EMIRATES NBD BANK PJSC

BASEL III - PILLAR III DISCLOSURES

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

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Introduction

The Central Bank of the UAE (CBUAE) supervises Emirates NBD P.J.S.C. (the Bank) and its subsidiaries (together referred to as the “Group”) on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. The capital requirements are computed at a Group level using the Basel III framework of the Basel Committee on Banking Supervision (Basel Committee), after applying the amendments advised by the CBUAE, within national discretion. The Basel framework is structured around three ‘pillars’, Pillar 1 minimum capital requirements, Pillar 2 supervisory review process and Pillar 3 market discipline.

Pillar 3 disclosures

Pillar 3 complements the minimum capital requirements and the supervisory review process. Its aim is to encourage market discipline by developing disclosure requirements which allow market participants to assess specified information on the scope of application of Basel III, capital, particular risk exposures and risk assessment processes, and hence the capital adequacy of the institution. Disclosures consist of both qualitative and quantitative information and are provided at the consolidated level.

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Total Capital. Additional capital buffers (Capital Conservation Buffer and Countercyclical Capital Buffer - maximum up to 2.5% for each buffer) introduced are over and above the minimum CET1 requirement of 7%.

In November 2020, CBUAE issued revised standards and guidelines for Capital Adequacy in UAE. The new version to the Standards includes additional Guidance on the topics of Credit Risk, Market Risk, and Operational Risk.

Following are the changes in the revised standards which have been adopted either prior to or as at 30 June 2022:

- The Tier Capital Supply Standard
- Tier Capital Instruments Standard
- Pillar 2 Standard: Internal Capital Adequacy Assessment Process (ICAAP)
- Credit Risk, Market Risk and Operational Risk
- Equity Investment in Funds, Securitisation, Counterparty Credit Risk, Leverage Ratio
- Credit Value Adjustment (CVA) for Pillar 1 and 3 (effective from 30 June 2022).

CBUAE requires the Pillar 2 - Supervisory Review Process to focus on each bank’s Internal Capital Adequacy Assessment Process (ICAAP) in addition to Pillar 1 Capital calculations. The ICAAP should include a risk based forward looking view of, but not limited to, Credit, Market and Operational Risk Capital.

The purpose of Pillar 3 - Market Discipline is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The CBUAE supports the enhanced market discipline by developing a set of disclosure requirements which will allow market participants to assess key information on the scope of application, capital, risk exposure, risk assessment process and hence the capital adequacy of the Group. The revised Pillar 3 disclosures, based on a common framework, are an effective means of informing the market about the risks faced by the Group, and provide a consistent and understandable disclosure framework that enhances transparency and improves comparability and consistency.

The Group’s Pillar 3 dislcosures for the six months period ended 30 June 2022 comprise limited qualitative and quantitative disclosures in line with CBUAE Pillar 3 guidance.

Verification

The Pillar 3 Disclosures for the half year ended 30 June 2022 have been reviewed by the Group's internal auditors.

Implementation of Basel III standards and guidelines

The Group is compliant with Standardised Approach for Credit, Market and Operational Risk (Pillar 1) as applicable as of 30 June 2022.

The Group also assigns capital on other than Pillar 1 risk categories which are part of the Pillar 2 framework.

Group Structure

The Bank was incorporated in the United Arab Emirates on 16 July 2007 consequent to the merger between Emirates Bank International PJSC (EBI) and National Bank of Dubai PJSC (NBD), under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company (PJSC).

The Bank is listed on the Dubai Financial Market (TICKER: "EMIRATESNBD"). The Group's principal business activities are corporate and institutional banking, retail banking, treasury and Islamic banking. The Bank's website is www.emiratesnbd.com.

For details of Group's subsidiaries refer to Pillar 3 disclosures for year ended 31 December 2021 available on the Bank's website.

Key Metrics for The Group (KM1)

Key prudential regulatory metrics have been included in the following table:

		30 June 2022 AED 000	31 March 2022 AED 000	31 December 2021 AED 000
	Available capital (amounts) [3]			
1	Common Equity Tier 1 (CET1)	71,681,260	68,505,436	67,463,976
1a	Fully loaded ECL accounting model [1]	69,650,413	66,682,594	64,994,509
2	Tier 1	80,809,912	77,634,089	76,592,628
2a	Fully loaded ECL accounting model Tier 1	78,779,065	75,811,247	74,123,161
3	Total capital	86,113,160	82,677,555	81,504,429
3a	Fully loaded ECL accounting model total capital	84,082,313	80,854,713	79,034,962
	Risk-weighted assets (amounts) [3]			
4	Total risk-weighted assets (RWA)	479,210,815	457,949,275	446,381,860
	Risk-based capital ratios as a percentage of RWA			
5	Common Equity Tier 1 ratio (%)	14.96%	14.96%	15.11%
5a	Fully loaded ECL accounting model CET1 (%)	14.53%	14.56%	14.56%
6	Tier 1 ratio (%)	16.86%	16.95%	17.16%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.44%	16.55%	16.61%
7	Total capital ratio (%)	17.97%	18.05%	18.26%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.55%	17.66%	17.71%
	Additional CET1 buffer requirements as a percentage of RWA			
8	Capital conservation buffer requirement (2.5% from 2019) (%) [2]	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%) [2]	1.50%	1.50%	1.50%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	4.00%	4.00%	4.00%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.47%	7.55%	7.76%
	Leverage Ratio [3]			
13	Total leverage ratio measure	769,925,662	748,153,569	746,832,311
14	Leverage ratio (%) (row 2/row 13)	10.50%	10.38%	10.26%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	10.23%	10.13%	9.93%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	10.50%	10.38%	10.26%
	Liquidity Coverage Ratio [3]			
15	Total HQLA	140,623,385	138,722,024	138,634,283
16	Total net cash outflow	86,232,295	85,784,704	83,347,234
17	LCR ratio (%)	163.08%	161.71%	166.33%
	Net Stable Funding Ratio [3]			
18	Total available stable funding	471,290,197	470,122,758	463,127,079
19	Total required stable funding	387,224,893	388,411,483	381,872,177
20	NSFR ratio (%)	121.71%	121.04%	121.28%

[1]*"Fully Loaded" means bank's regulatory capital compared with a situation where the transitional arrangement had not been applied. CBUAE introduced transitional arrangements as per circular no. 04/2020 "Regulation Regarding Accounting Provisions and Capital Requirements - Transitional Arrangements".*

Key metrics for the Group (KM1) (Continued)

Pursuant to the above regulation, CBUAE issued a regulation for a 'Prudential Filter' that permits Banks to add back increase in IFRS 9 provisions (stage 1 and stage 2) to the regulatory capital over a transition period of 5 years, on a proportionate basis. The increase in IFRS 9 provision requirements is determined by calculating the difference between the IFRS 9 provision as of 31 December 2019 and the IFRS 9 provision as at the respective reporting date. The proportion of the increase in IFRS 9 provisions that is permitted to be added-back to regulatory capital from 1 January 2020 onwards will be phased out over a 5-year transition period (100%, 100%, 75%, 50%, 25% for the years 2020 to 2024 respectively).

[2] *As per the Targeted Economic Support Scheme (TESS) introduced by CBUAE during pandemic, banks in UAE are allowed to utilize 60% of CCB and 100% of D-SIB without supervisory consequences up to 30 June 2022.*

[3] *Impacts of implementing IAS 29 - Hyperinflation accounting in Financial Statements are excluded from regulatory ratios calculations.*

CET1 capital increased by AED 3.2 billion from prior quarter. Pre-hyperinflation profit for the quarter of AED 4.5 billion is offset by adverse movement on fair value reserve of AED 0.8 billion and currency translation reserve of AED 0.6 billion.

Total Risk weighted assets (RWA) increased by 21 billion driven by Credit RWA from lending volumes and Credit Valuation Adjustment charge applicable from 30 June 2022.

Refer OV1 disclosure for further details on Risk Weighted Assets (RWAs)

Overview of Risk Weighted Assets (RWAs) (OV1)

The following table provides an overview of total RWAs forming the denominator of the risk-based capital requirements.

		30 June 2022 AED 000	31 March 2022 AED 000	31 December 2021 AED 000	Minimum capital requirements 30 June 2022 AED 000
1	Credit risk (excluding CCR and CVA)	403,608,391	390,814,566	380,513,816	58,523,217
2	Of which: standardised approach (SA)	403,608,391	390,814,566	380,513,816	58,523,217
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)	11,363,811	11,594,299	11,335,237	1,647,753
7	Of which: standardised approach for counterparty credit risk	11,363,811	11,594,299	11,335,237	1,647,753
8	Of which: Internal Model Method (IMM)	-	-	-	-
9	Of which: other CCR	-	-	-	-
10	Credit valuation adjustment (CVA)	8,286,936	-	-	1,201,606
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	1,000,698	1,068,447	1,095,047	145,101
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	12,458,523	11,979,507	10,945,304	1,806,486
21	Of which: standardised approach (SA)	12,458,523	11,979,507	10,945,304	1,806,486
22	Of which: internal models approach (IMA)	-	-	-	-
23	Operational risk	42,492,456	42,492,456	42,492,456	6,161,406
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)**	**479,210,815**	**457,949,275**	**446,381,860**	**69,485,569**

Overview of RWAs (OV1) (Continued)

The regulatory minimum capital requirement is calculated at 14.5% of the RWA including CBUAE assigned capital buffers.

Pursuant to the revised capital adequacy standards and guidelines rolled out by CBUAE in 2020 and applicable in phases, Standardized Approach on counterparty credit risk (SA-CCR) and Equity Investment in Fund (EIF) are implemented in 2021. CVA charge is effective as of 30 June 2022 as part of final phase.

Total credit risk weighted assets (excluding CCR and CVA) increased by AED 13 billon driven by increase in corporates and GRE loans.

Increase in Market risk weighted assets (MRWA) is attributed to increase in general interest risk; driven by increase in unmatched positions.

Capital Management

For details of capital management, refer to Pillar 3 disclosures for year ended 31 December 2021 available on the Bank's website.

Regulatory Capital

The Group's capital base is divided into three main categories, namely CET1, AT1 and Tier 2, depending on their characteristics.

- CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under CBUAE guidelines.

- AT1 capital comprises eligible non-common equity capital instruments.

- Tier 2 capital comprises qualifying subordinated debt, and undisclosed reserve.

Details of the Group's qualifying Equity and AT1 instruments are set out in Appendix A.

Composition of regulatory capital (CC1)
This provides a breakup of the elements constituting the Group's capital.

		30 June 2022 AED 000	31 December 2021 AED 000	CC2 Reference
	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	24,270,762	24,270,762	b
2	Retained earnings	58,889,649	52,399,381	f
3	Accumulated other comprehensive income (and other reserves)	(5,932,552)	(2,921,388)	
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)	26,044	55,018	
6	**Common Equity Tier 1 capital before regulatory deductions**	**77,253,903**	**73,803,773**	
	Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	-	-	
8	Goodwill (net of related tax liability)	(5,866,886)	(5,981,491)	a
9	Other intangibles including mortgage servicing rights (net of related tax liability)	-	-	
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	(209,786)	(194,056)	
11	Cash flow hedge reserve	550,204	(118,075)	
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)	(46,175)	(46,175)	
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-	-	
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	
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**	**(5,572,643)**	**(6,339,797)**	e
25	**Common Equity Tier 1 capital (CET1)**	71,681,260	67,463,976	
	Additional Tier 1 capital: instruments			
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	9,128,652	9,128,652	c
27	Of which: classified as equity under applicable accounting standards	9,128,652	9,128,652	

Composition of regulatory capital (CC1) (Continued)

		30 June 2022 AED 000	31 December 2021 AED 000	CC2 Reference
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	**Additional Tier 1 capital before regulatory adjustments**	**9,128,652**	**9,128,652**	
	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)**	**9,128,652**	**9,128,652**	
39	**Tier 1 capital (T1= CET1 + AT1)**	**80,809,912**	**76,592,628**	
	Tier 2 capital: instruments and provisions			
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 30) 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	5,303,248	4,911,801	
45	**Tier 2 capital before regulatory adjustments**	**5,303,248**	**4,911,801**	
	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)**	**5,303,248**	**4,911,801**	
52	**Total regulatory capital (TC = T1 + T2)**	**86,113,160**	**81,504,429**	
53	**Total risk-weighted assets**	**479,210,815**	**446,381,860**	
	Capital ratios and buffers			
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	14.96%	15.11%	
55	Tier 1 (as a percentage of risk-weighted assets)	16.86%	17.16%	

Composition of regulatory capital (CC1) (Continued)

		30 June 2022 AED 000	31 December 2021 AED 000	CC2 Reference
56	Total capital (as a percentage of risk-weighted assets)	17.97%	18.26%	
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) [1]	4.00%	4.00%	
58	Of which: capital conservation buffer requirement [1]	2.50%	2.50%	
59	Of which: bank-specific countercyclical buffer requirement	0.00%	0.00%	
60	Of which: higher loss absorbency requirement (e.g., DSIB)[1]	1.50%	1.50%	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	7.47%	7.76%	
	The CBUAE Minimum Capital Requirement			
62	Common Equity Tier 1 minimum ratio	7.00%	7.00%	
63	Tier 1 minimum ratio	8.50%	8.50%	
64	Total capital minimum ratio	10.50%	10.50%	
	Amounts below the thresholds for deduction (before risk weighting)			
65	Non-significant investments in the capital and other TLAC liabilities of other financial entities	-	-	
66	Significant investments in common stock of financial entities	-	-	
67	Mortgage servicing rights (net of related tax liability)	-	-	
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)	11,014,938	10,776,610	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	5,303,248	4,911,801	d
71	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	
72	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	
	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)	-	-	

[1] As per the Targeted Economic Support Scheme (TESS) introduced by CBUAE during pandemic, banks in UAE are allowed to utilize 60% of CCB and 100% of D-SIB without supervisory consequences up to 30 June 2022.

Composition of regulatory capital (CC1) (Continued)

Overall movement in capital is on account of AED 7.1 billion pre-hyperinflation profit year to date, adverse movement in currency translation reserve of AED 1.6 billion mainly due to depreciation of Turkish lira and adverse impact on other comprehensive Income of AED 0.7 billon.

Reconciliation of regulatory capital to balance sheet (CC2)

The following table enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between the bank's balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template set out in Template CC1.

30 June 2022 **AED 000**	**Balance sheet as in published financial statements**	**Under regulatory scope of consolidation**	**Reference (CC1)**
Assets			
Cash and deposits with central bank	62,956,708	62,956,708	
Due from banks	62,657,613	62,657,613	
Investment securities	110,466,419	110,466,419	
Loans & receivables	424,987,410	424,987,410	
Positive fair value of derivatives	13,794,666	13,794,666	
Customer acceptances	11,204,940	11,204,940	
Property & equipment	4,051,960	3,554,620	
Goodwill & intangibles	5,866,886	5,866,886	a
Other assets	14,653,009	14,126,054	
Total assets	**710,639,611**	**709,615,316**	
Liabilities			
Due to banks	45,804,240	45,804,240	
Customer deposits	467,877,069	467,877,069	
Debt issued and other borrowed funds	56,596,786	56,596,786	
Sukuk payable	3,672,500	3,672,500	
Negative fair value of derivatives	16,184,387	16,184,387	
Customer acceptances	11,204,940	11,204,940	
Other liabilities	23,865,441	23,928,030	
Total Liabilities	**625,205,363**	**625,267,952**	
Issued capital	6,316,598	6,316,598	b
Treasury shares	(46,175)	-	
Tier 1 capital notes	9,128,652	9,128,652	c
Share premium reserve	17,954,164	17,954,164	b
Legal and statutory reserve	3,158,299	3,158,299	
Other reserves	2,945,393	2,945,393	
Fair value reserve	(2,097,835)	(2,097,834)	
Currency translation reserve	(7,016,835)	(9,938,410)	
Retained earnings	54,975,042	58,889,649	f
Common equity tier 1 capital regulatory deductions	-	(5,572,643)	e
Non-controlling interest	116,945	26,044	
Provisions eligible for inclusion in tier 2	-	5,303,248	d
Total Capital	**85,434,248**	**86,113,160**	

Reconciliation of regulatory capital to balance sheet (CC2) (continued)

Variances between financial and regulatory consolidated balance sheets arise primarily from difference in basis of consolidation. Non-financial subsidiaries are not consolidated for regulatory purposes. Also impacts of implementing IAS 29 - Hyperinflation accounting are excluded from regulatory calculationsas of 30 June 2022.

31 December 2021 **AED 000**	**Balance sheet as in published financial statements**	**Under regulatory scope of consolidation**	**Reference (CC1)**
Assets			
Cash and deposits with central bank	70,753,613	70,753,613	
Due from banks	45,343,248	45,343,248	
Investment securities	106,156,886	106,732,686	
Loans & receivables	422,272,390	422,272,390	
Positive fair value of derivatives	10,658,925	10,658,925	
Customer acceptances	11,343,522	11,343,522	
Property & equipment	3,747,621	3,747,621	
Goodwill & intangibles	5,981,491	5,981,491	a
Other assets	11,178,922	11,019,803	
Total assets	**687,436,618**	**687,853,299**	
Liabilities			
Due to banks	43,755,207	43,755,207	
Customer deposits	456,483,888	456,483,888	
Debt issued and other borrowed funds	63,387,228	63,387,228	
Sukuk payable	3,672,500	3,672,500	
Negative fair value of derivatives	9,186,321	9,186,321	
Customer acceptances	11,343,522	11,343,522	
Other liabilities	16,028,263	16,357,340	
Total Liabilities	**603,856,929**	**604,186,006**	
Issued capital	6,316,598	6,316,598	b
Treasury shares	(46,175)	-	
Tier 1 capital notes	9,128,652	9,128,652	c
Share premium reserve	17,954,164	17,954,164	b
Legal and statutory reserve	3,158,299	3,158,299	
Other reserves	2,945,393	2,945,393	
Fair value reserve	(725,815)	(725,815)	
Currency translation reserve	(8,299,265)	(8,299,265)	
Retained earnings	53,088,213	52,399,381	f
Common equity tier 1 capital regulatory deductions	-	(6,339,797)	e
Non-controlling interest	59,625	55,018	
Provisions eligible for inclusion in tier 2	-	4,911,801	d
Total Capital	**83,579,689**	**81,504,429**	

Geographical distribution of credit exposures used in the countercyclical capital buffer (CCyB1)

The following table provide an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the countercyclical buffer

30 June 2022	a	b	c	d	e	f	g
		Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer					
Geographical breakdown	**Counter cyclical capital buffer rate**	**Exposure values AED 000**	**Risk-weighted assets AED 000**	**Minimum Capital Requirement AED 000**	**Share of Minimum Capital (%)**	**Bank-specific counter cyclical capital buffer rate (%)**	**Counter cyclical buffer amount AED 000**
Norway	1.00%	31,578	16,231	2,353	0.01%	0.01%	1
Hongkong	1.00%	1,230,441	641,327	92,992	0.23%	0.23%	1,489
Luxemburg	0.50%	239,905	243,705	35,337	0.09%	0.04%	108
Others	0.00%	386,062,172	275,323,604	39,921,923	99.67%	0.00%	-
Sum[1]		1,501,924	901,263				
Total[2]		**387,564,096**	**276,224,867**				**1,598**

31 December 2021	a	b	c	d	e	f	g
		Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer					
Geographical breakdown	**Counter cyclical capital buffer rate**	**Exposure values AED 000**	**Risk-weighted assets AED 000**	**Minimum Capital Requirement AED 000**	**Share of Minimum Capital (%)**	**Bank-specific counter cyclical capital buffer rate (%)**	**Counter cyclical buffer amount AED 000**
Norway	1.00%	3,289	758	110	0.00%	0.00%	-
Hongkong	1.00%	12,054	2,487	361	0.00%	0.00%	-
Luxemburg	0.50%	95,605	1,066,368	154,623	0.39%	0.19%	2,072
Others	0.00%	377,057,537	273,401,197	39,643,173	99.61%	0.00%	-
Sum[1]		**110,948**	**1,069,613**				
Total[2]		**377,168,485**	**274,470,810**				**2,072**

Amount of Group specific countercyclical capital buffer	**30 June 2022**	**31 December 2021**
Total Credit risk weighted assets on Private Exposures (AED 000)	**276,224,867**	**274,470,810**
Group specific countercyclical capital buffer requirement (AED 000)	**1,598**	**2,072**
Group specific countercyclical capital buffer rate (%)	**0.00%**	**0.00%**

[1]*Sum of private sector credit exposures and related RWA in jurisdictions with a non-zero countercyclical buffer rate only.*

[2]*Total of private sector credit exposures and related RWA across all jurisdictions.*

Leverage Ratio

Summary comparison of accounting assets versus leverage ratio exposure (LR1)
The following table reconciles the total assets in the published financial statements to the leverage ratio exposure measure.

		30 June 2022 AED 000	31 March 2022 AED 000	31 December 2021 AED 000
1	Total consolidated assets as per published financial statements	710,639,611	694,035,320	687,436,618
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	152,129	(231,053)	(543,515)
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	5,010,691	8,132,416	7,801,732
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	(8,407,470)	(4,624,954)
10	Adjustments for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	72,793,217	70,735,808	74,281,499
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-	-
12	Other adjustments[1]	(18,669,986)	(16,111,452)	(17,519,069)
13	**Leverage ratio exposure measure**	**769,925,662**	**748,153,569**	**746,832,311**

[1]This includes Assets deducted from CET1 capital and customer acceptances (considered as off-balance sheet) and Impact of IAS 29 Hyperinflation accounting excluded.

Leverage Ratio (Continued)

Leverage ratio common disclosure template (LR2)

The table below provides a breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements, and buffers as of period end.

		30 June 2022 AED 000	31 March 2022 AED 000	31 December 2021 AED 000
	On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	675,053,692	664,510,750	660,265,702
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	(6,076,672)	(6,106,474)	(6,175,547)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (rows 1 to 6)**	**668,977,020**	**658,404,276**	**654,090,155**
	Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	3,720,352	3,266,956	4,183,473
9	Add-on amounts for PFE associated with *all* derivatives transactions	9,712,046	10,314,105	9,002,711
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 (Calculated as rows 8 to 12)*1.4**	**18,805,357**	**19,013,485**	**18,460,657**
	Securities financing transactions	-		
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	9,350,069	8,407,470	4,624,954
15	Netted amounts of cash payables and cash receivables of gross SFT assets	-	(8,407,470)	(4,624,954)
16	CCR exposure for SFT assets	-	-	-
17	Agent transaction exposures	-	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**9,350,069**	-	-
	Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	180,316,200	172,849,561	192,194,594
20	Adjustments for conversion to credit equivalent amounts	(107,522,984)	(102,113,753)	(117,913,095)
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)	**72,793,216**	**70,735,808**	**74,281,499**
	Capital and total exposures			
23	Tier 1 capital	**80,809,912**	**77,634,089**	**76,592,628**
24	Total exposures (sum of rows 7, 13, 18 and 22)	**769,925,662**	**748,153,569**	**746,832,311**

Leverage Ratio (Continued)

Leverage ratio common disclosure template (LR2)

		30 June 2022 AED 000	31 March 2022 AED 000	31 December 2021 AED 000
	Leverage Ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	10.50%	10.38%	10.26%
25 a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	10.50%	10.38%	10.26%
26	CBUAE minimum leverage ratio requirement	3.50%	3.50%	3.50%
27	Applicable leverage buffers	7.00%	6.88%	6.76%

Credit Risk

Please refer Note no. 46 in the annual financial statements for the year ended 31 December 2021, for criteria, approach, structure, and organization of credit risk management and reporting of risk exposures , risk mitigation and stress testing related to credit risk. For definition of default please refer Note 5(i) of annual financial statements.

Credit quality of assets – (CR1)

The table provides a comprehensive picture of the credit quality of the Group's (on- and off-balance sheet) assets.

30 June 2022 AED 000		**a**	**b**	**c**	**d**	**e**	**f**
		Gross carrying values of			**Of which ECL accounting provisions for credit losses on SA exposures**		
		Defaulted exposures[3]	**Non-defaulted exposures**	**Allowances/ Impairments**	**Allocated in regulatory category of Specific**	**Allocated in regulatory category of General**	**Net values (a+b-c)**
1	Loans	28,302,890	434,420,788	37,736,268	26,721,330	11,014,938	424,987,410
2	Debt securities[1]	-	106,819,792	46,023	-	46,023	106,773,769
	Total	**28,302,890**	**541,240,580**	**37,782,291**	**26,721,330**	**11,060,961**	**531,761,179**
3	Off-balance sheet exposures[2]	2,484,378	1,105,509,711	575,463	-	575,463	

[1] Debt Securities Includes Only Banking Book Securities
[2] Includes Letter of credit, Guarantees, Liability on risk participations, Irrevocable loan commitments and notional amount of Derivatives
[3] Defaulted exposures are net of Interest in suspense (IIS)

Credit quality of assets - CR1 (Continued)

31 December 2021 AED 000		**a**	**b**	**c**	**d**	**e**	**f**
		Gross carrying values of			**Of which ECL accounting provisions for credit losses on SA exposures**		
		Defaulted exposures[3]	**Non-defaulted exposures**	**Allowances/ Impairments**	**Allocated in regulatory category of Specific**	**Allocated in regulatory category of General**	**Net values (a+b-c)**
1	Loans	29,159,717	430,298,149	37,185,476	26,408,866	10,776,610	422,272,390
2	Debt securities[1]	-	102,891,135	40,417	-	40,417	102,850,718
	Total	**29,159,717**	**533,189,284**	**37,225,893**	**26,408,866**	**10,817,027**	**525,123,108**
3	Off-balance sheet exposures[2]	1,889,375	931,352,062	632,100	-	632,100	

[1] Debt Securities Include Only Banking Book Securities
[2] Includes Letter of credit, Guarantees, Liability on risk participations, Irrevocable loan commitments and notional amount of Derivatives
[3] Defaulted exposures are net of Interest in suspense (IIS)

Changes in stock of defaulted loans and debt securities – (CR2)

The following table identifies the changes in the bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

		30 June 2022 AED 000	31 December 2021 AED 000
1	Defaulted loans and debt securities at the end of the previous reporting period	29,159,717	29,817,914
2	Loans and debt securities that have defaulted since the last reporting period	2,341,948	4,665,107
3	Returned to non-default status	(113,942)	(360,866)
4	Amounts written off	(621,593)	(1,246,876)
5	New financial assets, net of repayments and others	(2,463,240)	(3,715,562)
6	**Defaulted loans and debt securities at the end of the reporting period**	**28,302,890**	**29,159,717**

Credit risk mitigation techniques – overview (CR3)

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

		a	b	c	d	e	f	g
30 June 2022 AED 000		**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	371,306,465	49,106,487	18,379,112	4,574,458	1,068,671	-	-
2	Debt securities	106,773,769	-	-	-	-	-	-
3	**Total**	**478,080,234**	**49,106,487**	**18,379,112**	**4,574,458**	**1,068,671**	**-**	**-**
4	Of which defaulted	1,102,221	479,339	73,953	-	-	-	-

		a	b	c	d	e	f	g
31 December 2021 AED 000		**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	360,833,964	55,837,027	24,065,031	5,601,399	1,075,069	-	-
2	Debt securities	102,850,718	-	-	-	-	-	-
3	**Total**	**463,684,682**	**55,837,027**	**24,065,031**	**5,601,399**	**1,075,069**	**-**	**-**
4	Of which defaulted	2,713,101	37,750	11,205	-	-	-	-

Credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

The following table Illustrates the effect of CRM on capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

30 June 2022	Exposure before CRM		Exposure post CRM		RWA and RWA Density	
Asset Class	On Balance Sheet AED 000	Off Balance Sheet AED 000	On Balance Sheet AED 000	Off Balance Sheet AED 000	RWA AED 000	RWA Density
Sovereigns and their central banks	272,927,051	2,910,377	272,927,048	1,912,672	39,748,242	14%
Public Sector Entities	59,541,878	16,481,572	58,854,572	5,161,112	57,565,331	90%
Multilateral development banks	860,455	-	860,455	-	-	0%
Banks	67,928,951	27,270,260	63,260,414	20,376,656	42,434,459	52%
Securities firms	15,062	1,320	15,062	1,319	16,381	100%
Corporates	125,463,644	92,622,784	102,253,631	52,359,536	148,351,836	98%
Regulatory retail portfolios	72,212,579	48,191,525	69,735,990	2,725,755	54,740,688	76%
Secured by residential property	22,369,582	405,487	22,369,582	159,855	9,016,296	40%
Secured by commercial real estate	41,906,789	8,210,861	40,740,649	2,205,578	42,946,227	100%
Equity Investment in Funds (EIF)	80,056	-	80,056	-	1,000,698	1250%
Past-due loans	40,264,436	2,484,378	1,507,608	2,484,378	4,413,483	111%
Higher-risk categories	-	-	-	-	-	-
Other assets	25,315,529	-	25,315,529	-	15,739,259	62%
Total	**728,886,012**	**198,578,564**	**657,920,596**	**87,386,861**	**415,972,900**	**56%**

The above table excludes CVA risk weighted assets.

Credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4) (Continued)

31 December 2021	Exposure before CRM		Exposure post CCF and CRM		RWA and RWA Density	
Asset Class	On Balance Sheet AED 000	Off Balance Sheet AED 000	On Balance Sheet AED 000	Off Balance Sheet AED 000	RWA AED 000	RWA Density
Sovereigns and their central banks	305,734,329	1,765,500	305,734,326	1,317,757	45,232,361	15%
Public Sector Entities	35,720,464	13,954,226	35,715,371	5,227,857	37,397,344	91%
Multilateral development banks	740,906	5,036	740,906	5,036	-	0%
Banks	51,351,600	24,917,640	50,212,347	16,906,397	35,843,585	53%
Securities firms	-	3,584	-	3,584	3,584	100%
Corporates	120,132,067	89,831,176	95,269,841	56,102,482	147,087,488	97%
Regulatory retail portfolios	69,575,620	43,928,743	65,916,307	2,459,664	53,119,090	78%
Secured by residential property	21,790,376	-	21,790,376	-	10,272,191	47%
Secured by commercial real estate	39,522,049	8,192,505	39,522,049	2,405,493	41,927,542	100%
Equity Investment in Funds (EIF)	87,604	-	87,604	-	1,095,047	1250%
Past-due loans	40,154,122	1,889,375	2,843,221	1,889,375	5,053,537	107%
Higher-risk categories	-	-	-	-	-	-
Other assets	23,046,051	-	23,046,051	-	15,912,331	69%
Total	**707,855,188**	**184,487,785**	**640,878,399**	**86,317,645**	**392,944,100**	**54%**

Exposures by asset classes and risk weights - (CR5)

The following table presents the breakdown of credit risk exposures under the standardised approach by asset class and risk weight.

Exposures amount (post CCF and post-CRM**)**

30 June 2022

Regulatory portfolio	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
AED 000									
Sovereigns	228,572,725	7,553,772	-	951,471	-	37,761,752	-	-	274,839,720
Public Sector Entities	-	7,186,108	-	1,402,934	-	55,426,642	-	-	64,015,684
Multilateral development banks	860,455	-	-	-	-	-	-	-	860,455
Banks	848	30,965,785	-	32,854,678	-	19,813,926	-	1,833	83,637,070
Securities firms	-	-	-	-	-	16,381	-	-	16,381
Corporates	208,504	3,390,942	-	3,860,039	-	137,753,189	30	9,400,463	154,613,167
Regulatory retail portfolios	113,488	2,090	-	10,767	70,402,052	1,933,348		-	72,461,745
Secured by residential property	-	-	20,170,050	-	1,610,433	748,954		-	22,529,437
Secured by commercial real estate	-	-	-	-	-	42,946,227		-	42,946,227
Equity Investment in Funds	-		-	-	-			80,056	80,056
Past-due loans	-	-	-	-	-	3,148,992	842,994	-	3,991,986
Higher-risk categories	-	-	-	-	-		-	-	-
Other assets	9,825,392	2,215,843	-	87,044	-	11,128,806	1,022,349	1,036,095	25,315,529
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Total	**239,581,412**	**51,314,540**	**20,170,050**	**39,166,933**	**72,012,485**	**310,678,217**	**1,865,373**	**10,518,447**	**745,307,457**
	=========	========	========	========	========	=========	======	========	=========

Exposures by asset classes and risk weights (CR5) (Continued)

December 2021

Regulatory portfolio AED 000	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Sovereigns	254,146,983	8,949,332	-	1,026,552	-	42,929,215	-	-	307,052,082
Public Sector Entities (PSEs)	-	2,830,471	-	2,563,016	-	35,549,741	-	-	40,943,228
Multilateral development banks (MDBs)	745,942	-	-	-	-	-	-	-	745,942
Banks	669	23,824,381	-	23,881,730	-	18,815,505	209,735	386,724	67,118,744
Securities firms	-	-	-	-	-	3,584	-	-	3,584
Corporates	185,900	1,917,190	-	1,386,899	-	135,404,117	-	12,478,217	151,372,323
Regulatory retail portfolios	107,707	-	-	-	60,596,692	7,671,572		-	68,375,971
Secured by residential property	-	-	16,777,359	-	2,451,609	2,561,408	-	-	21,790,376
Secured by commercial real estate	-	-	-	-	-	41,927,542	-	-	41,927,542
Equity Investment in Funds (EIF)	-		-	-	-		-	87,604	87,604
Past-due loans	-	-	-	-	-	4,090,714	641,882	-	4,732,596
Higher-risk categories	-	-	-	-	-		-	-	-
Other assets	8,658,143	194,297	-	291,036	-	11,947,781	1,106,812	847,982	23,046,051
Total	**263,845,344**	**37,715,671**	**16,777,359**	**29,149,233**	**63,048,301**	**300,901,179**	**1,958,429**	**13,800,527**	**727,196,043**

The growth in PSE at 100% RW is driven by increased lending volume.

Analysis of counterparty credit risk (CCR) exposure (CCR1)

The following table provides details of counterparty credit risk regulatory requirements and the main parameters. CBUAE requires banks to calculate CCR using standardized approach

SA-CCR (for derivatives)

	30 June 2022 AED 000	**a** Replacement cost	**b** Potential future exposure	**c** EEPE	**d** Alpha used for computing regulatory EAD*	**e** EAD post-CRM	**f** RWA
1	SA-CCR (for derivatives)	3,720,352	9,712,046	NA	1.4	18,805,357	11,363,811
2	Internal Model Method (for derivatives and SFTs)	NA	NA	NA	NA	NA	NA
3	Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5	VaR for SFTs	NA	NA	NA	NA	NA	NA
6	**Total**	**3,720,352**	**9,712,046**			**18,805,357**	**11,363,811**

Analysis of counterparty credit risk (CCR) exposure (CCR1) (continued)

	31 December 2021 AED 000	a **Replacement cost**	b **Potential future exposure**	c **EEPE**	d **Alpha used for computing regulatory EAD***	e **EAD post-CRM**	f **RWA**
1	SA-CCR (for derivatives)	4,183,473	9,002,711	NA	1.4	18,460,657	11,335,237
2	Internal Model Method (for derivatives and SFTs)	NA	NA	NA	NA	NA	NA
3	Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5	VaR for SFTs	NA	NA	NA	NA	NA	NA
6	**Total**	4,183,473	9,002,711	**-**	**-**	18,460,657	**11,335,237**

Credit valuation adjustment (CVA) capital charge – (CCR2)

	30 June 2022	**a**	**b**
		EAD post-CRM	**RWA**
		AED 000	**AED 000**
1	All portfolios subject to the Standardised CVA capital charge	18,805,357	8,286,936
2	All portfolios subject to the Simple alternative CVA capital charge	-	-

<u>CCR exposures by regulatory portfolio and risk weights – (CCR3)</u>

The following table presents information on the risk-weighting of CCR exposures under the standardised approach by regulatory portfolio.

30 June 2022 AED 000	**a**	**b**	**c**	**d**	**e**	**f**	**g**	**h**
Risk weight Regulatory portfolio	**0%**	**20%**	**50%**	**75%**	**100%**	**85%**	**Others 2%**	**Total credit exposure**
Sovereigns	-	-	-	-	383,057		-	383,057
Public Sector Entities (PSEs)	-	224,076	467,498	-	77,715		-	769,289
Multilateral development banks (MDBs)	-	-	-	-	-			-
Banks	-	2,038,178	7,256,051	-	2,329,616		1,833	11,625,678
Securities firms	-	-	-	-	1,319			1,319
Corporates	-	1,974,991	297,479	-	3,570,353	1,905		5,844,728
Regulatory retail portfolios	-	-	-	156,618	24,668			181,286
Secured by residential property	-	-	-	-	-			-
Secured by commercial real estate	-	-	-	-	-			-
Equity Investment in Funds (EIF)	-	-	-	-	-			-
Past-due loans	-	-	-	-	-			-
Higher-risk categories	-	-	-	-	-			-
Other assets	-	-	-	-	-			-
Total	**-**	**4,237,245**	**8,021,028**	**156,618**	**6,386,728**	**1,905**	**1,833**	**18,805,357**

CCR exposures by regulatory portfolio and risk weights – (CCR3) (continued)

31 December 2021 **AED 000**	**a**	**b**	**c**	**d**	**e**	**f**	**g**	**h**
Risk weight **Regulatory portfolio**	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others** **2%**	**Total credit exposure**
Sovereigns	-	-	-	-	1,098,033	-	-	1,098,033
Public Sector Entities (PSEs)	-	-	1,030,276	-	650,895	-	-	1,681,171
Multilateral development banks (MDBs)	5,036	-	-	-	-	-	-	5,036
Banks	-	2,575,853	5,508,260	-	2,046,950	34,324	386,724	10,552,111
Securities firms	-	-	-	-	3,584	-	-	3,584
Corporates	-	1,624,051	149,786	-	3,101,637	-	-	4,875,474
Regulatory retail portfolios	-	-	-	217,889	27,359	-	-	245,248
Secured by residential property	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**5,036**	**4,199,904**	**6,688,322**	**217,889**	**6,928,458**	**34,324**	**386,724**	**18,460,657**

Composition of collateral for CCR exposure – (CCR5)

Below table provides the breakdown of types of collateral posted or received related to derivative transactions.

30 June 2022 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 - other currencies	1,812,255	278,426	78,313	948,637	-	-
Government agency debt	-	-	-	-	-	-
Total	1,812,255	278,426	78,313	948,637	-	-

31 December 2021 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 - other currencies	399,619	380,746	74,629	313,387	-	-
Government agency debt	-	-	-	-	-	-
Total	**399,619**	**380,746**	**74,629**	**313,387**	**-**	**-**

Credit derivative exposures – (CCR6)

The below table shows the credit derivative exposures that the Group holds.

	30 June 2022 Protection bought AED 000	30 June 2022 Protection sold AED 000	31 December 2021 Protection bought AED 000	31 December 2021 Protection sold AED 000
Notional				
Single-name credit default swaps	73,450	36,725	36,725	-
Index credit default swaps	-	-	-	-
Total return swaps	1,634,495	1,634,495	1,219,554	1,219,554
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notional	**1,707,945**	**1,671,220**	**1,256,279**	**857,664**
Fair values				
Positive fair value (asset)	-	170,196	142,263	-
Negative fair value (liability)	180,805	-	-	137,749

Exposures to central counterparties – (CCR8)

		30 June 2022 EAD (post-CRM) AED 000	30 June 2022 RWA AED 000	31 December 2021 EAD (post-CRM) AED 000	31 December 2021 RWA AED 000
1	**Exposures to QCCPs (total)**	**1,833**	**37**	**386,724**	**7,734**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:	1,833	37	386,724	7,734
3	(i) OTC derivatives	1,833	37	386,724	7,734
4	(ii) Exchange-traded derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	-	-	-	-
10	Unfunded default fund contributions	-	-	-	-
11	**Exposures to non-QCCPs (total**	**-**	-	**-**	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-	-	-
13	(i) OTC derivatives	-	-	-	-
14	(ii) Exchange-traded derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-	-	-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

Market risk under the Standardised approach – (MR1)

The following table provides the components of capital requirement under the Standardised Approach for market risk:

		30 June 2022 RWA AED 000	31 December 2021 RWA AED 000
1	General Interest rate risk (General and Specific)	10,333,533	7,896,037
2	Equity risk (General and Specific)	-	-
3	Foreign exchange risk	1,581,817	2,052,365
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	543,173	996,902
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**12,458,523**	**10,945,304**

Liquidity Coverage Ratio (LCR) (LIQ1)

The Liquidity Coverage Ratio (LCR) is a regulatory ratio introduced as a part of the Basel III reforms with an objective to promote short term resilience of the liquidity risk profile of Banks. The ratio requires the Banks to hold an adequate stock of High Quality Liquid Assets (HQLA) to meet the liquidity needs for a 30-calendar day liquidity stress scenario.

The Group measures and reports its LCR under the Central Bank of UAE liquidity regulations. The Group also meets the local prudential LCR requirements across the international footprint, where applicable. The LCR is calculated as a proportion of the stock of unencumbered HQLA against the Net Cash Outflow over a 30 day period after applying the standardized haircuts.

The HQLA comprises of cash or assets that can be converted into cash at little or no loss of value. The HQLA eligible securities fall into three categories viz. level 1, level 2A and level 2B. Level 1 assets are of the highest quality and deemed most liquid e.g., Central Bank reserves. Level 2A and 2B assets are reliable source of liquidity but not to the same extent as level I and are capped at a maximum of 40% by the regulations.

The Net Cash Outflow comprise of total expected cash outflow as reduced by total expected cash inflows for the 30-day period. The total expected cashflows are calculated by multiplying the outstanding balances of various categories of liabilities, assets, and off-balance sheet commitments by prescribed rate at which they are expected to be run off or drawn down over the 30-day period.

Liquidity Coverage Ratio (LCR) (LIQ1)

The LCR calculated based on CBUAE regulations is included in the following table. The LCR disclosure below is a simple average of the month end Group LCR observations over the last quarter.

	30 June 2022	**Total unweighted value (average)** **AED 000**	**Total weighted value (average)** **AED 000**
1	Total HQLA	NA	140,623,385
2	**Retail deposits and deposits from small business customers, of which:**		
3	Stable deposits	5,619,402	280,970
4	Less stable deposits	230,450,941	21,047,662
5	**Unsecured wholesale funding, of which:**	-	-
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	40,411,342	10,102,835
7	Non-operational deposits (all counterparties)	123,943,751	57,344,908
8	Unsecured debt	-	-
9	**Secured wholesale funding**	-	5,825
10	**Additional requirements, of which:**		
11	Outflows related to derivative exposures and other collateral requirements	4,840,926	4,840,926
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	102,600,364	7,741,042
14	Other contractual funding obligations	9,755,547	9,755,547
15	Other contingent funding obligations	77,814,579	9,614,055
16	**TOTAL CASH OUTFLOWS**		
17	Secured lending (e.g., reverse repo)	1,717,226	1,215,506

Liquidity Coverage Ratio (LCR) (LIQ1) (Continued)

		Total unweighted value (average)	Total weighted value (average)
		AED 000	AED 000
18	Inflows from fully performing exposures	39,289,543	31,540,531
19	Other cash inflows	1,745,438	1,745,438
20	**TOTAL CASH INFLOWS**	**42,752,207**	**34,501,475**
			Total adjusted value
21	**Total HQLA**		**140,623,385**
22	**Total net cash outflows**		**86,232,295**
23	**Liquidity coverage ratio (%)**		**163.08%**

The Group maintained a LCR of 163.08% on an average during second quarter of the reporting year and 154.78% as of June 2022 reporting period, which is in excess of the regulatory minimum of 100%. The LCR is influenced by the amount, profile of the funding base and the deployment of funding into customer lending or HQLA investments. The deployment alternatives are assessed on an ongoing basis and adjusted as per the market opportunities, while maintaining a prudent LCR surplus.

The HQLA over the reporting period was 140.6 billion and 92% of this comprised of HQLA Level 1 assets, which represents balances held with Central Bank and other high quality sovereign securities. HQLA Level 2A and 2B assets comprised the remaining 8% of the total HQLA. The HQLA presented excludes excess liquidity held at subsidiaries that is deemed not transferable within the Group.

The retail deposits are prescribed a lower run-off factor and comprise 18% of the total cash outflow, whereas wholesale funding is prescribed a higher run-off and comprise 56% of the total cash outflows.

The Group manages liquidity at currency level and cross currency funding is utilized appropriately to manage the currency gaps. The Group measures LCR for major currencies and meets the local currency LCR as per the applicable local prudential requirements.

Net Stable Funding Ratio (NSFR) (LIQ2)

The Net Stable Funding Ratio (NSFR) is a regulatory ratio introduced as part of Basel III reforms with an objective to promote a sustainable funding structure at the Banks. The ratio requires the Banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

The Group measures and reports its NSFR under the Central Bank of UAE liquidity regulations. The Group also meets the local prudential NSFR requirements across the international footprint, where applicable.

The NSFR is calculated as a proportion of Available Stable Funding (ASF) against the Required Stable Funding (RSF). The ASF is defined as the portion of Capital and Liabilities expected to be stable over the time horizon of one year considered by NSFR. The RSF is measured based on broad characteristic of the liquidity risk profile of the Assets and Off-balance sheet exposures. The regulations prescribe the factor to be applied to the outstanding value of Capital, Liabilities, Assets and Off-balance sheet items for NSFR computation.

Net Stable Funding Ratio (NSFR) (LIQ2) (Continued)

The NSFR computed based on CBUAE regulations is included in the following table. The NSFR disclosure below is a simple average of the month end Group NSFR observations over the last quarter.

30 June 2022		a	b	c	d	e
AED 000		Unweighted value by residual maturity				Weighted value
		No maturity*	<6 months	6 months to <1 year	≥1 year	
Available stable funding (ASF) item						
1	Capital:	-	-	-	-	-
2	Regulatory capital	-	-	-	90,068,290	90,068,290
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	-	-	-	-
5	Stable deposits	-	5,105,832	27,496	1,157	4,877,819
6	Less stable deposits	-	201,102,873	7,083,790	3,523,007	190,891,004
7	Wholesale funding:	-	-	-	-	-
8	Operational deposits	-	40,411,342	-	-	20,205,671
9	Other wholesale funding	-	194,979,988	39,541,424	65,520,256	165,190,729
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	-	-	-	-
12	NSFR derivative liabilities	-			-	-

Net Stable Funding Ratio (NSFR) (LIQ2) (Continued)

		a	b	c	d	
		Unweighted value by residual maturity				Weighted Value
		No maturity*	<6 months	6 months to <1 year	≥1 year	
13	All other liabilities and equity not included in the above categories	-	47,669,417	113,369	-	56,684
14	**Total ASF**		-			**471,290,197**
	Required stable funding (RSF) item					
15	Total NSFR high-quality liquid assets (HQLA)		103,603,234	17,149,015	47,893,575	10,130,497
16	Deposits held at other financial institutions for operational purposes	-	-	-	357,333	357,333
17	Performing loans and securities:	-	-	-	-	-
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	-	43,213,250	9,710,581	7,218,479	18,555,757
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:	-	80,560,302	30,258,067	206,095,791	231,082,762
21	With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	-	205,191	133,374
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	-	118,355,032	76,930,771

Net Stable Funding Ratio (NSFR) (LIQ2) (Continued)

		a	b	c	d	
		Unweighted value by residual maturity				
		No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted Value
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	1,167,895	2,471,054	3,291,756	4,617,467
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	-	-	-	-	-
27	Physical traded commodities, including gold	386,887				328,854
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				-	-
29	NSFR derivative assets				14,728,429	4,375,628
30	NSFR derivative liabilities before deduction of variation margin posted				-	-
31	All other assets not included in the above categories	-	1,497,480	-	22,203,981	22,203,981
32	Off-balance sheet items	180,436,563	-	-	-	18,508,469
33	**Total RSF**					**387,224,893**
34	**Net Stable Funding Ratio (%)**					**121.71%**

* Items to be reported in the “No maturity” time bucket do not have stated maturity. These may include, but are not limited to items such as capital with perpetual maturity, non maturity deposit, short positions, open maturity positions, non HQLA equities and physical traded.

The Group maintained a NSFR of 121.71% on an average during second quarter of the reporting year and 120.70% as of June 2022 reporting period, which is in excess of the regulatory minimum of 100%. The Group maintains a diversified funding base comprising core retail and corporate customer deposits, institutional balances and capital market term funding. This is illustrated in the composition of Available Stable Funding (ASF) broadly consisting of Capital (19%), Retail deposits (42%) and Wholesale deposits (39%). The Required Stable Funding (RSF) largely comprised of the Loan and Advances (84%) whereas the securities held in HQLA assets are prescribed a lower RSF factor.

Appendix A

Template CCA: Main features of regulatory capital instruments

Sr no	Particulars	Equity Shares	U.S.$1,000,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities
1	Issuer	Emirates NBD Bank PJSC	Emirates NBD Bank PJSC	Emirates NBD Bank PJSC	Emirates NBD Bank PJSC
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)		XS1964681610	XS2134363170	XS2342723900
3	Governing law(s) of the instrument	CBUAE,SCA,CCL	English Law	English Law	English Law
	Regulatory treatment				
4	Transitional arrangement rules (i.e. grandfathering)	Common Equity Tier I	NA	NA	NA
5	Post-transitional arrangement rules (i.e. grandfathering)	Common Equity Tier I	Additional Tier I	Additional Tier I	Additional Tier I
6	Eligible at solo/group/group and solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Common Shares	Perpetual Debt Instruments	Perpetual Debt Instruments	Perpetual Debt Instruments
8	Amount recognised in regulatory capital (**AED in Billions, as of 30 June 2022**)	6	3.66	2.72	2.75
9	Nominal amount of instrument	NA	U.S.$1,000,000,000	U.S.$750,000,000	U.S.$750,000,000
9a	Issue price		100 percent	100 percent	100 percent
9b	Redemption price	NA	100% in case of an Optional Redemption or a Tax Event Redemption, and 101% in case of a Capital Event Redemption.	100% in case of an Optional Redemption or a Tax Event Redemption, and 101% in case of a Capital Event Redemption.	100% in case of an Optional Redemption or a Tax Event Redemption, and 101% in case of a Capital Event Redemption.
10	Accounting classification	Equity Attributable to Equity holders	Equity Attributable to Equity holders	Equity Attributable to Equity holders	Equity Attributable to Equity holders
11	Original date of issuance		20th March 2019	9th July 2020	27th May 2021

Template CCA: Main features of regulatory capital instruments (Continued)

Sr no	Particulars	Equity Shares	U.S.$1,000,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No Maturity	NA	NA	NA
14	Issuer call subject to prior supervisory approval	NO	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	20th March 2025 / Tax Event or a Capital Event / at Par for Optional and Tax Event call, at 101% in case of a Capital Event.	9th April 2026 / Tax Event or a Capital Event / at Par for Optional and Tax Event call, at 101% in case of a Capital Event.	27th Feb 2027 / Tax Event or a Capital Event / at Par for Optional and Tax Event call, at 101% in case of a Capital Event.
16	Subsequent call dates, if applicable	NA	20th September 2025 and every 6 months thereafter	9th July 2026 and every 6 months thereafter	27th May 2027 and every 6 months thereafter
	Coupons / dividends				
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed	Fixed
18	Coupon rate and any related index	NA	6.125%	6.125%	4.25%
19	Existence of a dividend stopper	NA	YES	YES	YES
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary
21	Existence of step-up or other incentive to redeem	NO	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	Writedown feature	NA	YES	YES	YES

Template CCA: Main features of regulatory capital instruments (Continued)

Sr no	Particulars	Equity Shares	U.S.$1,000,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities
25	If writedown, writedown trigger(s)	NA	Notice from the UAE Central Bank (as the Regulator) to the Issuer that the Issuer has, or will, become Non-Viable (as defined in the Conditions) without a write-down or a public injection of capital or equivalent support (i.e., Point of Non-Viability (PONV) trigger)	Notice from the UAE Central Bank (as the Regulator) to the Issuer that the Issuer has, or will, become Non-Viable (as defined in the Conditions) without a write-down or a public injection of capital or equivalent support (i.e., Point of Non-Viability (PONV) trigger)	Notice from the UAE Central Bank (as the Regulator) to the Issuer that the Issuer has, or will, become Non-Viable (as defined in the Conditions) without a write-down or a public injection of capital or equivalent support (i.e., Point of Non-Viability (PONV) trigger)
26	If writedown, full or partial	NA	Full/Partial (Both Options available)	Full/Partial (Both Options available)	Full/Partial (Both Options available)
27	If writedown, permanent or temporary	NA	Permanent	Permanent	Permanent
28	If temporary write-own, description of writeup mechanism	NA	NA	NA	NA
28a	Type of subordination	NA	Contractual	Contractual	Contractual

Template CCA: Main features of regulatory capital instruments (Continued)

Sr no	Particulars	Equity Shares	U.S.$1,000,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Perpetual Debt Instruments	Prior to liquidation, Additional Tier 1 Capital Securities shall be subordinate to the Issuer's Tier 2 instruments. To the extent that any of the Solvency Conditions (as defined in the Conditions) are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the United Arab Emirates, all claims of the holders of the Additional Tier 1 Capital Securities under the Additional Tier 1 Capital Securities will be extinguished and the Additional Tier 1 Capital Securities will be cancelled without any further payment to be made by the Issuer under the Additional Tier 1 Capital Securities	Prior to liquidation, Additional Tier 1 Capital Securities shall be subordinate to the Issuer's Tier 2 instruments. To the extent that any of the Solvency Conditions (as defined in the Conditions) are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the United Arab Emirates, all claims of the holders of the Additional Tier 1 Capital Securities under the Additional Tier 1 Capital Securities will be extinguished and the Additional Tier 1 Capital Securities will be cancelled without any further payment to be made by the Issuer under the Additional Tier 1 Capital Securities	Prior to liquidation, Additional Tier 1 Capital Securities shall be subordinate to the Issuer's Tier 2 instruments. To the extent that any of the Solvency Conditions (as defined in the Conditions) are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the United Arab Emirates, all claims of the holders of the Additional Tier 1 Capital Securities under the Additional Tier 1 Capital Securities will be extinguished and the Additional Tier 1 Capital Securities will be cancelled without any further payment to be made by the Issuer under the Additional Tier 1 Capital Securities
30	Non-compliant transitioned features	NA	NO	NO	NO
31	If yes, specify non-compliant features	NA	NA	NA	NA

Acronyms

ALCO	Asset and Liability Committee
ALM	Asset and Liability Management
ASF	Available stable funding
AT1	Additional Tier 1
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BRC	Board Risk Committee
CBUAE	Central Bank of UAE
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical capital buffer
CET1	Common Equity Tier 1
CRM	Credit Risk Mitigation
CRO	Chief Risk Officer
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Bank
DVA	Debit Valuation Adjustment
EAD	Exposure at default
ECAI	External Credit Assessment Institutions
ECL	Expected Credit loss
FSB	Financial Stability Board
GCC	Gulf Cooperative Council
GCRO	Group Chief Risk Officer
G-SIB	Global Systemically Important Bank
HQLA	High Quality Liquid Asset
IFRS	International Financial Reporting Standards
ICAAP	Internal Capital Adequacy Assessment Process
IRR	Interest Rate Risk
LCR	Liquidity Coverage Ratio
ExCO	Executive Committee
CCL	Commercial Companies Law
LGD	Loss Given Default
MDB	Multilateral Development Banks
MR	Market Risk
MTM	Mark-To-Market
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
OTC	Over the counter
PD	Probability of Default
PFE	Potential Future Exposure
PiT	Point in Time
PM	Portfolio Management
PVA	Prudent Valuation Adjustment
QCCP	Qualifying Central Counterparty
RSF	Required stable funding
RWAs	Risk-Weighted Assets
SA	Standardised Approach
SFT	Securities Financing Transactions
SME	Small and Medium - sized Enterprise
SPE	Special Purpose Entity
T1	Tier 1 capital
T2	Tier 2 capital
TC	Total capital
TESS	Target Economic Support Scheme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
TM	Treasury Markets
CHRO	Chief Human Resource Officer
SCA	Securities and Commodities Authority

Glossary

Capital conservation buffer

A capital buffer prescribed by BCBS and CBUAE under Basel III and designed to ensure banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred. Should the bank's CET1 capital fall within the capital conservation buffer range, capital distributions will be constrained by the regulators.

Countercyclical capital buffer (CCyB)

The countercyclical capital buffer is part of a set of macroprudential instruments, designed to help counter pro-cyclicality in the financial system. CCyB as defined in the Basel III standard provides for an additional capital requirement of up to 2.5 per cent of risk-weighted assets.

Counterparty credit risk (CCR)

The risk that a counterparty defaults before satisfying its obligations under a derivative, a securities financing transaction (SFT) or a similar contract.

Credit Conversion Factor (CCF)

As prescribed by CBUAE, an estimate of the amount the Group expects a customer to have drawn further on a facility limit at the point of default.

Credit risk adjustment (CRA)

This includes impairment allowances or provisions balances, and changes in ECL.

Credit risk mitigation (CRM)

Credit risk mitigation is a process to mitigate potential credit losses from any given account, customer or portfolio by using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and guarantees.

Domestic systemically important banks (D-SIB)

Domestic systemically important banks are deemed systemically relevant for the domestic financial system in which they operate. The CBUAE and the BCBS have developed a framework for identifying and dealing with D-SIBs. The Central Bank of the UAE annually assesses national banks at their consolidated group level and foreign banks at their UAE branch level; to designate banks whose failure could escalate to systemic risk for the UAE banking sector and eventually impact the economy.

Internal Capital Adequacy Assessment Process (ICAAP)

A requirement under Pillar 2 of the Basel framework to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks.

Leverage ratio

A ratio introduced under Basel III/CRD that compares Tier 1 capital to total exposures, including certain exposures held off-balance sheet as adjusted by stipulated credit conversion factors. Intended to be a simple, non-risk based backstop measure.

Liquidity Coverage Ratio (LCR)

The ratio of the stock of high quality liquid assets to expected net cash outflows over the following 30 days. High quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.

Glossary (Continued)

Net stable funding ratio (NSFR)

The ratio of available stable funding to required stable funding over a one-year time horizon, assuming a stressed scenario. It is a longer-term liquidity measure designed to restrain the amount of wholesale borrowing and encourage stable funding over a one-year time horizon.

RWA density

Risk-weighted assets as percentage of exposures post-CCF and post-CRM.

Securities Financing Transactions (SFT)

Securities Financing Transactions are secured (i.e. collateralised) transactions that involve the temporary exchange of cash against securities, or securities against other securities, e.g. stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.

Standardised Approach (SA)

In relation to credit risk, a method for calculating credit risk capital requirements using External Credit Assessment Institutions (ECAI) ratings and supervisory risk-weights. In relation to operational risk, a method of calculating the operational risk capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.