

بنك دبي الإسلامي Dubai Islamic Bank



Pillar 3 Report

For the period ended 31 March 2023

Table of Contents

1.	Overview of Risk Management and RWA	1
1.1.	Key metrics of the Group (KM1)	1
1.2.	Overview of RWA (OV1).....	3
2.	Leverage ratio.....	4
2.1.	Summary comparison of accounting assets vs leverage ratio exposure measure (LR1)	4
2.2.	Leverage ratio common disclosure template (LR2)	5
3.	Liquidity Risk.....	6
3.1.	Liquidity Coverage Ratio – LCR (LIQ1)	6

1. Overview of Risk Management and RWA

1.1. Key metrics of the Group (KM1)

AED '000'

S. No	Particulars	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022	31 Mar 2022
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	31,043,486	29,847,004	31,660,335	30,435,830	29,438,196
1a	Fully loaded ECL accounting model	-	-	-	-	-
2	Tier 1	39,307,736	38,111,254	39,924,585	38,700,080	37,702,446
2a	Fully loaded ECL accounting model Tier 1	-	-	-	-	-
3	Total capital	41,973,353	40,744,441	42,498,741	41,334,015	40,318,287
3a	Fully loaded ECL accounting model total capital	-	-	-	-	-
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	233,879,967	231,586,329	228,307,477	230,689,350	230,369,457
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	13.3%	12.9%	13.9%	13.2%	12.8%
5a	Fully loaded ECL accounting model CET1 (%)	-	-	-	-	-
6	Tier 1 ratio (%)	16.8%	16.5%	17.5%	16.8%	16.4%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	-	-	-	-	-
7	Total capital ratio (%)	17.9%	17.6%	18.6%	17.9%	17.5%
7a	Fully loaded ECL accounting model total capital ratio (%)	-	-	-	-	-
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Bank D-SIB additional requirements (%)	0.5%	0.5%	0.5%	0.5%	0.5%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	3.0%	3.0%	3.0%	3.0%	3.0%
12	CET1 available after meeting the bank's minimum capital requirements (%)	6.3%	5.9%	6.9%	6.2%	5.8%
Leverage Ratio						
13	Total leverage ratio measure	306,549,278	301,961,810	286,989,028	294,098,198	302,409,283
14	Leverage ratio (%) (row 2/row 13)	12.8%	12.6%	13.9%	13.2%	12.5%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2a/row 13)	-	-	-	-	-

AED '000'

S. No	Particulars	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022	31 Mar 2022
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	-	-	-	-	-
	Liquidity Coverage Ratio ¹					
15	Total HQLA	54,888,785	49,887,975	37,080,862	41,008,546	49,005,274
16	Total net cash outflow	35,092,323	33,169,573	30,139,264	35,034,818	39,810,481
17	LCR ratio (%)	156.4%	150.4%	123.0%	117.1%	123.1%
	Net Stable Funding Ratio					
18	Total available stable funding	201,902,421	196,717,443	189,202,035	194,378,921	193,821,280
19	Total required stable funding	187,412,902	186,130,058	184,212,254	187,744,057	186,732,730
20	NSFR ratio (%)	107.7%	105.7%	102.7%	103.5%	103.8%
	ELAR ²					
21	Total HQLA	-	-	-	-	-
22	Total liabilities	-	-	-	-	-
23	Eligible Liquid Assets Ratio (ELAR) (%)	-	-	-	-	-
	ASRR ³					
24	Total available stable funding	-	-	-	-	-
25	Total Advances	-	-	-	-	-
26	Advances to Stable Resources Ratio (%)	-	-	-	-	-

¹ LCR and NSFR are calculated as at the end of each period rather than using average values. For average LCR, refer to table LIQ1.

² ELAR is not applicable.

³ ASRR is not applicable.

1.2. Overview of RWA (OV1).

AED '000'

S. No	Particulars	RWA		Minimum capital requirements ¹	
		31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022
1	Credit risk (excluding counterparty credit risk) ²	210,983,115	208,545,071	22,153,227	21,897,232
2	Of which: standardised approach (SA) ³	210,983,115	208,545,071	22,153,227	21,897,232
3					
4					
5					
6	Counterparty credit risk (CCR)	1,041,097	902,988	109,315	94,814
7	Of which: standardised approach for counterparty credit risk	1,041,097	902,988	109,315	94,814
8					
9					
10					
11					
12	Equity investments in funds - look-through approach	-	-	-	-
13	Equity investments in funds - mandate-based approach	819,468	801,226	86,044	84,129
14	Equity investments in funds - fallback approach	405,656	405,656	42,594	42,594
15	Settlement risk	-	-	-	-
16	Securitisation exposures in the banking book	-	-	-	-
17					
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk ⁴	2,144,136	2,618,334	225,134	274,925
21	Of which: standardised approach (SA)	2,144,136	2,618,334	225,134	274,925
22					
23	Operational risk	18,486,495	18,313,054	1,941,082	1,922,871
24					
25					
26	Total (1+6+10+11+12+13+14+15+16+20+23)	233,879,967	231,586,329	24,557,397	24,316,565

¹ The minimum capital requirements applied is 10.5%.

² Including CVA but excluding equity investments in funds.

³ Credit risk weighted assets increased, in 'Mar 2023' from 'Dec 2022', mainly due to increase in sukuks exposure.

⁴ Market risk weighted assets decreased, in 'Mar 2023' from 'Dec 2022', due to decline in profit rate risk.

2. Leverage ratio

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

AED '000'

S. No.	Particulars	31 Mar 2023
1	Total consolidated assets as per published financial statements	291,984,104
2	Adjustments for investments in banking, financial, Insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,160,626)
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	322,411
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	14,140,904
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	3,262,485
13	Leverage ratio exposure measure	306,549,278

2.2. Leverage ratio common disclosure template (LR2)

		AED '000'	
S. No.	Particulars	31 Mar 2023	31 Dec 2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral) ¹	290,673,204	286,648,427
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)	(133,074)	(141,485)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	290,540,130	286,506,942
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)	646,144	699,251
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	1,222,099	704,970
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)	1,868,244	1,404,221
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	29,990,187	29,249,660
20	(Adjustments for conversion to credit equivalent amounts)	(15,849,283)	(15,199,013)
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)	14,140,904	14,050,647
Capital and total exposures			
23	Tier 1 capital	39,307,736	38,111,255
24	Total exposures (sum of rows 7, 13, 18 and 22)	306,549,278	301,961,810
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	12.8%	12.6%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.8%	12.6%
26	CBUAE minimum leverage ratio requirement	3.5%	3.5%
27	Applicable leverage buffers	-	-

¹ The On-balance sheet exposures increased in 'Mar 2023' due to increase in the exposure to CBUAE and Investments in Sukuks.

3. Liquidity Risk

3.1. Liquidity Coverage Ratio – LCR (LIQ1)

		<i>AED '000'</i>	
S. No	Particulars	Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		45,391,944
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	50,233,355	4,064,112
3	Stable deposits	19,184,461	959,223
4	Less stable deposits	31,048,894	3,104,889
5	Unsecured wholesale funding, of which:	61,518,305	26,672,603
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	8,952,833	2,238,208
7	Non-operational deposits (all counterparties)	52,565,472	24,434,394
8	Unsecured debt	-	-
9	Secured wholesale funding		-
10	Additional requirements, of which:	36,181,976	4,109,978
11	Outflows related to derivative exposures and other collateral requirements	7,630,039	1,526,008
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	28,551,937	2,583,970
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	-	-
16	TOTAL CASH OUTFLOWS		34,846,693
Cash inflows			
17	Secured lending (e.g. reverse repo)	-	-
18	Inflows from fully performing exposures	3,623,980	1,811,990
19	Other cash inflows	2,323,995	2,323,995
20	TOTAL CASH INFLOWS	5,947,975	4,135,985
		Total adjusted value	
21	Total HQLA		45,391,944
22	Total net cash outflows		30,710,708
23	Liquidity coverage ratio (%)		148.39%

The LCR is designed to ensure that banks hold a sufficient reserve of high-quality liquid assets (HQLA) to allow them to survive a period of significant liquidity stress lasting 30 calendar days.

LCR ratio as at 31st Mar 2023 was 156.4% whereas the average LCR ratio for the quarter ended 31st Mar 2023 was 148.39%.

LCR both spot and average are higher than CBUAE current minimum requirement of LCR 100%.