34.49</b>