

Basel III - Pillar 3 Disclosures

30 June 2025

National Bank of Umm Al Qaiwain



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1. **General Information:**

National Bank of Umm Al-Qaiwain (PSC) (the “Bank”) is a Public Shareholding Company (ADX listed) incorporated in the Emirate of Umm Al-Qaiwain (“UAQ”) in the United Arab Emirates (“U.A.E.”) by Amiri Decree Number (1) on January 5, 1982, issued by His Highness, the Ruler of Umm Al-Qaiwain, and commenced its operations with effect from August 1, 1982. The Group comprises National Bank of Umm Al-Qaiwain (PSC), UAQ and its subsidiary Twin Towns Marketing Management LLC (100% ownership), Dubai. The Bank is engaged in providing products and services to customers in Retail, Corporate, Small and Medium Enterprise, Treasury and Trade finance in both conventional and Islamic banking. The Group carries out Islamic banking operations through an Islamic banking window established in 2005 across all networks. During the year 2022, the Bank has decided to run down of Islamic window and to continue with the existing Islamic portfolio only. As per the run-down plan approved by the Internal Shari’ah Supervision Committee, this is expected to be completed by year 2025.

2. **Executive Summary:**

The Central Bank of the UAE published notice number CBUAE/BSN/N/2021/5508 on 30 November 2021 regarding Pillar 3 disclosures. These disclosures have been prepared in accordance with these guidelines.

2.1. **Purpose**

The purpose of this report is to enable market participants to access key information relating to Bank’s regulatory capital and risk exposures to increase transparency among the readers of this report. Further increase confidence over the bank stability.

2.2. **Overview of Basel III Requirements**

The Bank complies with Basel 3 standards and guidelines, which have been implemented in the UAE through notice reference CBUAE/BSN/N/2022/5280 dated 30 December 2022.

For Pillar 1, Bank has adopted the Standardized Approach for Credit Risk, the Standardized Approach for Market Risk and the Basic Indicator Approach for determining the capital requirements for Operational Risk.

Pillar 2 covers additional risk areas such as concentration risk, FIRB vs standardized approach risk, IRRBB risk, Liquidity risk, IT/outsourcing/fraud risk, business & strategic risk, reputational/legal/compliance risk, model risk, Market & Operational risk (additional Pillar 2), conduct risk, climate risk. The risk and capital assessment of these other areas are commonly referred to as “Internal Capital Adequacy Assessment Process (ICAAP)”. Under the ICAAP report, the Bank assesses the above-mentioned risks (where applicable) and measures that after combining pillar 1 and pillar 2 risk the Bank can withstand the regulatory and internal capital requirements. The Bank submits the ICAAP report to CBUAE on an annual basis.

Pillar 3 focuses on Market Discipline and complements the minimum capital requirements (Pillar I) and the supervisory review process (Pillar II). The CBUAE supports enhanced market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on the scope of

application, capital, risk exposure, risk assessment process and hence capital adequacy. This report has been prepared in line with the same objective.

2.3. Capital Management

Bank's capital management policy is to maintain a strong capital base to support the development and growth of business. Current and future capital requirements are determined based on loan growth expectations for each business unit, expected growth in off-balance sheet facilities, future sources and uses of funds and the Bank's future dividend policy. The Bank also ensures compliance with externally imposed capital requirement norms, strong credit ratings and healthy capital ratios to support its business and to maximize shareholders' value. During the year the Bank complied fully with all external imposed capital requirements. The U.A.E. Central Bank requires the banks in U.A.E. to maintain a ratio of total regulatory capital to the risk weighted assets at or above the agreed minimum of 10.5% (excl. buffers).

3. Overview of risk management and RWA

3.1. Template KM1: Key metrics (at consolidated group level)

In AED'000		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
		30-Jun-25	31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	5,006,300	4,982,397	4,815,819	5,122,376	5,043,184
1a	Fully loaded ECL accounting model	5,006,300	4,982,397	4,815,819	5,122,376	5,043,184
2	Tier 1	5,006,300	4,982,397	4,815,819	5,122,376	5,043,184
2a	Fully loaded ECL accounting model Tier 1	5,006,300	4,982,397	4,815,819	5,122,376	5,043,184
3	Total capital	5,173,888	5,138,738	4,969,807	5,264,796	5,179,859
3a	Fully loaded ECL accounting model total capital	5,173,888	5,138,738	4,969,807	5,264,796	5,179,859
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	14,960,655	13,907,433	13,716,857	12,507,417	12,045,498
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	33.46%	35.83%	35.11%	40.95%	41.87%
5a	Fully loaded ECL accounting model CET1 (%)	33.46%	35.83%	35.11%	40.95%	41.87%
6	Tier 1 ratio (%)	33.46%	35.83%	35.11%	40.95%	41.87%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	33.46%	35.83%	35.11%	40.95%	41.87%
7	Total capital ratio (%)	34.58%	36.95%	36.23%	42.09%	43.00%
7a	Fully loaded ECL accounting model total capital ratio (%)	34.58%	36.95%	36.23%	42.09%	43.00%
	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 (%)	0.50%	0.50%	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	3.00%	3.00%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	22.96%	25.33%	24.61%	30.45%	31.37%
	Leverage Ratio					
13	Leverage ratio exposure measure	21,376,262	20,018,020	19,315,771	18,355,618	17,402,303
14	Leverage ratio (%) (row 2/row 13)	23.42%	24.89%	24.93%	27.91%	28.98%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	23.42%	24.89%	24.93%	27.91%	28.98%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	23.42%	24.89%	24.93%	27.91%	28.98%
	Liquidity Coverage Ratio					
15	Total HQLA	NA	NA	NA	NA	NA
16	Total net cash outflow	NA	NA	NA	NA	NA
17	LCR ratio (%)	NA	NA	NA	NA	NA
	Net Stable Funding Ratio					
18	Total available stable funding	NA	NA	NA	NA	NA

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
In AED'000		30-Jun-25	31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR ratio (%)	NA	NA	NA	NA	NA
	ELAR					
21	Total HQLA	3,354,441	3,869,684	3,036,134	3,479,550	3,274,076
22	Total liabilities	13,512,144	12,055,939	10,555,919	10,525,234	10,304,529
23	Eligible Liquid Assets Ratio (ELAR) (%)	24.83%	32.10%	28.76%	33.06%	31.77%
	ASRR					
24	Total available stable funding	17,893,138	16,488,245	16,132,005	14,966,621	13,948,893
25	Total Advances	11,645,372	11,482,042	9,986,656	9,908,111	9,929,942
26	Advances to Stable Resources Ratio (%)	65.08%	69.64%	61.91%	66.20%	71.19%

The CAR ratio declined by 8.42% in Q2'25 vs Q2'24 due to an increase in the size of the lending book (growth 13.45%). On a quarterly basis CAR declined by 2.37% due to lending book and placements growth.

Note: LCR & NSFR as NA (not applicable) as these applies to DSIB.

3.2. Table OVA: Bank Risk Management Approach

3.3. Template OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirements
In AED'000		T 30-Jun-25	T-1 31-Mar-25	T 30-Jun-25
1	Credit risk (excluding counterparty credit risk)	13,406,392	12,507,015	1,407,671
2	Of which: standardised approach (SA)	13,406,392	12,507,015	1,407,671
3	Of which: foundation internal ratings-based (F-IRB) approach			
4	Of which: supervisory slotting approach			
5	Of which: advanced internal ratings-based (A-IRB) approach			
6	Counterparty credit risk (CCR)	311	120	33
7	Of which: standardised approach for counterparty credit risk	311	120	33
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	311	120	33
11	Equity positions under the simple risk weight approach			
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	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	46,903	53,992	4,925
21	Of which: standardised approach (SA)	46,903	53,992	4,925
22	Of which: internal models approach (IMA)			
23	Operational risk	1,506,738	1,346,186	158,208
24	Amounts below thresholds for deduction (subject to 250% risk weight)			
25	Floor adjustment			
26	Total (1+6+10+11+12+13+14+15+16+20+23)	14,960,655	13,907,433	1,570,869

- CRWAs increased by AED 899 mio due to loan book growth, investments and placements.
- Market-risk weighted assets declined due to reduction in the equity exposure.
- Operational risk weighted assets increased by AED 161 mio, because of gross income now calculated based on last 4 quarters for each year as per CBUAE instructions.

4. **Composition of Capital**

4.1. **Template CC1: Composition of regulatory capital**

30-Jun-2025 In AED'000		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	2,000,000	Same as (i) from CC2 template
2	Retained earnings	2,291,696	Same as (ii) from CC2 template
3	Accumulated other comprehensive income (and other reserves)	1,389,225	Same as (iii) from CC2 template
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	5,680,921	
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)	(9,770)	
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)	(664,850)	
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	(674,621)	
25	Common Equity Tier 1 capital (CET1)	5,006,300	
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-Jun-2025 In AED'000		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)	5,006,300	
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	167,588	
45	Tier 2 capital before regulatory adjustments	167,588	
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)	167,588	
52	Total regulatory capital (TC = T1 + T2)	5,173,888	
53	Total risk-weighted assets	14,960,655	
Capital ratios and buffers			
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	33.46%	
55	Tier 1 (as a percentage of risk-weighted assets)	33.46%	
56	Total capital (as a percentage of risk-weighted assets)	34.58%	
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)	3.00%	
58	Of which: capital conservation buffer requirement	2.50%	
59	Of which: bank-specific countercyclical buffer requirement	0.50%	
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.	22.96%	

30-Jun-2025 In AED'000		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)	201,105	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	167,588	
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)	-	

4.2. Template CC2: Reconciliation of regulatory capital to balance sheet

30-Jun-25 AED '000	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period- end	As at period- end	
Assets			
Cash and balances at central banks	2,805,709	2,757,249	
Due from other Banks	5,903,397	5,945,203	
Loans and advances to customers	8,357,594	8,467,472	
Investment Securities	2,489,268	2,555,553	
Prepayments, accrued income and other assets	310,576	63,909	
Customer Acceptances	219,708		
Property, plant and equipment (PP&E)	73,679	232,921	
Total assets	20,159,931	20,022,307	
Liabilities			
Customer accounts	13,319,242	-	
Accruals, deferred income and other liabilities	387,484	-	
Customer Acceptances	219,708	219,708	
Total liabilities	13,926,434	219,708	
Shareholders' equity			
Paid-in share capital	2,000,000	2,000,000	(i)
Of which: amount eligible for CET1	2,000,000	2,000,000	
Retained earnings	2,291,696	2,291,696	(ii)
Other reserves	1,941,801	1,389,225	(iii)
Total shareholders' equity	6,233,497	5,680,921	

Difference between the published financials and the regulatory reporting are as follows: -

Total Assets	<ol style="list-style-type: none"> The difference between published FS - Total Assets (excluding acceptances) and under regulatory scope of consolidation (Basel Reporting) is only general provision. In published financial statements general & specific provisions are netted, however under the regulatory scope of consolidation only specific provisions are netted. Acceptances are reported in financial statements (funded), whereas under regulatory purpose acceptances are included in the off-balance sheet exposure.
Total Shareholders' equity	<ol style="list-style-type: none"> Haircut of 55% is applied on "Cumulative changes in fair value" under Basel reporting. Impairment reserves excluded from the regulatory capital calculation along with regulatory deductions (Goodwill / other intangible assets and significant investments <10% of common) according to CBUAE guidelines.

4.3. Template CCA: Main features of regulatory capital instruments

Not applicable as the Bank has neither issued / nor repaid a capital instrument.

5. **Macro prudential Supervisory Measures**

5.1. **Template CCyB1: Countercyclical Buffer**

As per the latest Notice issued by CBUAE (CBUAE/FSD/2024/1265, Dated: 10-Dec-2024)

Central Bank of the UAE's directors decided to increase the countercyclical capital buffer (CCyB) requirement to 0.50% on the private sector credit exposure in the UAE.

The phase-in period for the requirement will be 12 months, beginning on 1 January 2025, with the CCyB rate of 0.50% becoming effective on 1 January 2026.

However, being conservative approach, we have added the 0.50% of CCyB in our working since 1st January 2025.

We do not have cross-border private sector credit exposure.

6. **Leverage ratio**

6.1. **Template LR1: Summary comparison of accounting assets vs leverage ratio exposure**

In AED'000		a 30 Jun 2025
1	Total consolidated assets as per published financial statements	20,159,931
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(674,621)
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	1,557
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)	2,082,038
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	(192,644)
13	Leverage ratio exposure measure	21,376,262

6.2. **Template LR2: Leverage ratio common disclosure template**

In AED'000		a T 30 Jun 2025	b T-1 31 Mar 2025
On-balance sheet exposures*			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	20,096,280	18,596,075
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 recognized as an asset)	-	-

		a	b
In AED'000		T	T-1
		30 Jun 2025	31 Mar 2025
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	(128,992)	(184,674)
6	(Asset amounts deducted in determining Tier 1 capital)	(674,621)	(486,431)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	19,292,667	17,924,970
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)	744	20
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	368	408
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 + 9)*1.4	1,557	600
Securities financing transactions**			
14	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	-	49,410
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	-	590
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	50,000
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	3,137,095	3,060,834
20	(Adjustments for conversion to credit equivalent amounts)	(1,043,926)	(1,007,425)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	(11,130)	(10,959)
22	Off-balance sheet items (sum of rows 19 to 21)	2,082,038	2,042,451
Capital and total exposures			
23	Tier 1 capital	5,006,300	4,982,397
24	Total exposures (sum of rows 7, 13, 18 and 22)	21,376,262	20,018,020
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	23.42%	24.89%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	23.42%	24.89%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	0.00%	0.00%

The leverage ratio declined by 1.47% in Q2'25 compared to Q1'25, due to increase in the on-balance sheet exposure.

*On-Balance sheet exposure in Q1'25 is same as reported previously, however in line # 1 we have added provisions (specific + general) and deducting through line # 5 to compute the total on-balance sheet exposure in line # 7.

**Repo-style transaction exposure is nil in Q2'25.

7. Liquidity Risk Management

7.1. Template LIQ1: Liquidity Coverage Ratio (LCR)

This is not applicable to the Bank as our bank is not a D-SIB Bank.

7.2. Template LIQ2: Net Stable Funding Ratio (NSFR)

This is not applicable to the Bank as our bank is not a D-SIB Bank.

7.3. Template ELAR: Eligible Liquid Assets Ratio

		30-Jun-25	In AED'000
1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	3,334,372	
1.2	UAE Federal Government Bonds and Sukuks	10,990	
	Subtotal (1.1 to 1.2)	3,345,362	3,345,362
1.3	UAE local governments publicly traded debt securities	9,079	
1.4	UAE Public sector publicly traded debt securities	-	
	Subtotal (1.3 to 1.4)	9,079	9,079
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	0
1.6	Total	3,354,441	3,354,441
2	Total liabilities		13,512,144
3	Eligible Liquid Assets Ratio (ELAR)		24.83%

The ELAR has decreased from 32.10% in Q1' 2025 to 24.83% in Q2' 2025 due to reduction in High Quality Liquid Assets (HQLA). The reduction in HQLA occurred mainly due to a decrease in M-Bills exposures. As per strategy the bank has shifted some portion of the HQLA towards high yielding assets to increase the profitability.

7.4. **Template ASRR: Advances to Stables Resource Ratio**

The table below provides the breakdown of the Bank's Advances to Stable Resource Ratio (ASRR) as per the CBUAE Liquidity Regulations.

			30-Jun-2025
		Items	Amount (AED'000)
1		Computation of Advances	
	1.1	Net Lending (gross loans minus (Stage 3 for Loans and Advances (Principal) + Provision for Interest & Fees past due more than 90 days and Legacy Interest in Suspense))	8,238,633
	1.2	Lending to non-banking financial institutions	196,992
	1.3	Financial Guarantees & Stand-by LC Issued	301,955
	1.4	Financial Guarantees & Stand-by LCs Received	0
	1.5	Interbank Placements with a remaining life of more than 3 months	2,907,792
	1.6	Total Advances	11,645,372
2		Calculation of Net Stable Resources	
	2.1	Total own funds + general provisions	6,326,327
		Deduct:	
	2.1.1	Goodwill and other intangible assets	0
	2.1.2	Fixed Assets	137,061
	2.1.3	Funds allocated to branches abroad	0
	2.1.4	Treasury shares held / No INPUT required here	0
	2.1.5	Unquoted Investments	56,134
	2.1.6	Investment in subsidiaries, associates and affiliates	0
	2.1.7	Total deduction	193,195
	2.2	Net Free Capital Funds	6,133,132
	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 (a)	Borrowing from non-Banking Financial Institutions remaining life of more than 6 months	62,119
	2.3.4 (b)	85% of the rest of NBFI Deposits	72,074
	2.3.5 (a)	Customer Deposits with remaining life of more than 6 months	2,862,216
	2.3.5 (b)	85% of the rest of Customer Deposits	8,763,597
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0
	2.3.7	Head Office loans towards meeting Large Exposure Funding	0
	2.3.8	Total other stable resources	11,760,006
	2.4	Total Stable Resources (2.2+2.3.8)	17,893,138
3		Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	65.08

The ASRR reduced from 69.64% in Q1 2025 to 65.08% in Q2 2025, largely as a result of a 8.52% increase in total stable resources.

8. Credit risk

8.1. Template CRA: General qualitative information about Credit Risk

The Bank assumes Credit Risk as part of its lending operations, which is identified as the risk that counterparty will cause a financial loss by failing to discharge an obligation. Credit risk exposures arise principally in loans and advances, due from banks and investment securities measured at amortized cost. There is also a credit risk in off-balance sheet financial arrangements such as Letters of Credit, Guarantees and undrawn loan commitments. Credit Risk Management and control are centralized in the Credit Risk Department with the following objectives:

- To measure, monitor and mitigate risks both at micro as well as macro level.
- To facilitate building and sustaining a high-quality credit portfolio and minimize losses.
- Contain non-performing assets through preventive and curative management.
- To identify early warning signals and initiate timely corrective action. The Credit Risk Department has various units viz., Portfolio management (which includes, IFRS9 ECL computations & model management, Basel reporting like pillar 1, pillar 2 and pillar 3 reporting) and Risk Assessment & Policies. The risk assessment unit is functioning to prevent slippage to non-performing assets through timely action.

8.2. Template CR1: Credit quality of 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)	
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
30-Jun-2025 AED '000								
1	Loans	185,191	8,297,341	124,938	46,908	78,030	8,357,594	
2	Debt securities	0	1,120,974	1,931	0	1,931	1,119,043	
3	Off-balance sheet exposures	44,503	3,456,483	11,130	385	10,745	3,489,855	
4	Total	229,694	12,874,798	137,999	47,293	90,705	12,966,493	

Non-Performing Advances are defined as advances classified as Substandard, Doubtful and Loss, in which there is loss due to Defaults / past due for 90 days or more. This disclosure reconciled with published FS note # 6 & 7 (Only quoted debt instrument figure). Item 3: Off-balance sheet exposure includes guarantees, LCs, Commitments to extend credit, FX Forwards and Acceptances.

8.3. Template CR2: Changes in stock of defaulted loans and debt securities

AED '000		A 30-Jun-25
1	Defaulted loans and debt securities at the end of the previous reporting period	320,362
2	Loans and debt securities that have defaulted since the last reporting period	284
3	Returned to non-default status	0
4	Amounts written off	129,811
5	Other changes	(5,644)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4+5)	185,191

There is 42.19% reduction in line 6 due write off and other changes in 30-06-2025 vs 31-12-2024. This amount reconciles with our annual FS disclosure note 6 (Stage 3).

8.4. Template CRB: Additional disclosure related to the credit quality of assets

8.4.1. Template CR3: Qualitative disclosure requirements related to credit risk mitigation techniques

The Bank uses a simple approach under Basel III for risk mitigation.

30-Jun-2025 AED '000		a	b	c	d	e	f	g
		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	8,430,749	51,783	51,783	-	-	-	-
2	Debt securities	1,120,974	-	-	-	-	-	-
3	Total	9,551,723	51,783	51,783	-	-	-	-
4	Of which defaulted	185,191	-	-	-	-	-	-

30-Jun-2024 AED '000		a	b	c	d	e	f	g
		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	7,484,325	55,355	55,355	-	-	-	-
2	Debt securities	569,048	-	-	-	-	-	-
3	Total	8,053,373	55,355	55,355	-	-	-	-
4	Of which defaulted	332,764	-	-	-	-	-	-

The above is prepared in accordance with the "Standardized Approach of Basel" III which recognizes only cash as primary collateral, otherwise the actual collateral held by the Bank is significantly high and 61% of our loan book portfolio is secured.

8.4.2. Template CR4: Standardised approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

30-Jun-2025 (AED'000)		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	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	3,812,444	-	3,812,444	-	637,265	17%
2	Public Sector Entities	1,017,563	-	1,017,563	-	768,135	75%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	6,380,817	2,475	6,380,818	2,475	2,986,534	47%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	3,679,621	2,715,416	3,646,517	1,770,900	4,493,715	70%
7	Regulatory retail portfolios	334,089	48,339	333,801	25,856	325,376	85%
8	Secured by residential property	20,318	501	20,318	250	19,380	93%
9	Secured by commercial real estate	2,879,103	327,418	2,860,709	152,445	2,989,693	93%
10	Equity Investment in Funds (EIF)	-	-	-	-	-	0%
11	Past-due loans	212,279	44,503	138,310	44,118	242,713	95%
12	Higher-risk categories	20,099	-	20,098	-	30,148	150%
13	Other assets	1,739,946	-	1,739,945	-	914,055	53%
14	Total	20,096,280	3,138,652	19,970,524	1,996,044	13,407,014	

30-Jun-2024 (AED '000)		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	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	3,456,119	-	3,456,119	-	203,359	6%
2	Public Sector Entities	919,157	131,669	919,157	65,834	832,929	79%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	3,351,967	752	3,351,967	752	1,597,761	48%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	3,115,987	2,622,204	3,081,753	1,756,108	3,889,324	68%
7	Regulatory retail portfolios	376,105	49,234	373,561	26,561	360,011	85%
8	Secured by residential property	16,384	367	16,384	184	16,358	98%
9	Secured by commercial real estate	2,770,162	200,169	2,748,710	87,286	2,809,737	95%
10	Equity Investment in Funds (EIF)	-	-	-	-	-	0%
11	Past-due loans	388,007	63,089	254,038	63,089	405,739	90%
12	Higher-risk categories	32,316	-	32,316	-	48,474	150%
13	Other assets	1,183,253	-	1,183,253	-	770,327	65%
14	Total	15,609,457	3,067,483	15,417,258	1,999,814	10,934,020	

On Balance Sheet, exposure is net of allowances as required by CBUAE pillar 3 reporting requirements. CRWAs increased due to higher loan book, investments and placements in Q2'25 compared to Q2'24.

8.4.3. Template CR5: standardised approach- exposure by asset classes and risk weights

The column I total of this table reconciles with the above table total of On+Off BS post CRM & CCF exposure total

30-Jun-2025 (AED '000)		a	b	c	d	e	f	g	h	i
Asset classes	Risk weight	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	3,175,179	-	-	-	-	637,265	-	-	3,812,444
2	Public Sector Entities	-	288,758	-	36,844	-	691,961	-	-	1,017,563
3	Multilateral development banks	-	-	-	-	-	-	-	-	-
4	Banks	234	1,465,764	-	4,522,414	-	320,915	73,965	-	6,383,292
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	771,016	37,523	-	-	-	3,791,095	-	817,783	5,417,417
7	Regulatory retail portfolios	3,552	-	-	-	122,915	233,189	-	-	359,657
8	Secured by residential property	-	-	1,227	-	1,565	17,777	-	-	20,569
9	Secured by commercial real estate	23,461	-	-	-	-	2,989,693	-	-	3,013,154
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	2,626	-	-	-	-	53,979	125,823	-	182,428
12	Higher-risk categories	-	-	-	-	-	-	20,098	-	20,098
13	Other assets	826,165	-	-	-	-	913,230	550	-	1,739,945
14	Total	4,802,233	1,792,045	1,227	4,559,258	124,480	9,649,103	220,437	817,783	21,966,567

30-Jun-2024 (AED '000)		a	b	c	d	e	f	g	h	i
Asset classes	Risk weight	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	3,252,760	-	-	-	-	203,359	-	-	3,456,119
2	Public Sector Entities	-	190,078	-	-	-	794,914	-	-	984,992
3	Multilateral development banks	-	-	-	-	-	-	-	-	-
4	Banks	234	634,085	-	2,495,197	-	223,200	3	-	3,352,719
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	830,515	-	-	-	-	3,219,923	-	787,532	4,837,969
7	Regulatory retail portfolios	3,977	-	-	-	144,534	251,610	-	-	400,122
8	Secured by residential property	-	-	-	-	839	15,729	-	-	16,568
9	Secured by commercial real estate	26,151	-	-	-	-	2,809,737	-	-	2,835,888
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	2,976	-	-	-	-	130,976	183,175	-	317,127
12	Higher-risk categories	-	-	-	-	-	-	32,316	-	32,316
13	Other assets	413,309	-	-	-	-	769,177	767	-	1,183,253
14	Total	4,529,921	824,163	-	2,495,197	145,373	8,418,625	216,262	787,532	17,417,072

9. Counterparty Credit Risk

9.1. Template CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
30-Jun-2025 AED '000							
1	SA-CCR (for derivatives)	744	368		1.4	1,557	311
2					-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
5						-	-
6	Total						311

9.2. Template CCR2: Credit Valuation Adjustments (CVA) Capital Charge (CCR2) – 30-06-2025

Sno.	Description	EAD post-CRM AED '000	RWA AED '000
1	All portfolios subject to the Standardised CVA capital charge*	-	-
2	All portfolios subject to the Simple alternative CVA capital charge	1,557	311

9.3. Template CCR3: Standardised approach - CCR exposures by regulatory portfolio and risk weights

30-Jun-2025 (AED '000)	a	b	c	d	e	f	g	h
Risk weight	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory Portfolio								
Sovereigns	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	1557	-	-	-	-	-	1557
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	-	1557	-	-	-	-	-	1557

9.4. Template CCR5: Composition of collateral for CCR exposure

30-Jun-2025 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	-	-	-	-	-	-

9.5. Template CCR6: Credit derivative exposures

Not applicable. There are no credit derivative exposures

9.6. Template CCR8: Exposures to central counterparties

Not applicable. There is no exposure to central counterparties

10. Securitisation

No disclosures related to Securitisation are applicable to Bank, as we do not have any securitisation position.

10.1. Template SEC1: Securitisation exposures in the banking book

Not Applicable to the Bank

10.2. Template SEC2: Securitisation exposures in the trading book

Not Applicable to the Bank

10.3. Template SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor

Not Applicable to the Bank

10.4. Template SEC4: Securitisation exposures in the banking book and associated capital requirements - bank acting as investor

Not Applicable to the Bank

11. Market risk

11.1. Table MRA: General qualitative disclosure requirements related to market risk

Market risk for the Bank refers to the risk wherein the value of its on and/or off-balance sheet positions are adversely affected due to movements primarily in interest rates, currency exchange rates and investment prices. The changes impact the Bank's earnings & capital and can have ramifications on the Bank's liquidity and profitability.

The Bank uses Standardized Approach to calculate Risk Weighted Assets (RWAs) for market risk as per the CBUAE guidelines. The computed Risk Weighted Assets using the Standardized Approach for market risk for reporting period 30.06.2025 are given in the table below:

11.2. Table MR1: Market risk under the standardised approach (SA)

The purpose of this template is to provide the components of the capital requirement under the SA for Market Risk.

30-Jun-2025		a
		RWA (AED'000)
1	General Interest rate risk (General and Specific)	611
2	Equity risk (General and Specific)	44,974
3	Foreign exchange risk	1,317
4	Commodity risk	0
	Options	
5	Simplified approach	0
6	Delta-plus method	0
7	Scenario approach	
8	Securitisation	0
9	Total	46,903

--- End of Report --