

Basel III - Pillar 3 Disclosures

30 June 2024

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), Umm Al-Qaiwain, 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.

2. Executive Summary:

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

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 and confidence about Bank’s exposure to risk and the overall adequacy of its regulatory capital.

2.2. Overview of Basel III Requirements

The Bank complies with the Basel 3 standards and guidelines, which have been implemented in the UAE through notice reference CBUAE/BSN/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, residual risk, IT/outsourcing/fraud risk, business & strategic risk, reputational/legal/compliance risk, model risk, Market & Operational risk (additional Pillar 2), conduct risk, climate risk & credit stress testing. 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 the 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 the 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 the 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 in full of 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).

1. Overview of risk management and RWA
1.1. Template KM1: Key metrics (at consolidated group level)

In AED'000		a	b	c	d	e
		T 30-Jun-24	T-1 31-Mar-24	T-2 31-Dec-23	T-3 30-Sep-23	T-4 30-Jun-23
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	5,043,184	5,000,734	4,806,934	5,000,469	4,873,595
1a	Fully loaded ECL accounting model	5,043,184	5,000,734	4,806,934	5,000,469	4,873,595
2	Tier 1	5,043,184	5,000,734	4,806,934	5,000,469	4,873,595
2a	Fully loaded ECL accounting model Tier 1	5,043,184	5,000,734	4,806,934	5,000,469	4,873,595
3	Total capital	5,179,859	5,133,542	4,936,826	5,126,455	4,997,255
3a	Fully loaded ECL accounting model total capital	5,179,859	5,133,542	4,936,826	5,126,455	4,997,255
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	12,045,498	11,738,403	11,545,495	11,047,351	10,865,460
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	41.87%	42.60%	41.63%	45.26%	44.85%
5a	Fully loaded ECL accounting model CET1 (%)	41.87%	42.60%	41.63%	45.26%	44.85%
6	Tier 1 ratio (%)	41.87%	42.60%	41.63%	45.26%	44.85%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	41.87%	42.60%	41.63%	45.26%	44.85%
7	Total capital ratio (%)	43.00%	43.73%	42.76%	46.40%	45.99%
7a	Fully loaded ECL accounting model total capital ratio (%)	43.00%	43.73%	42.76%	46.40%	45.99%
	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 (%)	0.00%	0.00%	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)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	31.37%	32.10%	31.13%	34.76%	34.35%

In AED'000		a	b	c	d	e
		T 30-Jun-24	T-1 31-Mar-24	T-2 31-Dec-23	T-3 30-Sep-23	T-4 30-Jun-23
	Leverage Ratio					
13	Leverage ratio exposure measure	17,402,303	16,713,676	16,637,344	16,577,148	16,142,267
14	Leverage ratio (%) (row 2/row 13)	28.98%	29.92%	28.89%	30.16%	30.19%
14 a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	28.98%	29.92%	28.89%	30.16%	30.19%
14 b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	28.98%	29.92%	28.89%	30.16%	30.19%
	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
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR ratio (%)	NA	NA	NA	NA	NA
	ELAR					
21	Total HQLA	3,274,076	2,951,743	2,261,716	2,474,637	2,121,544
22	Total liabilities	10,304,529	9,175,339	9,106,295	9,020,433	8,971,441
23	Eligible Liquid Assets Ratio (ELAR) (%)	31.77%	32.17%	24.84%	27.43%	23.65%
	ASRR					
24	Total available stable funding	13,948,893	12,294,750	12,307,161	11,953,254	11,928,170
25	Total Advances	9,929,942	7,847,539	7,740,835	7,732,543	7,257,844
26	Advances to Stable Resources Ratio (%)	71.19%	63.83%	62.90%	64.69%	60.85%

Note: LCR & NSFR as NA as these applies to DSIB.

1.2. Table OVA: Bank Risk Management Approach

1.3. Template OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirements
In AED'000		T 30-Jun-24	T-1 31-Mar-24	T 30-Jun-24
1	Credit risk (excluding counterparty credit risk)	10,933,739	10,624,265	1,148,043
2	Of which: standardised approach (SA)	10,934,020	10,624,647	1,148,072
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)	141	191	15
7	Of which: standardised approach for counterparty credit risk	141	191	15
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	141	191	15
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	41,695	43,974	4,378
21	Of which: standardised approach (SA)	41,695	43,974	4,378
22	Of which: internal models approach (IMA)			
23	Operational risk	1,069,783	1,069,783	112,327
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)	12,045,498	11,738,403	1,264,777

2. Composition of Capital

2.1. Template CC1: Composition of regulatory capital

		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	2,151,469	Same as (ii) from CC2 template
3	Accumulated other comprehensive income (and other reserves)	1,197,392	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	5,348,861	
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)	9,781	
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)	295,896	
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	305,677	
25	Common Equity Tier 1 capital (CET1)	5,043,184	

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)	5,043,184	
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	136,675	
45	Tier 2 capital before regulatory adjustments	136,675	
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)		

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
49	CBUAE specific regulatory adjustments		
50	Total regulatory adjustments to Tier 2 capital		
51	Tier 2 capital (T2)	136,675	
52	Total regulatory capital (TC = T1 + T2)	5,179,859	
53	Total risk-weighted assets	12,045,498	
Capital ratios and buffers			
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	41.87%	
55	Tier 1 (as a percentage of risk-weighted assets)	41.87%	
56	Total capital (as a percentage of risk-weighted assets)	43.00%	
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		
60	Of which: higher loss absorbency requirement (e.g. DSIB)		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	31.37%	
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)	164,010	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	136,675	
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>		

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)		

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

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
30-Jun-24		As at period-end	As at period-end	
Assets				
	Cash and balances at central banks	3,101,313	2,066,410	
	Items in the course of collection from other banks			
	Due from other Banks	3,138,111	3,171,311	
	Loans and advances to customers	7,366,720	7,505,381	
	Investment Securities	1,513,680	2,553,197	
	Prepayments, accrued income and other assets	198,485	50,088	
	Customer Acceptances	193,865		
	Property, plant and equipment (PP&E)	60,273	126,219	
	Total assets	15,572,447	15,472,606	
Liabilities				
	Customer accounts	9,438,685		
	Accruals, deferred income and other liabilities	307,684		
	Customer Acceptances	193,865		
	Total liabilities	9,940,234	-	
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	2,151,469	2,151,469	(ii)
	Other reserves	1,480,744	1,197,392	(iii)
	Total shareholders' equity	5,632,213	5,348,861	

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

Total Assets	1. 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.
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	2. Acceptances are reported in financial statements (funded), whereas under regulatory purpose acceptances are included in the off-balance sheet exposure.
Total Shareholders' equity	3. Haircut of 55% is applied on “Cumulative changes in fair value” under Basel reporting. 4. 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.

2.3. Template CCA: Main features of regulatory capital instruments

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

3. Macro prudential Supervisory Measures

3.1. Template CCyB1: Countercyclical Buffer

Not Applicable.

4. Leverage ratio

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

In AED'000		a
		30 Jun 2024
1	Total consolidated assets as per published financial statements	15,572,447
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(305,677)
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	290
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)	2,080,852
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	54,391
13	Leverage ratio exposure measure	17,402,303

4.2. Template LR2: Leverage ratio common disclosure template

		a	b
In AED'000		T	T-1
		30 Jun 2024	31 Mar 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	15,626,838	14,877,713
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)	-	-
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)	(305,677)	(320,935)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	15,321,161	14,556,778
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	1	0
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	206	273
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	290	382
Securities financing transactions			
14	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	3,061,561	3,183,348
20	(Adjustments for conversion to credit equivalent amounts)	(980,709)	(1,026,833)
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)	2,080,852	2,156,516
Capital and total exposures			
23	Tier 1 capital	5,043,184	5,000,734
24	Total exposures (sum of rows 7, 13, 18 and 22)	17,402,303	16,713,676
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	28.98%	29.92%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	28.98%	29.92%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	25.98%	26.92%

5. Liquidity Risk Management

5.1. Template LIQ1: Liquidity Coverage Ratio (LCR)

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

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

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

5.3. Template ELAR: Eligible Liquid Assets Ratio

		30-Jun-24	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	3,118,097	
1.2	UAE Federal Government Bonds and Sukuks	28,433	
	Subtotal (1.1 to 1.2)	3,146,530	3,146,530
1.3	UAE local governments publicly traded debt securities	127,546	
1.4	UAE Public sector publicly traded debt securities		
	Subtotal (1.3 to 1.4)	127,546	127,546
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks		0
1.6	Total	3,274,076	3,274,076
2	Total liabilities		10,304,529
3	Eligible Liquid Assets Ratio (ELAR)		31.77%

5.4. 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 UAECB Liquidity Regulations.

			In AED'000
		Items	Amount
1		Computation of Advances	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	7,195,275
	1.2	Lending to non-banking financial institutions	261,945
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	293,584
	1.4	Interbank Placements	2,179,138
	1.5	Total Advances	9,929,942
2		Calculation of Net Stable Resources	
	2.1	Total capital + general provisions	5,731,387
		Deduct:	
	2.1.1	Goodwill and other intangible assets	0
	2.1.2	Fixed Assets	126,218
	2.1.3	Funds allocated to branches abroad	0
	2.1.5	Unquoted Investments	1,192
	2.1.6	Investment in subsidiaries, associates and affiliates	610
	2.1.7	Total deduction	128,020
	2.2	Net Free Capital Funds	5,603,367
	2.3	Other stable resources:	0
	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	104,776
	2.3.5	Customer Deposits	8,240,750
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0
	2.3.7	Total other stable resources	8,345,526
	2.4	Total Stable Resources (2.2+2.3.7)	13,948,893
		Advances TO STABLE RESOURCES RATIO (1.5/ 2.4*100)	71.19

6. Credit risk

6.1. 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:

- a) To measure, monitor and mitigate risks both at micro as well as macro level.
- b) To facilitate building and sustaining a high-quality credit portfolio and minimize losses.
- c) Contain non-performing assets through preventive and curative management.
- d) 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 Containment Unit. The risk containment unit is functioning to prevent slippage to non-performing assets through timely action.

6.2. Template CR1: Credit quality of assets

	a	b	c	d	e	f	
	Gross carrying values of		Allowances/ Impairment s	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		
1	Loans	332,764	7,206,916	172,960	82,460	90,500	7,366,720
2	Debt securities	0	569,048	415	0	415	568,633
3	Off-balance sheet exposures	63,247	3,023,820	5,632	480	5,152	3,081,435
4	Total	396,011	10,799,784	179,007	82,940	96,067	11,016,788

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.

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

	A 30-Jun-24	
1	Defaulted loans and debt securities at the end of the previous reporting period	488,344
2	Loans and debt securities that have defaulted since the last reporting period	18,242
3	Returned to non-default status	0
4	Amounts written off	80,379
5	Other changes	(93,443)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	332,764

This amount reconciles with our annual FS disclosure note 6 (Stage 3).

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

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

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

		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 68% of our loan book portfolio is secured.

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

	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	3,456,119		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

6.4.3. **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

		a	b	c	d	e	f	g	h	i
Risk weight 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	3,252,760	-	-	-	-	203,359	-
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

7. Counterparty Credit Risk

7.1. 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
1 SA-CCR (for derivatives)	1	206		1.4	290	141
2						
3 Simple Approach for credit risk mitigation (for SFTs)						
4 Comprehensive Approach for credit risk mitigation (for SFTs)						
5						
6 Total						

7.2. Template CCR2: Credit Valuation Adjustments (CVA) Capital Charge (CCR2)

Sno.	Description	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	290	141

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

	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		14	276					290
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	-	14	276	-	-	-	-	290

7.4. Template CCR5: Composition of collateral for CCR exposure

	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	0	0	0	0	0	0
Cash - other currencies						
Domestic sovereign debt						
Government agency debt						
Corporate bonds						
Equity securities						
Other collateral						
Total	0	0	0	0	0	0

7.5. Template CCR6: Credit derivative exposures

Not applicable. There are no credit derivative exposures

7.6. Template CCR8: Exposures to central counterparties

Not applicable. There is no exposure to central counterparties

8. Securitisation

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

8.1. Template SEC1: Securitisation exposures in the banking book

Not Applicable to the Bank

8.2. Template SEC2: Securitisation exposures in the trading book

Not Applicable to the Bank

8.3. 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

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

Not Applicable to the Bank

9. Market risk

9.1. 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 30.06.2024 are given in the table below:

9.2. 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-2024		a
		RWA (AED'000)
1	General Interest rate risk (General and Specific)	1,163
2	Equity risk (General and Specific)	39,573
3	Foreign exchange risk	959
4	Commodity risk	0
	Options	
5	Simplified approach	0
6	Delta-plus method	0
7	Scenario approach	
8	Securitisation	0
9	Total	41,695

--- End of Report ---