

# بنك دبي الإسلامي Dubai Islamic Bank



## **Pillar 3 Report**

For the period ended 30 June 2023

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## 1. Overview of Risk Management and RWA

### 1.1. Key metrics of the Group (KM1)

AED '000'

S. No	Particulars	30 June 2023	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	32,328,243	31,043,486	29,847,004	31,660,335	30,435,830
1a	Fully loaded ECL accounting model	-	-	-	-	-
2	Tier 1	40,592,493	39,307,736	38,111,254	39,924,585	38,700,080
2a	Fully loaded ECL accounting model Tier 1	-	-	-	-	-
3	Total capital	43,345,158	41,973,353	40,744,441	42,498,741	41,334,015
3a	Fully loaded ECL accounting model total capital	-	-	-	-	-
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	242,020,731	233,879,967	231,586,329	228,307,477	230,689,350
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier 1 ratio (%)	13.4%	13.3%	12.9%	13.9%	13.2%
5a	Fully loaded ECL accounting model CET1 (%)	-	-	-	-	-
6	Tier 1 ratio (%)	16.8%	16.8%	16.5%	17.5%	16.8%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	-	-	-	-	-
7	Total capital ratio (%)	17.9%	17.9%	17.6%	18.6%	17.9%
7a	Fully loaded ECL accounting model total capital ratio (%)	-	-	-	-	-
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
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 (%)	6.4%	6.3%	5.9%	6.9%	6.2%
<b>Leverage Ratio</b>						
13	Total leverage ratio measure	315,120,674	306,549,278	301,961,810	286,989,028	294,098,198
14	Leverage ratio (%) (row 2/row 13)	12.9%	12.8%	12.6%	13.9%	13.2%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2a/row 13)	-	-	-	-	-

AED '000'

S. No	Particulars	30 June 2023	31 Mar 2023	31 Dec 2022	30 Sept 2022	30 June 2022
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	-	-	-	-	-
	<b>Liquidity Coverage Ratio <sup>1</sup></b>					
15	Total HQLA	54,734,386	54,888,785	49,887,975	37,080,862	41,008,546
16	Total net cash outflow	34,350,766	35,092,323	33,169,573	30,139,264	35,034,818
17	LCR ratio (%)	159.3%	156.4%	150.4%	123.0%	117.1%
	<b>Net Stable Funding Ratio</b>					
18	Total available stable funding	206,550,432	201,902,421	196,717,443	189,202,035	194,378,921
19	Total required stable funding	191,494,778	187,412,902	186,130,058	184,212,254	187,744,057
20	NSFR ratio (%)	107.9%	107.7%	105.7%	102.7%	103.5%
	<b>ELAR <sup>2</sup></b>					
21	Total HQLA	-	-	-	-	-
22	Total liabilities	-	-	-	-	-
23	Eligible Liquid Assets Ratio (ELAR) (%)	-	-	-	-	-
	<b>ASRR <sup>3</sup></b>					
24	Total available stable funding	-	-	-	-	-
25	Total Advances	-	-	-	-	-
26	Advances to Stable Resources Ratio (%)	-	-	-	-	-

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

<sup>2</sup> ELAR is not applicable.

<sup>3</sup> ASRR is not applicable.

## 1.2. Overview of RWA (OV1).

AED '000'

S. No	Particulars	RWA		Minimum capital requirements <sup>1</sup>	
		30 June 2023	31 Mar 2023	30 June 2023	31 Mar 2023
1	Credit risk (excluding counterparty credit risk) <sup>2</sup>	218,083,779	210,983,115	22,898,797	22,153,227
2	Of which: standardised approach (SA) <sup>3</sup>	218,083,779	210,983,115	22,898,797	22,153,227
3					
4					
5					
6	Counterparty credit risk (CCR)	1,025,057	1,041,097	107,631	109,315
7	Of which: standardised approach for counterparty credit risk	1,025,057	1,041,097	107,631	109,315
8					
9					
10					
11					
12	Equity investments in funds - look-through approach	-	-	-	-
13	Equity investments in funds - mandate-based approach	736,784	819,468	77,362	86,044
14	Equity investments in funds - fallback approach	367,618	405,656	38,600	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 <sup>4</sup>	3,796,928	2,144,136	398,677	225,134
21	Of which: standardised approach (SA)	3,796,928	2,144,136	398,677	225,134
22					
23	Operational risk	18,010,565	18,486,495	1,891,109	1,941,082
24					
25					
26	<b>Total (1+6+10+11+12+13+14+15+16+20+23)</b>	<b>242,020,731</b>	<b>233,879,967</b>	<b>25,412,177</b>	<b>24,557,397</b>

<sup>1</sup> The minimum capital requirement applied is 10.5%.

<sup>2</sup> Including CVA but excluding equity investment in funds.

<sup>3</sup> Credit risk weighted assets increased, in 'June 2023' from 'Mar 2023', mainly due to increase in sukuks exposure.

<sup>4</sup> Market risk weighted assets increased, in 'June 2023' from 'Mar 2023', due to increase in NOP.

## 2. Composition of capital

### 2.1. Composition of regulatory capital (CC1)

30 June 2023

S. No	Particulars	Amount AED '000'
<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	7,240,744
2	Retained earnings	14,363,843
3	Accumulated other comprehensive income (and other reserves)	10,928,381
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	-
5	Common share capital issued by third parties (amount allowed in group CET1)	-
6	<b>Common Equity Tier 1 capital before regulatory deductions</b>	<b>32,532,968</b>
<b>Common Equity Tier 1 capital regulatory adjustments</b>		
7	Prudent valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	109,766
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	63,644
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)	31,315
16	Reciprocal cross-holdings in common equity	-
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)	-
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>	<b>204,725</b>
25	<b>Common Equity Tier 1 capital (CET1)</b>	<b>32,328,243</b>
<b>Additional Tier 1 capital: instruments</b>		
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	8,264,250
27	Of which: classified as equity under applicable accounting standards	8,264,250
28	Of which: classified as liabilities under applicable accounting standards	-
29	Directly issued capital instruments subject to phase-out from additional Tier 1	-
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	Of which: instruments issued by subsidiaries subject to phase-out	-
32	<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>8,264,250</b>
<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	-

30 June 2023

S. No	Particulars	Amount AED '000'
36	CBUAE specific regulatory adjustments	-
37	Total regulatory adjustments to additional Tier 1 capital	-
38	<b>Additional Tier 1 capital (AT1)</b>	<b>8,264,250</b>
39	<b>Tier 1 capital (T1= CET1 + AT1)</b>	<b>40,592,493</b>
<b>Tier 2 capital: instruments and provisions</b>		
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
41	Directly issued capital instruments subject to phase-out from Tier 2	-
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
43	Of which: instruments issued by subsidiaries subject to phase-out	-
44	Provisions	2,752,665
45	<b>Tier 2 capital before regulatory adjustments</b>	<b>2,752,665</b>
<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 and other TLAC liabilities of banking, 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>	<b>-</b>
51	<b>Tier 2 capital (T2)</b>	<b>2,752,665</b>
52	<b>Total regulatory capital (TC = T1 + T2)</b>	<b>43,345,158</b>
53	<b>Total risk-weighted assets</b>	<b>242,020,731</b>
<b>Capital ratios and buffers</b>		
54	<b>Common Equity Tier 1 (as a percentage of risk-weighted assets)</b>	13.4%
55	<b>Tier 1 (as a percentage of risk-weighted assets)</b>	16.8%
56	<b>Total capital (as a percentage of risk-weighted assets)</b>	17.9%
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>	3.0%
58	<b>Of which: capital conservation buffer requirement</b>	2.5%
59	<b>Of which: bank-specific countercyclical buffer requirement</b>	0%
60	<b>Of which: higher loss absorbency requirement (e.g. DSIB)</b>	0.5%
61	<b>Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.</b>	6.4%
<b>The CBUAE Minimum Capital Requirement</b>		
62	Common Equity Tier 1 minimum ratio	7.0%
63	Tier 1 minimum ratio	8.5%
64	Total capital minimum ratio	10.5%
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)	-
70	Cap on inclusion of provisions in Tier 2 under standardised approach	-
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>		
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)	-

30 June 2023

S. No	Particulars	Amount AED '000'
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)	-

## 2.2. Reconciliation of regulatory capital to balance sheet (CC2)

S. No	Particulars	Balance sheet as in published financial statements	Under regulatory scope of consolidation
		30 June 2023 – AED '000'	
<b>Assets</b>			
1	Cash and balances with the central banks	28,134,419	28,132,918
2	Due from banks and financial institutions	2,733,440	1,956,978
3	Islamic financing and investing assets, net	189,501,465	189,346,641
4	Investments in sukuk	61,424,941	61,435,292
5	Other investments measured at fair value	934,244	1,010,306
6	Investments in associates and joint ventures	1,962,767	3,128,151
7	Properties held for development and sale	1,266,422	30,828
8	Investment properties	5,261,636	3,147,698
9	Receivables and other assets	6,801,950	6,862,407
10	Property and equipment	1,741,043	1,162,731
	<b>Total assets</b>	<b>299,762,327</b>	<b>296,213,950</b>
<b>Liabilities</b>			
1	Customer's deposits	210,683,704	211,218,855
2	Due to banks	12,993,678	12,787,302
3	Sukuk issued	20,479,098	20,479,098
4	Payables and other liabilities	11,144,186	9,809,085
	<b>Total liabilities</b>	<b>255,300,666</b>	<b>254,294,340</b>
<b>Shareholders' equity</b>			
1	Share capital	7,240,744	7,240,744
2	Tier 1 sukuk	8,264,250	8,264,250
3	Other reserves and treasury shares	14,744,668	14,744,668
4	Investments fair value reserve	(1,175,554)	(1,175,554)
5	Exchange translation reserve	(1,708,644)	(1,708,644)
6	Retained earnings	14,363,843	14,363,843
7	Non-controlling interests	2,732,354	190,303
	<b>Total equity</b>	<b>44,461,661</b>	<b>41,919,610</b>
	<b>Total Liabilities and equity</b>	<b>299,762,327</b>	<b>296,213,950</b>



## 2.3. Main features of regulatory capital instruments (CCA)

S. No.	Particulars	Quantitative / qualitative information			
1	Issuer	Dubai Islamic Bank & Subsidiaries			
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	AED000201015	XS1935140068	XS2258453443	XS2330535381
3	Governing law(s) of the instrument	The instrument is governed by the laws of United Arab Emirates			
<b>Regulatory treatment</b>					
4	Transitional arrangement rules (i.e. grandfathering)	NA	NA	NA	NA
5	Post-transitional arrangement rules (i.e. grandfathering)	NA	NA	NA	NA
6	Eligible at solo/group/group and solo	Group	Group	Group	Group
7	Instrument type (types to be specified by each jurisdiction) <sup>1</sup>	Ordinary Shares	Sukuk	Sukuk	Sukuk
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	7,240,744	2,754,750	3,673,000	1,836,500
9	Nominal amount of instrument	NA	2,754,750	3,673,000	1,836,500
9a	Issue price	NA	2,754,750	3,673,000	1,836,500
9b	Redemption price	NA	2,754,750	3,673,000	1,836,500
10	Accounting classification	Shareholder's equity	Tier 1 sukuk	Tier 1 sukuk	Tier 1 sukuk
11	Original date of issuance	NA	Jan - 2019	Nov - 2020	Apr - 2021
12	Perpetual or dated	NA	Perpetual	Perpetual	Perpetual
13	Original maturity date	NA	NA	NA	NA
14	Issuer call subject to prior supervisory approval	NA	NA	NA	NA
15	Optional call date, contingent call dates and redemption amount	-	On or after Jan - 2025	On or after May - 2026	On or after Oct - 2026
16	Subsequent call dates, if applicable	NA	Yes	Yes	Yes
<b>Coupons / dividends</b>					
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed	Fixed
19	Coupon rate and any related index	Dividend	6.25%	4.63%	3.38%
19	Existence of a dividend stopper	NA	Yes	Yes	Yes
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretionary	Full discretionary	Full discretionary	Full discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full discretionary	Full discretionary	Full discretionary	Full discretionary
21	Existence of step-up or other incentive to redeem	NA	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	NA	Non-convertible	Non-convertible	Non-convertible
24	Write down feature	NA	NA	NA	NA
25	If write-down, write down trigger(s)	NA	NA	NA	NA
26	If write-down, full or partial	NA	NA	NA	NA
27	If write down, permanent or temporary	NA	NA	NA	NA
28	If temporary write-own, description of writeup mechanism	NA	NA	NA	NA
28a	Type of subordination	NA	Structural subordination		
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	NA	Senior only to Share Capital	Senior only to Share Capital	Senior only to Share Capital
30	Non-compliant transitioned features	NA	No	No	No
31	If yes, specify non-compliant features	NA	NA	NA	NA

<sup>1</sup> <https://www.dib.ae/about-us/investor-relations/share-information>.  
<https://www.dib.ae/about-us/investor-relations/disclosures-publications>.

## 3. Leverage ratio

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

		<i>AED '000'</i>
S. No.	Particulars	30 June 2023
1	Total consolidated assets as per published financial statements	299,762,327
2	Adjustments for investments in banking, financial, Insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,548,377)
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	307,437
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)	15,268,465
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	3,330,822
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>315,120,674</b>

## 3.2. Leverage ratio common disclosure template (LR2)

AED '000'			
S. No.	Particulars	30 June 2023	31 Mar 2023
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral) <sup>1</sup>	298,424,418	290,673,204
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)	(173,411)	(133,074)
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>298,251,007</b>	<b>290,540,130</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)	523,976	646,145
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	1,077,226	1,222,099
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 8 to 12)</b>	<b>1,601,202</b>	<b>1,868,244</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)	-	-
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>-</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	31,418,555	29,990,187
20	(Adjustments for conversion to credit equivalent amounts)	(16,150,090)	(15,849,283)
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>	<b>15,268,465</b>	<b>14,140,904</b>
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>40,592,493</b>	<b>39,307,736</b>
315,120,674	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>315,120,674</b>	<b>306,549,278</b>
<b>Leverage ratio</b>			
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	<b>12.9%</b>	<b>12.8%</b>
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.9%	12.8%
26	CBUAE minimum leverage ratio requirement	3.5%	3.5%
27	<b>Applicable leverage buffers</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The On-balance sheet exposures increased in 'June 2023' due to increase in Investment in Sukuks.

## 4. Liquidity Risk

### 4.1. Liquidity Coverage Ratio – LCR (LIQ1)

		<i>AED '000'</i>	
S. No	Particulars	Total unweighted value (average)	Total weighted value (average)
<b>High-quality liquid assets</b>			
1	<b>Total HQLA</b>		<b>54,229,510</b>
<b>Cash outflows</b>			
2	<b>Retail deposits and deposits from small business customers, of which:</b>	<b>50,923,369</b>	<b>4,100,294</b>
3	Stable deposits	19,840,855	992,043
4	Less stable deposits	31,082,514	3,108,251
5	<b>Unsecured wholesale funding, of which:</b>	<b>66,320,741</b>	<b>27,538,521</b>
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	9,075,939	2,268,985
7	Non-operational deposits (all counterparties)	57,244,802	25,269,536
8	Unsecured debt	-	-
9	<b>Secured wholesale funding</b>		-
10	<b>Additional requirements, of which:</b>	<b>36,310,786</b>	<b>4,007,903</b>
11	Outflows related to derivative exposures and other collateral requirements	6,502,531	1,300,506
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	29,808,255	2,707,397
14	<b>Other contractual funding obligations</b>	-	-
15	<b>Other contingent funding obligations</b>	-	-
16	<b>TOTAL CASH OUTFLOWS</b>		<b>35,646,718</b>
<b>Cash inflows</b>			
17	<b>Secured lending (e.g. reverse repo)</b>	-	-
18	<b>Inflows from fully performing exposures</b>	2,847,988	1,423,994
19	<b>Other cash inflows</b>	1,817,491	1,817,491
20	<b>TOTAL CASH INFLOWS</b>	<b>4,665,479</b>	<b>3,241,485</b>
		<b>Total adjusted value</b>	
21	<b>Total HQLA</b>		<b>54,229,510</b>
22	<b>Total net cash outflows</b>		<b>32,405,233</b>
23	<b>Liquidity coverage ratio (%)</b>		<b>169.32%</b>

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 30<sup>th</sup> June 2023 was 159.34% whereas the average LCR ratio for the quarter ended 30<sup>th</sup> June 2023 was 169.32%.

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

## 4.2. Net Stable Funding Ratio – NSRF (LIQ2)

AED '000'

S. No	Particulars	Unweighted value by residual maturity				Weighted value
		No maturity	<6 months	6 months to <1 year	≥1 year	
	<b>Available stable funding (ASF) item</b>					
<b>1</b>	<b>Capital:</b>					
2	Regulatory capital	43,486,239	-	-	-	43,486,239
3	Other capital instruments	-	-	-	-	-
<b>4</b>	<b>Retail deposits and deposits from small business customers:</b>					
5	Stable deposits	19,960,669	876,789	540,461	12,310	20,321,334
6	Less stable deposits	26,213,082	18,031,660	11,649,796	1,405,516	51,710,601
<b>7</b>	<b>Wholesale funding:</b>					
8	Operational deposits	26,510,494	-	-	-	13,255,247
9	Other wholesale funding	24,705,736	71,103,920	22,300,908	21,238,807	76,580,515
10	Liabilities with matching interdependent assets					
<b>11</b>	<b>Other liabilities:</b>					
12	NSFR derivative liabilities				1,196,574	
13	All other liabilities and equity not included in the categories	-	5,914,667	1,977,844	207,574	1,196,496
<b>14</b>	<b>Total ASF</b>					<b>206,550,432</b>
	<b>Required stable funding (RSF) item</b>					
15	Total NSFR high-quality liquid assets (HQLA)	12,155,265	16,117,220	1,020,827	36,557,584	10,069,765
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
<b>17</b>	<b>Performing loans and securities:</b>					
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	2,301,026	1,641,818	-	1,371,751
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	18,706,647	13,343,608	117,741,793	116,105,652
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	18,281,593	11,883,035
<b>22</b>	<b>Performing residential mortgage, of which:</b>					
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	17,109,414	11,121,119
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	558,078	5,775,791	16,666,333	18,933,827
25	Assets with matching interdependent liabilities					
26	Other assets:					
27	Physical traded commodities, including gold	-				-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	
29	NSFR derivative assets				865,401	-
30	NSFR derivative liabilities before deduction of variation margin posted				1,196,574	239,315
31	All other assets not included in the above categories	18,349,571	-	-	141,082	18,490,653
<b>32</b>	<b>Off-balance sheet items</b>					<b>3,279,661</b>
<b>33</b>	<b>Total RSF</b>					<b>191,494,778</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>					<b>107.86%</b>

Note: Items reported in the "no maturity" time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits and non-HQLA equities.

## 5. Credit Risk

### 5.1. Credit quality of assets (CR1)

30 June 2023  
AED '000'

S. No	Particulars	Gross carrying values of		Allowances/ Impairments (c)	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a + b - c)
		Defaulted exposures (a)	Non- defaulted exposures (b)		Allocated in regulatory category of Specific (d)	Allocated in regulatory category of General (e)	
1	Financing and investing assets	11,717,319	186,631,148	9,001,826	6,895,561	2,106,265	189,346,641
2	Sukuks	66,543	61,632,344	263,595	34,144	229,451	61,435,292
3	Off-balance sheet exposures <sup>1</sup>	1,185,681	31,637,505	40,913	-	40,913	32,782,273
4	<b>Total</b>	<b>12,969,543</b>	<b>279,900,997</b>	<b>9,306,334</b>	<b>6,929,705</b>	<b>2,376,629</b>	<b>283,564,206</b>

### 5.2. Changes in the stock of defaulted financing and sukuks (CR2)

S. No	Particulars	30 June 2023 AED '000'
1	<b>Defaulted financing and sukuks at the end of the previous reporting period (31 Dec 2022)</b>	<b>11,834,290</b>
2	Financing and sukuks that have defaulted since the last reporting period	1,480,132
3	Returned to non-default status	(497,698)
4	Amounts written off	(566,826)
5	Other changes	(466,036)
6	<b>Defaulted financing and sukuks at the end of the reporting period (1+2-3-4-5)</b>	<b>11,783,862</b>

### 5.3. Credit risk mitigation techniques – overview (CR3)

30 June 2023  
AED '000'

Particulars	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
Financing and investing assets	147,559,428	41,787,213	3,471,519	340,443	51,581	-	-
Sukuks	61,435,292	-	-	-	-	-	-
<b>Total</b>	<b>208,994,719</b>	<b>41,787,213</b>	<b>3,471,519</b>	<b>340,443</b>	<b>51,581</b>	-	-
Of which defaulted	11,783,862	1,509,972	28,299	-	-	-	-

<sup>1</sup> Including derivatives.

## 5.4. Standardised approach - credit risk exposure and CRM effects (CR4)

30 June 2023

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Asset class <sup>1</sup>	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 <sup>2</sup>	RWA density
Sovereigns and their central banks	89,219,802	-	89,219,802	-	25,384,113	28.5%
Public Sector Entities	32,144,804	4,434,502	31,896,774	1,157,727	30,836,999	93.3%
Multilateral development banks	101,392	-	101,392	-	-	0%
Banks	7,201,703	701,651	7,201,703	688,164	4,491,221	56.9%
Securities firms	-	-	-	-	-	-
Corporates	89,280,449	22,145,013	89,176,918	10,052,537	96,144,718	96.9%
Regulatory retail portfolios	28,791,400	4,092,339	28,732,924	144,825	21,785,953	75.4%
Secured by residential property	21,661,717	-	21,590,621	-	8,800,660	40.8%
Secured by commercial real estate	7,172,741	264,000	7,093,646	52,800	7,069,528	98.9%
Equity Investment in Funds (EIF)	529,805	-	529,805	1,185,681	1,104,402	64.4%
Past-due financing	13,870,962	1,185,681	5,954,013	-	8,653,335	145.3%
Higher-risk categories	1,209,417	-	1,209,417	-	1,814,126	149.7%
Other assets	14,178,904	-	14,178,904	-	13,103,121	92.4%
<b>Total</b>	<b>305,363,096</b>	<b>32,823,186</b>	<b>296,885,919</b>	<b>13,281,734</b>	<b>219,188,176</b>	<b>70.7%</b>

<sup>1</sup> Including derivatives

<sup>2</sup> Excluding CVA charge

## 5.5. Standardised approach - exposures by asset classes and risk weights (CR5)

30 June 2023

AED '000'

Asset class	----- Risk weight -----								
	0%	20%	35%	50%	75%	100%	150%	Others	Total <sup>1</sup>
Sovereigns and their central banks	54,731,230	9,631,554	-	5,442,360	-	16,770,730	2,643,928	-	89,219,802
Public Sector Entities	-	-	-	4,434,864	-	28,619,567	-	-	33,054,431
Multilateral development banks	101,392	-	-	-	-	-	-	-	101,392
Banks	-	3,509,717	-	1,682,867	-	2,192,423	503,614	-	7,888,621
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	17,262	-	4,537,800	-	86,213,243	5,106,082	-	95,874,387
Regulatory retail portfolios	-	-	-	-	28,327,520	540,313	-	-	28,867,833
Secured by residential property	-	-	19,148,291	-	1,374,286	1,068,044	-	-	21,590,621
Secured by commercial real estate	-	-	-	-	-	7,069,528	-	-	7,069,528
Equity Investment in Funds (EIF)	-	-	-	-	-	-	491,190	38,615	529,805
Past-due financing	-	-	-	-	-	4,027,516	3,083,879	-	7,111,395
Higher-risk categories	-	-	-	-	-	-	1,209,417	-	1,209,417
Other assets	2,046,295	-	-	-	-	11,288,127	296,211	548,271	14,178,904
<b>Total</b>	<b>56,878,917</b>	<b>13,158,533</b>	<b>19,148,291</b>	<b>16,097,891</b>	<b>29,701,806</b>	<b>157,789,492</b>	<b>13,334,320</b>	<b>586,886</b>	<b>306,696,136</b>

<sup>1</sup> Total credit exposure amount (post CCF and post CRM)



## 6. Counterparty credit risk (CCR)

### 6.1. Analysis of counterparty credit risk exposure by approach (CCR1)

30 June 2023  
AED '000'

Particulars	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
SA-CCR (for derivatives)	374,269	629,039		1.4	1,404,631	1,025,057
Internal Model Method (for derivatives and SFTs)			-	-	-	-
Simple Approach for credit risk mitigation (for SFTs)					-	-
Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
VaR for SFTs					-	-
<b>Total</b>						<b>1,025,057</b>

## 6.2. Credit valuation adjustment capital charge (CCR2)

Credit valuation adjustments (CVA) represent the risk of loss as a result of adverse changes to the credit quality of counterparties in derivative transactions.

30 June 2023  
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S. No	CVA capital charge computation approach	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	1,404,631	1,025,057

## 6.3. Standardised approach - CCR exposures by regulatory portfolio and risk weights (CCR3)

30 June 2023  
AED '000'

Asset class	----- Risk weight -----							Total credit exposure
	0%	20%	50%	75%	100%	150%	Others	
Sovereigns	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	10,547	-	123,089	-	-	133,636
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	170,895	483,323	-	1,461	6,475	-	662,154
Securities firms	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	607,160	1,681	-	608,841
Regulatory retail portfolios	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-
Equity Investment in (EIF)	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>170,895</b>	<b>493,870</b>	-	<b>731,710</b>	<b>8,156</b>	-	<b>1,404,631</b>

## 6.4. Composition of collateral for CCR exposure (CCR5)

30 June 2023

AED '000'

Collaterals	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	615,999	-	96,159	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Foreign sovereign sukuks	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>615,999</b>	<b>-</b>	<b>96,159</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 7. Market risk

### 7.1. Market risk under the standardised approach (MR1)

30 June 2023

AED '000'

S. No	Particulars	RWA
1	General interest rate risk (General and Specific)	1,051,348
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	2,745,580
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7		
8	Securitisation	-
9	<b>Total</b>	<b>3,796,928</b>