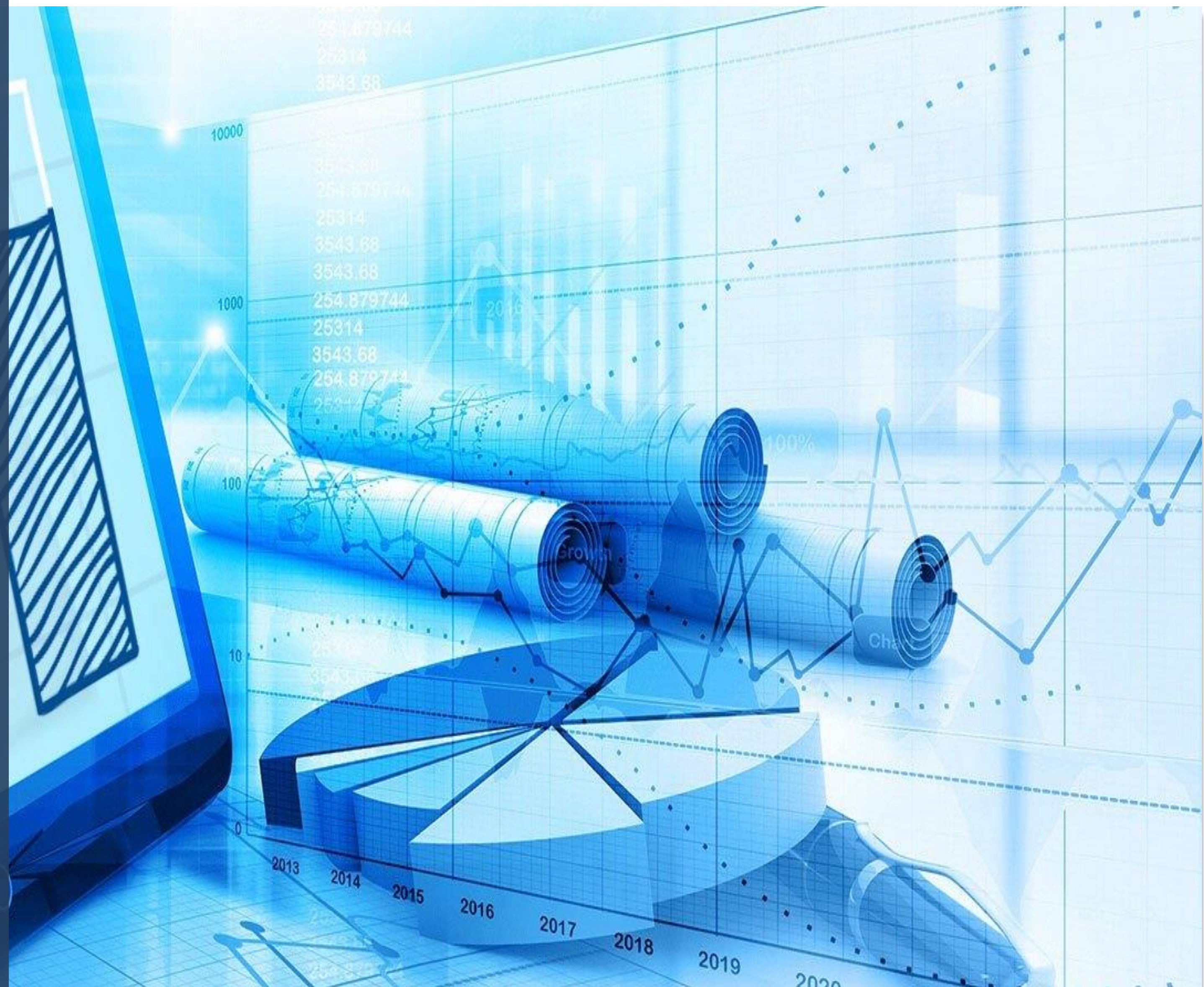
البنك العربي
ARAB BANK



ARAB BANK PLC

RISK MANAGEMENT & PILLAR III DISCLOSURES

FOR THE PERIOD ENDED 30 June 2023

www.arabbank.ae

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1. Overview, risk management, key prudential metrics and RWA:

OVERVIEW

Introduction

The aim of the capital adequacy regime is to promote safety and soundness in the financial system. It is structured around three 'pillars': Pillar 1 on minimum capital requirements; Pillar 2 on the supervisory review process; and Pillar 3 on market discipline. Pillar 3 requires firms to publish a set of disclosures which allow market participants to assess the organization's key prudential metrics, risk exposures and risk assessment process. The disclosures contained in this document cover the qualitative and quantitative disclosure requirements of Pillar 3, set out in the Notice No. CBUAE/BSD/N/2020/4980, and are mainly based on reviewed/audited financial statements as at 30th June 2023 with comparative figures for 31st March 2023, 31st December 2022 and 31st December 2021 were relevant. Some of the comparative figure disclosures have been represented to comply with the latest published standards.

Objective

The objective of this report is to provide information on risk management in the Bank to relevant stakeholders and supervisory bodies. In particular, it describes the Bank's capital adequacy and liquidity position.

Scope

Arab Bank plc, United Arab Emirates Branches (interchangeably referred to as "AB UAE" or the "Bank") were incorporated in the United Arab Emirates ("UAE") as a commercial bank in 1971. The Head Office of the Branches is Arab Bank plc (interchangeably referred to as "HO" or the "Group"), a public shareholding bank, listed on the Amman Securities Exchange.

The Bank operates within the UAE through the following branches:

Abu Dhabi	3 branches
Dubai	3 branches
Sharjah	1 branch
Ras al-Khaimah	1 branch

Arab Bank – UAE Branches follows the standardized approach in the calculation of capital charges and subsequent Pillar III disclosures. The scope of regulatory consolidation represents the data prepared in Banking Return Forms (BRF) as well as the capital adequacy computation according to the CBUAE regulations and explanatory notes, while the consolidated financial statements represents the figures in the audited financial statements prepared according to applicable International Accounting Standards and related IFRSs. There are differences between the scope of regulatory reporting and audited financial statements, which mainly comprise of netting of provisions and interest in suspense as well as different classifications of asset line items.

Regulatory Changes

a.) IFRS9 Transitional adjustments

The IFRS9 partial add-back transitional adjustments was introduced as a 'prudential filter' to smooth the impact of ECL accounting on capital by providing relief to any increases in Stage1 and 2 Expected Credit Losses (ECL), based on a 5-year transitional period as follows:

- 100% from 1st January 2020 to 31 December 2021
- 75% for 2022
- 50% for 2023
- 25% for 2024

b.) IBOR reform

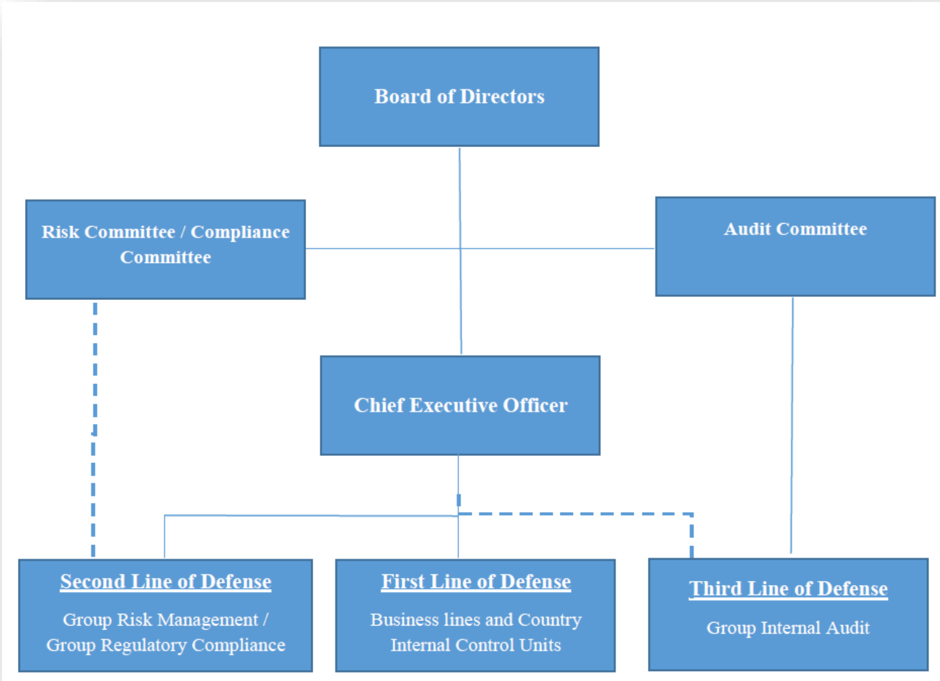
The Bank has achieved readiness to transition the relevant portion of its IBOR exposure to RFRs and has in place detailed plans, processes and procedures to support the transition of the IBOR exposures prior to its cessation. The Bank continues to communicate to the impacted customers with necessary information and price revision letters based on RFR effective 01 January 2022. Since 01 January 2022, RFR including SOFR are being used in the Bank's systems and for customer pricing. Further details are included in Note 33 of the audited year end financial statements.

Bank Risk Management Approach

Arab Bank addresses the challenges of banking risks comprehensively through an Enterprise-Wide Risk Management Framework based on leading practices, and supported by a Board and Executive level risk governance structure consisting of the following committees and three independent levels of oversight:

Committees:
- Audit Committee. (Board of Directors)
- Risk Management Committee. (Board of Directors)
- Credit Committee. (Board of Directors)
- High Asset and Liability Management Committee
- Executive Credit Committees
- Operational Risk-related Committees including Investigation Committee, Information Security and Business Continuity Committee.
- Executive Credit Committees
- Compliance Committee

The internal control process consists of three levels as follows:
1. First Level: Business Line and Country Internal Control Units.
2. Second Level: Group Risk Management (GRM) and Group Regulatory Compliance (GRC).
3. Third Level: Group Internal Audit (GIA).



The Risk Appetite Statement (RAS) is part of the ERM framework "Strategy and Objective Setting" pillar and it compliments the bank's internal policies, procedures, rules and guidelines. The purpose of the RAS is to state clearly the high-level quantitative limits and qualitative principles for the bank's risk-taking aligned with strategic business objectives while meeting regulatory limits. Specifically, the objectives of the RAS are the following:

- To provide clear articulation of the bank's risk appetite.
- To raise the awareness of the bank's material risks and to guide the personnel regarding acceptable and unacceptable risks.
- To provide tools for the Head Office and local Management to continuously monitor and align the bank's actual profile with the risk appetite.

The Board of Directors reviews and approves the Bank's overall risk management strategy, and oversees its execution. In addition, the Board of Directors oversees and ensures, through its various committees, that comprehensive risk management policies and procedures are established in all bank locations.

The Heads of Strategic Business Units manage risks within their specific business lines whether credit or operational. In addition, the Global Treasurer is responsible for the management of liquidity and market risks. They operate within formally delegated risk limits and are responsible and accountable for identifying, assessing, controlling, mitigating and reporting on risks in the course of their business activities.

The Chief Risk Officer (CRO) is responsible for ensuring that the Bank has a robust system for the identification and management of risk and for establishing appropriate risk frameworks consistent with the Bank's overall business strategy and risk appetite.

The Chief Compliance Officer (CCO) is responsible for assuring that the Bank is in compliance with applicable laws, rules and regulations, in particular those issued by regulatory authorities.

The Chief Financial Officer (CFO) is in charge of defining financial risks, reviewing any differences in financial regulatory controls, safeguarding the quality of financial data, and for ensuring the accuracy and reliability of the Bank's Financial Statements. The finance department is responsible for measuring, monitoring and reporting of liquidity risks as well as reporting of breaches identified and monitoring execution of remediation actions. The department is also charged with monitoring of regulatory requirements and undertaking associated liquidity regulatory reporting ensuring compliance with the requirements.

The Bank's Internal Audit Division is independent from executive management and reports to the Audit Committee of the Board. It contributes to achieving the Bank's objectives by following a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It also provides an independent and objective assurance that the Bank's functions work in compliance with approved policies and procedures, and that all functions are committed to maintain an effective and efficient internal control environment, within approved methodologies and frameworks. Group Internal Audit provides the Board Audit Committee, the Chief Executive Officer and the respective business units with the audit outcome and monitors the implementation of remedial actions

RISK MANAGEMENT

Group Risk Management represents one of the fundamental levels of oversight and is part of the organizational structure framework for managing the bank's risks. Group Risk Management is responsible for developing a robust and effective system for the identification of risks to which the bank is exposed and for the management thereof as follows:

A. Monitor the level of compliance of executive divisions with defined acceptable risks

B. The Board of Directors ensures remediation of deviations above and beyond acceptable risk levels

C. The Board of Directors ensures that GRM regularly conducts stress testing to measure the ability of the bank to withstand shocks and elevated risks, and has a key role in validating test assumptions and scenarios, discussing test results and approving any required actions.

D. The Board approves a methodology for conducting a comprehensive Internal Capital Adequacy Assessment (ICAAP). This methodology must take into consideration the bank's strategic capital and is effective in identifying all types of risks which might be faced by the management plans. This process is reviewed periodically to ensure proper implementation and to provide continued assurance that the bank maintains ongoing adequate capital for all potential risk exposures.

E. The Board takes into consideration all potential risks prior to approving any expansion activities

F. GRM submits reports to the Risk Committee of the Board and has the necessary authority to obtain information from other Bank divisions in order to carry out its mandate.

G. The Board approves the bank's Risk Appetite Statement.

H. Additional GRM duties include the following at a minimum:
   - Establish the bank's Risk Management Framework for ratification by the Board.
   - Implement the risk management strategy and develop frameworks, policies and procedures for all types of risks and monitor their implementation.
   - Develop appropriate risk measurement tools and models to measure, control and oversee all types of risks.
   - Submit reports to the Board (through the Risk Committee) and to Executive Management on the Risk Profile of the bank and its status in relation to the bank's Risk Appetite, and follow-up to ensure the proper remediation of deviations.
   - Ensure proper integration between risk measuring tools and IT systems.
   - Study and analyze all types of risks that might be faced by the bank.
   - Provide recommendations to the Risk Committee of the Board on mitigating risk exposures and document and report any exception to policies and standards.
   - Provide the necessary information for required risk reporting and disclosures.
   - Improve and raise the level of risk awareness among all employees based on acceptable practices and standards especially those pertaining to the financial sector.

Each of the following departments within Group Risk Management has specific roles and responsibilities aimed at advancing the Bank's risk management capabilities based on best practices, international guidelines and requirements of regulatory authorities. Group Risk Management Division includes the following departments: Credit risk Department, Business Risk Review Department, Market and Liquidity Risk department, Operational Risk Department, Information Security Department, Business Continuity Management Department, Insurance Department, and the Policy Center.

- The Credit Risk Management Department is responsible for the centralized reporting of credit risk, Credit policy review, and the internal risk rating systems. These rating systems are designed to improve "probability of default" measurements and lead to the implementation of the Bank's risk adjusted return-on-capital model. The department is also responsible for the implementation of Central Banks and Basel Committee requirements that are related to Credit Risk and any amendments thereof.
- The Business Risk Review Department conducts comprehensive individual, portfolio and business risk reviews. It ensures that the Bank's various portfolios are aligned to their economic perspective, business strategy and target market and recommends corrective action, if necessary. The department also assesses the quality of the loan portfolio, lending policies and processes and the capabilities of the credit staff. Supplemental targeted reviews are undertaken based on market conditions, the size and sectorial nature of portfolios. In specific instances, such reviews are supported by tailored stress testing scenarios.

- The Market and Liquidity Risk Management Department is responsible for setting comprehensive market and liquidity risk policy frameworks. The policy framework ensures independent measurement, monitoring and control of the Bank's market and liquidity risk. The department is also responsible for setting and monitoring risk limits, the calculation of Value-at-Risk, stress testing and other quantitative risk assessments (such as those related to Basel III) which are performed in coordination with Treasury and Finance.

- The Operational Risk Management Department, which also covers strategic and reputation risks, leads the implementation of a Bank-wide operational risk management framework, as part of the overall strengthening and continuous improvement of the internal control systems within the Bank. The framework consists of policies and aims at the identification, assessment, mitigation, monitoring, and reporting of operational risks in all business activities. Major tools used for operational risk management include Risk and Control Self- Assessment (RCSA), Key Risk Indicators (KRIs), in addition to loss data collection and analysis for operational risks.

- The Information Security Department aims at enabling and supporting business growth by minimizing information and technology risks, maximizing compliance and enabling technology adoption in all lines of business including the digital banking services enjoyed by our clients. The goal is to ensure that assets (information, people, processes and technologies) are adequately protected from possible threats, whether internal or external, deliberate or accidental. Our strategy recognizes the importance of Information Security in establishing and maintaining trust relationship with our customers, business partner, and bank employees. This is built to instill good security practices, raise information risk awareness, strengthen controls, and ongoing enhancement for the effectiveness of prevention security controls, monitoring and incident response.

- The Business Continuity Management Department aims to counteract interruptions to business activities, to protect critical processes from the effects of major information systems failures or disasters, whether natural or otherwise, and to ensure their timely resumption. The framework is based on identifying major risks and analyzing their impact on business. The teams conduct risk assessments and use a centralized database to build the bank's comprehensive continuity plans. These plans are kept up-to-date by each country through the use of a web-based application, and are tested on a regular basis to ensure timely resumption of essential operations and services.

- The Insurance Department oversees all the Bank's insurance operations using a centralized database at the local and group levels. It also arranges adequate insurance cover for all insurable risks. The department provides the Bank Divisions with the necessary support in reviewing, recommending, and delivering customized insurance coverage for products, portfolios, credit facilities, and financial transactions related to the Bank clients.

- The Policy Center Department is responsible for centrally managing all the Bank's high level policies from the development phase until final ratification, according to a standard framework specifically customized for the Bank. These high level policies are then embedded in more details into the bank's various operational processes and its policies and procedures.

- The various GRM departments work in coordination with Finance on Capital Management related assignments to assess the impact of Basel III on capital, and to deliver a comprehensive Internal Capital Adequacy Assessment (ICAAP) supported by a stress test framework which includes multiple scenarios covering credit, market, liquidity and operational risk events. Periodic reporting to Senior Management and to banking regulators further ensures that our capital is managed effectively.

CREDIT RISK:

Arab Bank's conservative risk strategy combined with its dynamic and proactive approach in managing credit risk are key elements in achieving its strategic objective of maintaining and further enhancing its asset quality and credit risk profile. The conservative, prudent and well-established credit standards, policies and procedures and risk methodologies, as well as strong risk monitoring and control infrastructure enable the Bank to deal effectively with emerging risks and challenges.

Portfolio management decisions are based on the Bank's business strategy and risk appetite. The quality of the portfolio is examined on a regular basis in relation to key performance indicators. Diversification is the cornerstone for mitigating portfolio risks which is achieved through industry, geographical and customer tolerance limits. Periodic stress testing based on conservative scenarios which are regularly reviewed are key tools in managing the credit portfolio.

The credit process at Arab Bank is well defined and is institutionally predicated on:

- Clear tolerance limits and risk appetite set at the Board level, well communicated to the business units and periodically reviewed and adjusted as appropriate
- Credit Committee structure that ensures credit approvals are made by consensus by committees and not individuals.
- Clear segregation between Business and Credit.
- Authorities are delegated based on risk-differentiated grids for each committee at Country and Head Office levels which are reviewed on a regular basis.
- Well-defined target market and risk asset acceptance criteria.
- Rigorous financial, credit and overall risk analysis for each customer/ transaction.
- Regular credit risk reporting to Senior Management, Credit Committees and Risk Committee of the Board.
- Concentrations together with mitigation strategies are continuously assessed.
- Early warning system is continually validated and modified to ensure proper functioning for risk identification.
- Advanced systematic and objective credit risk rating methodologies that are based on quantitative, qualitative and expert judgment, these methodologies undergo regular validation and calibration processes.
- Systematic credit limits management enabling the Bank to monitor its credit exposure on a daily basis at country, borrower, industry, credit risk rating and credit facility type levels.
- Solid documentation and collateral management processes where collateral is continuously monitored and assessed to ensure proper coverage and top-up triggers.
- Annual and interim individual credit reviews to ensure detecting any signs of weakness or warning signals and considering proper remedies in case of need.
- Implementation of strict control and monitoring systems which are based on disciplined follow up and monitoring.
- The Bank offers several consumer banking products which are managed on a product portfolio basis through a well-established Credit Product Program. The program is considered the principal approval vehicle for credit products offered to a homogenous set of customers in multiple locations, and is subject to annual review and approval and regular assessment of the program performance at Arab Bank Head Office.
- Conservative approach to provisioning and managing bad debt collection and early identification of problem areas. Such approach is subject to periodic legal and credit reviews and account strategies set to minimize NPLs and maximize recoveries and collections.
- Regular Stress-testing scenarios for top exposures and portfolios and assessment of impact on capital and earnings.
- On an ongoing basis, the Bank enhances its processes and technology infrastructure taking into account the changing banking environment and the availability of new systems in the industry.
- Our credit processes are supplemented by sectorial portfolio reviews focused on countries, regions or specific industries which are intended to identify any inherent risks in the portfolios resulting from changes in market conditions.
- Business Risk Review department within Group Risk Management and Group Internal Audit provide independent regular reviews and assessments on the quality of the credit portfolios within the bank and the related credit management processes.
- The Bank is focused on developing and enhancing its credit staff competencies through specialized training programs to ensure that they are well equipped to effectively carry out their roles and responsibilities.

LIQUIDITY RISK:

Liquidity is defined by the Bank for International Settlements as the ability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Arab Bank has a robust infrastructure of policies, processes and people, in order to support its strategy and ensure that all obligations are met in a timely manner, under all circumstances and without undue cost.

Liquidity continues to be an area of great focus for Arab Bank. The Bank has a highly diversified and stable funding footprint. In addition, it maintains a large portfolio of highly liquid assets, which acts as a contingent funding source which further boosts liquidity. Arab Bank's long-standing emphasis on maintaining a broad and stable liquidity base has protected the Bank from any negative effects of market volatility.

Arab Bank's liquidity management strategy is determined by the High Asset and Liability Management Committee (High ALCO). The operations of the country level Treasury teams are centrally controlled, and monitored. In coordination with local Asset and Liability Management Committees, the various countries' Treasury teams across Arab Bank work together to meet local and Group needs. The Asset and Liability Management Committees analyze liquidity and market risk exposures and take action where appropriate to adjust the pricing and product mix in order to ensure an optimal balance sheet structure and market risk profile for the bank.

The Global Treasurer and Group Risk Management receive daily information on actual, forecast and modeled liquidity. Such information is received at country level, legal entity level and at Group level. This provides the Treasurer with high quality decision support information, and ensures that Treasury can provide the High ALCO with comprehensive management information on liquidity across the Group. This reporting is supported by stress testing, which applies various stress scenarios to existing forecast results. The process of stress testing is owned and managed by the Chief Risk Officer. The establishment of limits for Arab Bank's tolerance for liquidity risk, (as with other forms of risk), is managed by the Chief Risk Officer and the High ALCO.

The Bank uses a variety of tools to measure liquidity risk in the balance sheet. These metrics help the Bank to plan and manage its funding and help to identify any mismatches in assets and liabilities which may expose the Bank to roll risk. These metrics include one week and one month liquidity ratios, cumulative liquidity modeling, inter-group borrowing and lending analysis, loan to deposit ratios, large depositor concentration monitoring, Basel III liquidity ratios, and stress testing.

Arab Bank's comprehensive approach to measuring and managing liquidity gives the Group a great deal of confidence in its ability to endure all unforeseen market events, while still being able to meet all of its obligations to its customers and regulators.

Liquidity risk will continue to have a major influence on how the world's banks operate and interact, and regulators will continue to require increasingly high standards of liquidity governance. Arab Bank's approach to liquidity management, along with its current and contingent funding structures, leaves it very well placed to face the future with great confidence. Arab Bank's funding model has shown itself to be extremely resilient for many years and hence remains materially unchanged.

MARKET RISK:

Market risk is defined as the potential for loss from changes in the value of the Bank's portfolios due to movements in interest rates, foreign exchange rates, equity prices and commodity prices. Historically the Bank has managed its market risk across its Trading and Banking Books on a consolidated basis as this is a more conservative approach to the management of this risk. In addition, through its Funds Transfer Pricing Policy, the Bank ensures that market risk is transferred from Corporate and Institutional Banking and Consumer Banking to Treasury, where it can be centrally managed.

In addition to customer deposit taking and lending activity, three main activities which can expose the Bank to market risk are: Money Markets Trading, Foreign Exchange Trading and Capital Markets Trading.

The Bank's market risk management strategy is to maximize the economic return of assets taking into account the Bank's risk appetite as well as local regulatory constraints. Market risk is governed by the Global Treasurer, the Chief Risk Officer and the Chief Financial Officer. The High ALCO provides market risk oversight and guidance on risk appetite and policy settings, and establishes the global limits which are then allocated to the various entities by the Global Treasurer. The Global Treasury Policies and Procedures clearly define the rules that exist for the active management of all the Group's portfolios which are subject to market risk. Group Risk Management, in coordination with Global Treasury, ensures that the policies and procedures are updated on a regular basis, or when the need arises. The market risk limits are established based on the Bank's strategy and risk appetite, and risks are monitored by an independent Middle Office and are reviewed on a regular basis by Global Treasury and Group Risk Management.

I. Market Risk Management

Managing market risk is a key part of the Bank's business planning process, and in line with the Bank's risk appetite, is kept at a minimal level. Our main tools used for measuring and managing market risk are the following:

1. PV01: PV01 measures the risk to economic value arising from changes in interest rates by 0.01%. This is measured at country, legal entity and Group level. All interest rate positions are included in the PV01 calculation, including both on-balance sheet and off-balance sheet products in the Trading and Banking Books.

2. NII 100: NII100 measures the effect of a 1% increase in interest rates on first and second year pretax earnings. This is measured at country, legal entity and Group level.

3. Overall Net Open FX Position: The Overall Net Open FX Position measures the open position for each currency, including precious metals, at country, legal entity and Group level.

4. Value at Risk (VaR): VaR is currently used as an internal measure of market risk to estimate the maximum loss that may be experienced by the Group over a one day holding period with 99% confidence level using the Historical Simulation approach supported by 500 days of data. The Group's VaR calculation is run at the consolidated and unit levels and covers both interest rate and foreign exchange risk.

5. Stress Testing: The Stress Testing model aims to complement the Group's Value at Risk calculations by identifying and quantifying the effects of extreme, but plausible events on the Group's portfolio. The methodologies used range from single factor to multi-factor stress tests. The single factor stress tests incorporate a number of standard shocks in addition to worst historical movements for each risk factor. The multi-factor tests consist of hypothetical and historical tests as well as a hybrid of the two. All scenarios are tailored to account for the special characteristics of the Group's portfolio.

II. Interest rate risk:

Interest rate risk in the Group is limited, well managed, and continuously supervised. A large proportion of the interest rate exposure is concentrated in the short end of the yield curve, with durations of up to one year. Exposures of more than one year are particularly limited.

Interest rate risk is managed in accordance with the policies and limits established by the High ALCO. The Asset and Liability Management Committees in the various countries, as well as the respective treasurers, handle the day-to-day management of interest rate risks.

III. Capital Market Exposure:

Investments in capital markets instruments are exposed to market risk arising from changes in interest rates and credit spreads. Arab Bank Group's exposure to this kind of risk is limited due to its strong control over credit and interest rate risk. The equity investment portfolio represents a very small percent of the Bank's overall investments and generally consists of direct investments in strategic alliances as well as seed investment in mutual funds originated from within the Group.

IV. Foreign Exchange Risk:

Foreign exchange activity arises principally from customers' transactions. Strict foreign exchange risk limits are set to define exposure and sensitivity tolerance for trading in foreign exchange. The Bank hedges itself appropriately against potential currency fluctuations in order to minimize foreign exchange exposure.

In Treasury, positions are usually held open only for small risk equivalents. The majority of positions arising from customers are covered on a daily basis. Positions are measured and supervised by local management daily and by global management weekly. Foreign exchange exposure resulting from participations is strictly managed.

OTHER RISK:

Arab Bank faces a number of other banking risks, which include compliance risk and strategic risk.

COMPLIANCE RISK:

Arab Bank continues to maintain an unwavering commitment to integrity and exercises the highest ethical standards across its operation, applying both the letter and spirit of regulations to ensure compliance with statutory, regulatory, and supervisory requirements. Evolving to meet the needs of rapidly changing business environments, Arab Bank ensures that its internal processes are consistent with applicable regulatory requirements, promote efficiency, foster effectiveness and meet or exceed customer and regulatory expectations.

Group Regulatory Compliance Division reporting directly to the Chief Executive Officer and with direct access to the Audit Committee of the Board of Directors, is responsible for ensuring compliance with requirements impacting the business lines including, but not limited to, Know Your Customer, Anti-Money Laundering, and Combating Terrorist Financing.

With the steadfast support and commitment of the Arab Bank Board of Directors and Senior Management, coupled with the dedication of Bank staff, Arab Bank is resolved to sustain and further strengthen its sound compliance program and to continue to meet and/or exceed the regulatory expectations. There have been no regulatory sanctions nor any significant fines associated with non-compliance.

Arab Bank gives great importance to customer complaints, recognizing that it is one of the key indicators of the level of service quality and performance of its products and services offered to customers. Customer Complaints are managed and handled by the Service Excellence Unit under the Consumer Banking Division, with the exception of Jordan, Egypt and Palestine where customer complaints are managed by a separate unit within Compliance in accordance with local regulatory guidelines / requirements in these countries, and has been equipped with qualified and trained staff who are able to handle, analyze, and act on customer complaints as required.

All complaints are handled in an effective and highly professional manner. Complaints and inquiries are followed-up on a timely basis with the concerned departments of the Bank to ensure they are given proper attention, including the identification of root causes to avoid a repeat complaint. All customer complaints received by Arab Bank during 2022, have been reviewed, analyzed, and handled in accordance with the Bank's policies and procedures and in a fair and transparent manner.

STRATEGIC RISK:

The bank maintains a Strategic risk management framework that includes clear roles and responsibilities for managing strategic risk across the Bank. The Bank also maintains clear work standards and comprehensive strategic planning procedures. The bank's Senior management periodically analyses its strategic risk exposure through a survey that covers the Bank's Strategic Governance, Strategic planning, its Execution of the strategy & quality of implementation, in addition to the impact of Environment Dynamics & its responsiveness to change.

Achievement of the bank's clearly-defined objectives depends on a basic principle; its ability to fully leverage its wide spread network of branches, maintain and develop its strong customer base, continuously expand and improve its products and services and maintain its sound financial position.

Management assesses AB-UAE's financial performance in light of the current strategy and the need to revise its objectives, if necessary, in the context of a continuously changing work and market environment. As such, profitability and commitments of projects to be undertaken are assessed in the context of "Business As Usual" as well as "Stressed Conditions" scenarios.

REPUTATIONAL RISK:

The Bank maintains a Reputational risk management framework that clearly defines the roles and responsibilities of different stakeholders within the Bank in managing and reporting of reputational risk exposures.

The Bank's senior management regularly assesses its exposure to reputational risks through a survey covering multiple potential drivers of reputational risk including Leadership, Solvency, Products & Services, Innovation, Workplace, Ethics & Governance, and Citizenship.

Material issues identified through the risk assessment activities and/ or any events that take place are advised to senior management and to Branding and Communication Division who have their own media monitoring process to ensure that any adverse publicity is addressed in a timely manner.

OUTSOURCING RISK:

Outsourcing Risk is covered in the Enterprise Risk Management Program and is specifically addressed under the Outsourcing Risk Management Framework issued by the Operational Risk Management Department at Head Office.

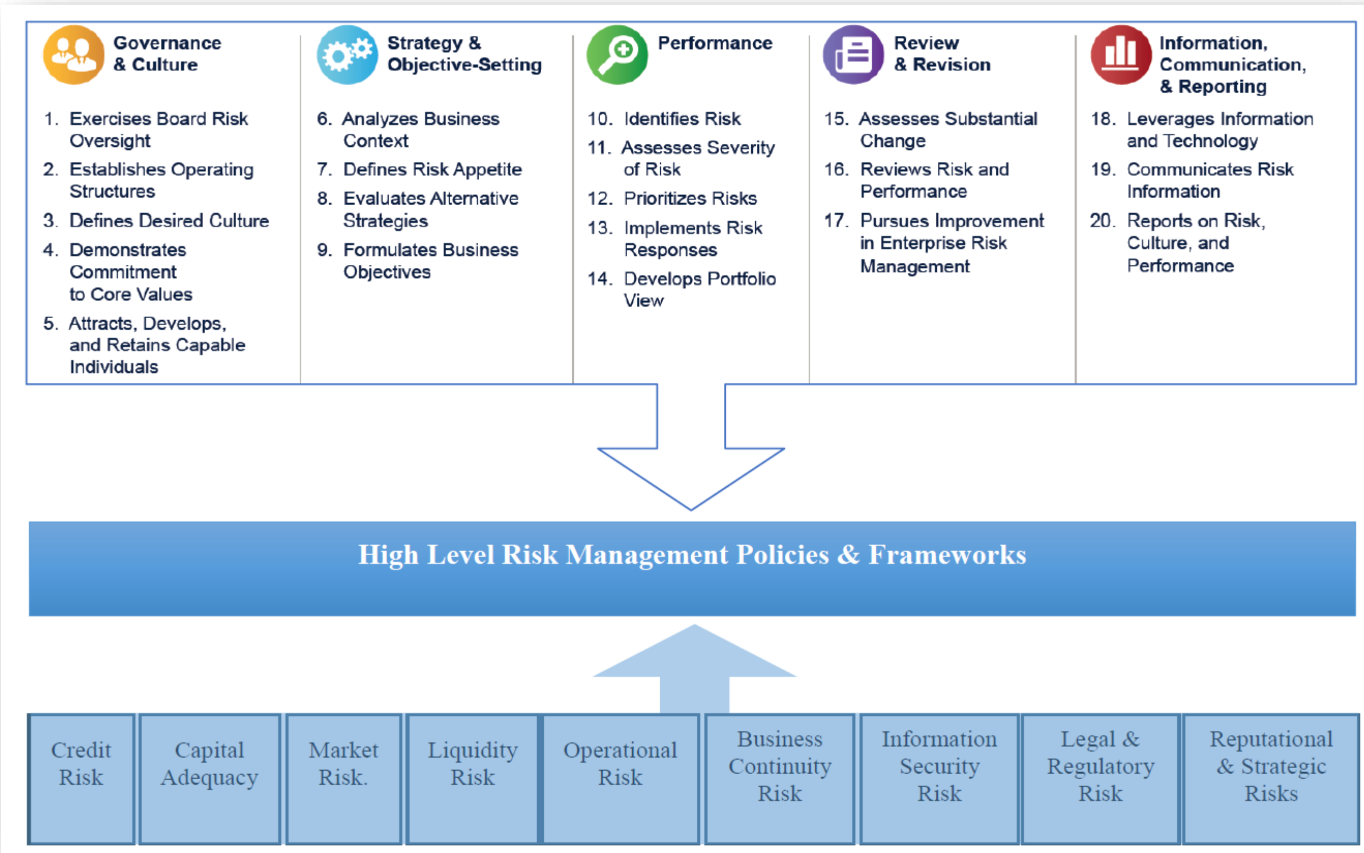
PENSION OBLIGATION RISK:

The Bank is subject to end of term indemnity in line with UAE requirements. Obligations are quantified, and are not considered material as such they do not currently present a risk. Should this obligation become material, processes exist to ensure that appropriate consideration will be given to the risk and its incorporation into the capital assessment process.

COSO ERM Framework

Arab Bank plc. adopts a Risk Management methodology in line with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Framework.

The COSO ERM Framework defines ERM as “the culture, capabilities and practices, integrated with strategy-setting and performance that organizations rely on to manage risk in creating, preserving and realizing value.” The five components in the COSO Enterprise Risk Management – Integrating with Strategy and Performance are supported by a set of principles as per the figure below1. These principles enable the Bank to better understand and manage the Risks associated with its strategy and business objectives.



I. Key Metrics

		30-Jun-2023	31-Mar-2023	31-Dec-2022
		AED'000	*AED'000*	*AED'000*
	Available capital (amounts)			
1	Common Equity Tier 1 (CET1)	**2,041,034**	1,918,651	1,782,533
1a	Fully loaded ECL accounting model	**2,041,034**	1,918,651	1,782,533
2	Tier 1	**2,041,034**	1,918,651	1,782,533
2a	Fully loaded ECL accounting model Tier 1	**2,041,034**	1,918,651	1,782,533
3	Total capital	**2,232,649**	2,124,210	1,999,817
3a	Fully loaded ECL accounting model total capital	**2,232,649**	2,124,210	1,999,817
	Risk-weighted assets (amounts)			
4	Total risk-weighted assets (RWA)	**14,854,025**	14,444,160	13,941,599
	Risk-based capital ratios as a percentage of RWA			
t5	Common Equity Tier 1 ratio (%)	**13.74%**	13.28%	12.79%
5a	Fully loaded ECL accounting model CET1 (%)	**13.74%**	13.28%	12.79%
6	Tier 1 ratio (%)	**13.74%**	13.28%	12.79%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	**13.74%**	13.28%	12.79%
7	Total capital ratio (%)	**15.03%**	14.71%	14.34%
7a	Fully loaded ECL accounting model total capital ratio (%)	**15.03%**	14.71%	14.34%
	Additional CET1 buffer requirements as a percentage of RWA			
8	Capital conservation buffer requirement (2.5% from 2019) (%)	**2.50%**	2.50%	2.50%
9	Countercyclical buffer requirement (%)	**0**	0	0
10	Bank D-SIB additional requirements (%)	**0**	0	0
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	**2.50%**	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	**4.53%**	4.21%	3.84%
	Leverage Ratio			
13	Total leverage ratio measure	**25,621,588**	24,596,103	23,920,837
14	Leverage ratio (%) (row 2/row 13)	**7.97%**	7.80%	7.45%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	**7.97%**	7.80%	7.45%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	**7.97%**	7.80%	7.45%
	Liquidity Coverage Ratio			
15	Total HQLA	**-**	-	-
16	Total net cash outflow	**-**	-	-
17	LCR ratio (%)	**0%**	0%	0%
	Net Stable Funding Ratio			
18	Total available stable funding	**-**	-	-
19	Total required stable funding	**-**	-	-
20	NSFR ratio (%)	**0%**	0%	0%
	ELAR			
21	Total HQLA	**6,801,029**	5,694,614	5,691,196
22	Total liabilities	**18,059,153**	17,040,111	16,847,376
23	Eligible Liquid Assets Ratio (ELAR) (%)	**37.66%**	33.42%	33.78%
	ASRR			
24	Total available stable funding	**17,655,429**	16,941,670	16,509,264
25	Total Advances	**11,061,860**	10,652,515	10,282,737
26	Advances to Stable Resources Ratio (%)	**62.65%**	62.88%	62.28%

II. Overview of RWA

	AED'000	**RWA**	RWA	**Minimum capital requirements**	Minimum capital requirements
		30-Jun-2023	31-Mar-2023	**30-Jun-2023**	31-Mar-2023
1	Credit risk (excluding counterparty credit risk)	**13,769,400**	13,387,428	**1,445,787**	1,405,680
2	Of which: standardised approach (SA)	**13,769,400**	13,387,428	**1,445,787**	1,405,680
3	[redacted]				
4					
5					
6	Counterparty credit risk (CCR)	**45,235**	44,337	**4,750**	4,655
7	Of which: standardised approach for counterparty credit risk	**45,235**	44,337	**4,750**	4,655
8	Of which: Internal Model Method (IMM)	**-**	-	**-**	-
9	Of which: other CCR	**-**	-	**-**	-
10	Credit valuation adjustment (CVA)	**-**	-	**-**	-
11	Equity positions under the simple risk weight approach	**-**	-	**-**	-
12	Equity investments in funds - look-through approach	**-**	-	**-**	-
13	Equity investments in funds - mandate-based approach	**-**	-	**-**	-
14	Equity investments in funds - fall-back approach	**-**	-	**-**	-
15	Settlement risk	**-**	-	**-**	-
16	Securitisation exposures in the banking book	**-**	-	**-**	-
17	[redacted]				
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	**-**	-	**-**	-
19	Of which: securitisation standardised approach (SEC-SA)	**-**	-	**-**	-
20	Market risk	**59,175**	32,180	**6,213**	3,379
21	Of which: standardised approach (SA)	**59,175**	32,180	**6,213**	3,379
22	[redacted]				
23	Operational risk	**980,215**	980,215	**102,923**	102,923
24	[redacted]				
25					
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**14,854,025**	14,444,160	**1,559,673**	1,516,637

2. Regulatory Capital

2.1 Composition of regulatory capital

		30-Jun-2023	31-Dec-2022
	Common Equity Tier 1 capital: instruments and reserves	*AED'000*	*AED'000*
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	**620,704**	620,704
2	Retained earnings	**1,200,956**	1,004,559
3	Accumulated other comprehensive income (and other reserves)	**333,661**	333,661
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	**Common Equity Tier 1 capital before regulatory deductions**	**2,155,321**	1,958,923
	Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	**-**	-
8	Goodwill (net of related tax liability)	**-**	-
9	Other intangibles including mortgage servicing rights (net of related tax liability)	**3,207**	4,476
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	**111,079**	171,914
11	Cash flow hedge reserve	**-**	-
12	Securitisation gain on sale	**-**	-
13	Gains and losses due to changes in own credit risk on fair valued liabilities	**-**	-
14	Defined benefit pension fund net assets	**-**	-
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	**-**	-
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	**-**	-
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	**-**	-
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**	**114,286**	176,390
25	**Common Equity Tier 1 capital (CET1)**	**2,041,035**	1,782,533
	Additional Tier 1 capital: instruments		
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	**-**	-

27	Of which: classified as equity under applicable accounting standards	**-**	-
28	Of which: classified as liabilities under applicable accounting standards	**-**	-
29	*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	**-**	-
	Additional Tier 1 capital: regulatory adjustments		
33	Investments in own additional Tier 1 instruments	**-**	-
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	**-**	-
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	**-**	-
36	CBUAE specific regulatory adjustments	**-**	-
37	Total regulatory adjustments to additional Tier 1 capital	**-**	-
38	**Additional Tier 1 capital (AT1)**	**-**	-
39	**Tier 1 capital (T1= CET1 + AT1)**	**2,041,035**	1,782,533
	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*	**18,932**	56,186
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	**172,683**	161,098
45	**Tier 2 capital before regulatory adjustments**	**191,615**	217,284
	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)**	**191,615**	217,284
52	**Total regulatory capital (TC = T1 + T2)**	**2,232,650**	1,999,817
53	**Total risk-weighted assets**	**14,854,025**	13,941,599
	Capital ratios and buffers		
54	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**13.74%**	12.79%
55	**Tier 1 (as a percentage of risk-weighted assets)**	**13.74%**	12.79%

56	**Total capital (as a percentage of risk-weighted assets)**	**15.03%**	14.34%
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)**	**371,351**	348,540
58	**Of which: capital conservation buffer requirement**	**371,351**	348,540
59	**Of which: bank-specific countercyclical buffer requirement**	**-**	-
60	**Of which: higher loss absorbency requirement (e.g. DSIB)**	**-**	-
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	**4.53%**	3.84%
	The CBUAE Minimum Capital Requirement		
62	Common Equity Tier 1 minimum ratio	**9.50%**	9.50%
63	Tier 1 minimum ratio	**11.00%**	11.00%
64	Total capital minimum ratio	**13.00%**	13.00%
	Amounts below the thresholds for deduction (before risk weighting)		
[redacted]			
66	Significant investments in common stock of financial entities	**-**	-
[redacted]			
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)	**207,220**	193,318
70	Cap on inclusion of provisions in Tier 2 under standardised approach	**172,683**	161,098
[redacted]			
	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*	**18,932**	56,186
78	*Amount excluded from T2 due to cap (excess after redemptions and maturities)*	**355,663**	318,409

2.2 Reconciliation of regulatory capital to balance sheet

30 June 2023	Balance sheet as in published financial statements (IFRS)	Under regulatory scope of consolidation (BRF)
	As at period-end	As at period-end
Assets	*AED'000*	*AED'000*
Cash and balances with Central Bank[1]	**2,591,422**	**6,764,307**
Due from banks	**1,569,079**	**1,569,603**
Due from the Head Office and branches abroad	**188,475**	**188,475**
Loans and advances[2]	**10,240,364**	**11,890,233**
Other financial assets[1]	**5,157,974**	**1,033,234**
Right-of-use assets	**7,922**	**7,922**
Other Assets	**567,308**	**565,636**
Deferred tax assets[3]	**326,259**	**326,259**
Property and equipment	**6,568**	**6,568**
Goodwill and other intangible assets	**3,207**	**3,207**
Of which: goodwill	**-**	**-**
Of which: intangibles (excluding MSRs)	**3,207**	**3,207**
Of which: MSRs	**-**	**-**
Total assets	**20,658,578**	**22,355,444**
Liabilities		
Due to banks	**188,251**	**188,251**
Due to the Head Offices and branches abroad	**33,321**	**33,321**
Customers' deposits	**15,952,409**	**15,952,409**
Security deposits [4]	**1,111,144**	**1,111,144**
Other liabilities	**696,866**	**746,769**
Provisions [2]	**32,302**	**1,679,265**
Lease Contracts Liability	**5,733**	**5,733**
Subordinated loan [5]	**374,595**	**374,595**
Current and deferred tax liabilities	**313**	**313**
Total liabilities	**18,394,934**	**20,091,800**
Shareholders' equity		
Paid-in share capital	**620,704**	**620,704**
Of which: amount eligible for CET1	**620,704**	**620,704**
Of which: amount eligible for AT1	**-**	**-**
Retained earnings	**1,200,956**	**1,200,956**
Statutory reserve	**310,352**	**310,352**
Other reserves	**23,000**	**23,000**
Impairment Reserve	**107,379**	**107,379**
Accumulated other comprehensive income	**1,253**	**1,253**
Total shareholders' equity	**2,263,644**	**2,263,644**

[1]Classification of M-bills as other financial assets in the financial statements whereas under balances with central bank under regulatory capital adequacy calculation purposes.

[2] The main differences between the loans and advances' asset carrying value reported in the audited financial statements and regulatory reporting is due to netting of provisions and interest in suspense in the financial statements while the carrying amounts for regulatory purposes are reported on a gross basis before regulatory adjustments and exclude general provisions.

[3] Items which are subject to regulatory deductions from capital, such as intangible assets, deferred tax assets (subject to threshold deduction) which are excluded from the asset carrying value amount under scope of regulatory capital adequacy calculation.

[4] Under capital adequacy calculation, the cash margins are calculated on a coverage basis (i.e. whichever is less of exposure value and cash margin) while in the financials they are reported on gross basis.

[5] Subordinated debt is considered tier 2 capital subject to amortization

31 December 2022	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	As at period-end	As at period-end
Assets	*AED'000*	*AED'000*
Cash and balances with Central Bank[1]	2,249,825	5,672,842
Due from banks	1,984,005	1,984,005
Due from the Head Office and branches abroad	106,507	106,507
Loans and advances[2]	9,543,230	11,448,247
Other financial assets[1]	4,511,981	1,126,655
Right-of-use assets	13,320	13,320
Other Assets	464,543	464,258
Deferred tax assets[3]	367,372	367,372
Property and equipment	5,246	5,246
Goodwill and other intangible assets	4,476	4,476
Of which: goodwill	-	-
Of which: intangibles (excluding MSRs)	4,476	4,476
Of which: MSRs	-	-
Total assets	19,250,505	21,192,928
Liabilities		
Due to banks	156,627	156,627
Due to the Head Offices and branches abroad	136,296	136,296
Customers' deposits	14,774,220	14,774,220
Security deposits [4]	1,128,952	1,128,952
Other liabilities	542,587	621,496
Provisions [2]	70,945	1,934,459
Lease Contracts Liability	11,122	11,122
Subordinated loan [5]	374,595	374,595
Current and deferred tax liabilities	170	170
Total liabilities	17,195,514	19,137,937
Shareholders' equity		
Paid-in share capital	620,704	620,704
Of which: amount eligible for CET1	620,704	620,704
Of which: amount eligible for AT1	-	-
Retained earnings	1,004,559	1,004,559
Statutory reserve	310,352	310,352
Other reserves	23,000	23,000
Impairment Reserve	95,685	95,685
Accumulated other comprehensive income	691	691
Total shareholders' equity	2,054,991	2,054,991

[1]Classification of M-bills as other financial assets in the financial statements whereas under balances with central bank under regulatory capital adequacy calculation purposes.

[2] The main differences between the loans and advances' asset carrying value reported in the audited financial statements and regulatory reporting is due to netting of provisions and interest in suspense in the financial statements while the carrying amounts for regulatory purposes are reported on a gross basis before regulatory adjustments and exclude general provisions.

[3] Items which are subject to regulatory deductions from capital, such as intangible assets, deferred tax assets (subject to threshold deduction) which are excluded from the asset carrying value amount under scope of regulatory capital adequacy calculation.

[4] Under capital adequacy calculation, the cash margins are calculated on a coverage basis (i.e. whichever is less of exposure value and cash margin) while in the financials they are reported on gross basis.

[5] Subordinated debt is considered tier 2 capital subject to amortization

2.3 Main features of regulatory capital instruments

The summary of key characteristics of each instrument are in the below prescribed table:

30 June 2023		Share Capital	Subordinated Debt
		Quantitative / qualitative information	Quantitative / qualitative information
1	Issuer	**Arab Bank PLC - UAE Branches**	**Arab Bank PLC - UAE Branches**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	**N/A**	**N/A**
3	Governing law(s) of the instrument	**UAE**	**UAE**
	Regulatory treatment		
4	Transitional arrangement rules (i.e. grandfathering)	**Common Equity Tier 1**	**Tier 2**
5	Post-transitional arrangement rules (i.e. grandfathering)	**Common Equity Tier 1**	**Tier 2 (amortized)**
6	Eligible at solo/group/group and solo	**Solo**	**Solo**
7	Instrument type (types to be specified by each jurisdiction)	**Share Capital**	**Subordinated Debt**
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	**AED 621 Mn**	**AED 375 Mn**
9	Nominal amount of instrument	**AED 621 Mn**	**USD 102 Mn**
9a	Issue price	**100**	**100**
9b	Redemption price	**100**	**100**
10	Accounting classification	**Shareholder's Equity**	**Liability at amortised cost**
11	Original date of issuance	**Various**	**9/30/2008**
12	Perpetual or dated	**Perpetual**	**Dated**
13	Original maturity date	**No maturity**	**9/30/2023**
14	Issuer call subject to prior supervisory approval	**No**	**Yes**
15	Optional call date, contingent call dates and redemption amount	**N/A**	**N/A**
16	Subsequent call dates, if applicable	**N/A**	**N/A**
	Coupons / dividends		
17	Fixed or floating dividend/coupon	**N/A**	**Floating**
18	Coupon rate and any related index	**N/A**	**3M USD LIBOR + 1% per annum**
19	Existence of a dividend stopper	**No**	**No**
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	**Full discretionary**	**Partially discretionary**
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	**N/A**	**N/A**
21	Existence of step-up or other incentive to redeem	**No**	**No**
22	Non-cumulative or cumulative	**Non-cumulative**	**Non-cumulative**
23	Convertible or non-convertible	**Non-convertible**	**Non-convertible**
24	Write-down feature	**None**	**None**
25	If write-down, write-down trigger(s)	**N/A**	**N/A**
26	If write-down, full or partial	**N/A**	**N/A**
27	If write-down, permanent or temporary	**N/A**	**N/A**

28	If temporary write-own, description of write-up mechanism	**N/A**	**N/A**
28a	Type of subordination	**N/A**	**Contractual**
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	**Subordinated debt**	**Unsubordinated creditors**
30	Non-compliant transitioned features	**No**	**Yes**
31	If yes, specify non-compliant features	**N/A**	**The terms and conditions do not have a provision that requires the instrument to fully absorb losses at the point of non-viability**

3.Leverage Ratio

3.1 Summary comparison of accounting assets vs leverage ratio exposure

		30-Jun-2023	31-Mar-2023	31-Dec-2022
		AED'000	AED'000	AED'000
1	Total consolidated assets as per interim reviewed financial statements	**20,658,578**	19,552,879	19,250,505
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	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	**46,570**	45,672	65,113
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)	**4,991,914**	5,109,889	4,755,196
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**-**	-	-
12	Other adjustments	**(75,474)**	(112,337)	(149,978)
13	**Leverage ratio exposure measure**	**25,621,588**	24,596,103	23,920,836

3.2 Leverage ratio common disclosure template

		30-Jun-2023	31-Mar-2023	31-Dec-2022
On-balance sheet exposures		**AED'000**	AED'000	AED'000
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	**20,697,390**	19,579,702	19,276,958
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)	**(114,286)**	(139,160)	(176,430)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**20,583,104**	19,440,542	19,100,528
Derivative exposures				
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**7,752**	3,098	8,043
9	Add-on amounts for PFE associated with *all* derivatives transactions	**38,818**	42,574	57,070
10	(Exempted CCP leg of client-cleared trade exposures)	**-**	-	-
11	Adjusted effective notional amount of written credit derivatives	**-**	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**-**	-	-
13	**Total derivative exposures (sum of rows 8 to 12)**	**46,570**	45,672	65,113
Securities financing transactions				
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	**-**	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**-**	-	-
16	CCR exposure for SFT assets	**-**	-	-
17	Agent transaction exposures	**-**	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**-**	-	-
Other off-balance sheet exposures				
19	Off-balance sheet exposure at gross notional amount	**10,271,075**	10,179,688	9,349,672
20	(Adjustments for conversion to credit equivalent amounts)	**(5,279,161)**	(5,069,799)	(4,594,477)
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)**	**4,991,914**	5,109,889	4,755,195
Capital and total exposures				
23	**Tier 1 capital**	**2,041,034**	1,918,651	1,782,533
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**25,621,588**	24,596,103	23,920,836
Leverage ratio				
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**7.97%**	7.80%	7.45%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**7.97%**	7.80%	7.45%
26	CBUAE minimum leverage ratio requirement	**3%**	3%	3%
27	**Applicable leverage buffers**	**0%**	0%	0%

4. Liquidity

4.1 Eligible Liquid Assets Ratio

30 June 2023
In AED'000

1	**High Quality Liquid Assets**	**Nominal amount**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	**6,091,424**	
1.2	UAE Federal Government Bonds and Sukuks	**691,245**	
	Sub Total (1.1 to 1.2)	**6,782,669**	**6,782,669**
1.3	UAE local governments publicly traded debt securities	**18,360**	
1.4	UAE Public sector publicly traded debt securities	**0**	
	Sub total (1.3 to 1.4)	**18,360**	**18,360**
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	**0**	**0**
1.6	**Total**	**6,801,029**	**6,801,029**
2	Total liabilities		**18,059,153**
3	**Eligible Liquid Assets Ratio (ELAR)**		**37.66%**

31 December 2022
In AED'000

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	5,279,825	
1.2	UAE Federal Government Bonds and Sukuks	393,018	
	Sub Total (1.1 to 1.2)	5,672,843	5,672,843
1.3	UAE local governments publicly traded debt securities	18,353	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub total (1.3 to 1.4)	18,353	18,353
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	Total	5,691,196	5,691,196
2	Total liabilities		16,847,376
3	Eligible Liquid Assets Ratio (ELAR)		33.78%

4.2 Advances to Stables Resource Ratio

		Items	30-Jun-2023	*31-Mar-2023*	31-Dec- 2022
1		**Computation of Advances**	**AED'000**	AED'000	AED'000
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	**10,332,019**	9,949,616	9,629,975
	1.2	Lending to non-banking financial institutions	**-**	-	-
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	**729,841**	702,899	652,762
	1.4	Interbank Placements	**-**	-	-
	1.5	**Total Advances**	**11,061,860**	10,652,515	10,282,737
2		**Calculation of Net Stable Resources**			
	2.1	Total capital + general provisions	**2,738,079**	2,634,261	2,527,274
		Deduct:			
	2.1.1	Goodwill and other intangible assets	**3,207**	3,757	4,476
	2.1.2	Fixed Assets	**6,568**	6,794	5,246
	2.1.3	Funds allocated to branches abroad	**-**	-	-
	2.1.5	Unquoted Investments	**3,329**	2,622	2,622
	2.1.6	Investment in subsidiaries, associates and affiliates	**-**	-	-
	2.1.7	**Total deduction**	**13,104**	13,173	12,344
	2.2	**Net Free Capital Funds**	**2,724,975**	2,621,088	2,514,930
	2.3	**Other stable resources:**			
	2.3.1	Funds from the head office	**-**	-	-
	2.3.2	Interbank deposits with remaining life of more than 6 months	**-**	-	-
	2.3.3	Refinancing of Housing Loans	**-**	-	-
	2.3.4	Borrowing from non-Banking Financial Institutions	**-**	-	-
	2.3.5	Customer Deposits	**14,930,454**	14,320,582	13,994,334
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	**-**	-	-
	2.3.7	**Total other stable resources**	**14,930,454**	14,320,582	13,994,334
	2.4	**Total Stable Resources (2.2+2.3.7)**	**17,655,429**	16,941,670	16,509,264
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	**62.65**	62.88	62.28

5.1 Credit Risk

5.1 Credit Quality of Assets

30 June 2023

	In AED'000	a	b	c	d	e	f
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans[1]	**1,620,859**	**10,247,102**	**1,351,299**	**1,256,793**	**94,506**	**10,516,662**
2	Debt securities[2]	**-**	**5,155,639**	**994**	**-**	**994**	**5,154,645**
3	Off-balance sheet exposures[3]	**65,773**	**11,389,680**	**29,246**	**25,120**	**4,126**	**11,426,207**
4	**Total**	**1,686,632**	**26,792,421**	**1,381,539**	**1,281,913**	**99,626**	**27,097,514**

[1] This figure is net of interest received in advance

[2] This figure includes financial assets at amortized cost (including M-Bills from CBUAE)

[3] This figures includes trade finance (including irrevocable other commitments amounting to AED 650Mn), OTC derivatives, and excluding revocable other commitments.

31 December 2022

	In AED'000	a	b	c	d	e	f
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans[1]	1,857,157	9,571,803	1,577,671	1,485,097	92,574	9,851,289
2	Debt securities[2]	-	4,510,535	1,176	-	1,176	4,509,359
3	Off-balance sheet exposures[3]	68,159	11,461,630	28,895	25,120	3,775	11,500,894
4	Total	1,925,316	25,543,968	1,607,742	1,510,217	97,525	25,861,542

[1] This figure is net of interest received in advance

[2] This figure includes financial assets at amortized cost (including M-Bills from CBUAE)

[3] This figures includes trade finance (including irrevocable other commitments amounting to AED 370Mn), OTC derivatives, and excluding revocable other commitments.

5.2 Changes in stock of defaulted loans and debt securities

		30 Jun 2023	31 Dec 2022
		AED'000	AED'000
1	**Defaulted loans and debt securities at the end of the previous reporting period**	**1,857,157**	2,019,140
2	Loans and debt securities that have defaulted since the last reporting period	**102,379**	173,392
3	Returned to non-default status	**-**	-
4	Amounts written off	**328,533**	253,132
5	Other changes	**(10,144)**	(82,243)
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	**1,620,859**	1,857,157

5.3 Credit risk mitigation techniques - overview

- Overview of net exposure after CRM:

30 June 2023

Quantitative disclosure		**Exposure**	**Risk Weighted Assets**
In AED'000			
	Gross exposure prior to Credit Risk Mitigation	**32,562,014**	**14,700,283**
Less	**Exposure covered by on-balance sheet netting**	**-**	**-**
Less	**Exposure covered by eligible financial collateral**	**873,469**	**873,469**
Less	**Exposure covered by guarantees**	**24,327**	**12,178**
Less	**Exposure covered by Credit Derivative**	**-**	**-**
Net exposure after Credit Risk Mitigation		**31,664,218**	**13,814,636**

31 December 2022

Quantitative disclosure		Exposure	Risk Weighted Assets
In AED'000			
	Gross exposure prior to Credit Risk Mitigation	30,435,757	13,801,526
Less	Exposure covered by on-balance sheet netting	-	-
Less	Exposure covered by eligible financial collateral	899,825	899,825
Less	Exposure covered by guarantees	17,348	13,855
Less	Exposure covered by Credit Derivative	-	-
Net exposure after Credit Risk Mitigation		29,518,584	12,887,846

- Below is an illustration of CRM distribution by collateral type:

30 June 2023

	In 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[1]	**10,604,412**	**1,251,508**	**461,015**	**12,041**	**12,000**	**-**	**-**
2	Debt securities[2]	**5,155,639**	**-**	**-**	**-**	**-**	**-**	**-**
3	**Total**	**15,760,051**	**1,251,508**	**461,015**	**12,041**	**12,000**	**-**	**-**
4	Of which defaulted	**1,617,326**	**3,533**	**1,129**	**-**	**-**	**-**	**-**

[1] This figure is net of interest received in advance

[2] This figure includes financial assets at amortized cost (including M-Bills from CBUAE)

31 December 2022

	In 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[1]	9,967,682	1,461,278	583,156	-	-	-	-
2	Debt securities[2]	4,510,535	-	-	-	-	-	-
3	Total	14,478,217	1,461,278	583,156	-	-	-	-
4	Of which defaulted	1,853,625	3,533	1,129	-	-	-	-

[1] This figure is net of interest received in advance

[2] This figure includes financial assets at amortized cost (including M-Bills from CBUAE)

5.4 Standardised approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

30 June 2023

	In AED'000	**Exposures before CCF and CRM**		**Exposures post-CCF and CRM**		**RWA and RWA density**	
	Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereigns and their central banks	**7,427,353**	**0**	**7,427,353**	**0**	**0**	**0%**
2	Public Sector Entities	**545,381**	**57,955**	**545,381**	**30,697**	**261,028**	**45%**
3	Multilateral development banks	**0**	**0**	**0**	**0**	**0**	**0%**
4	Banks	**2,829,628**	**692,122**	**2,856,826**	**488,242**	**1,383,194**	**41%**
5	Securities firms	**0**	**0**	**0**	**0**	**0**	**0%**
6	Corporates	**5,488,858**	**9,436,332**	**5,713,865**	**3,884,851**	**8,861,962**	**92%**
7	Regulatory retail portfolios	**647,285**	**56,072**	**678,677**	**11,787**	**419,211**	**61%**
8	Secured by residential property	**1,230,143**	**0**	**1,230,143**	**0**	**474,306**	**39%**
9	Secured by commercial real estate	**1,549,202**	**9,395**	**1,549,202**	**9,075**	**1,541,496**	**99%**
10	Equity Investment in Funds (EIF)	**0**	**0**	**0**	**0**	**0**	**0%**
11	Past-due loans	**1,620,859**	**65,770**	**63,859**	**64,640**	**127,369**	**99%**
12	Higher-risk categories	**356**	**0**	**356**	**0**	**534**	**150%**
13	Other assets	**905,303**	**0**	**905,303**	**0**	**700,301**	**77%**
14	**Total**	**22,244,368**	**10,317,646**	**20,970,965**	**4,489,292**	**13,769,401**	**54%**

31 December 2022

	In AED'000	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density*
1	Sovereigns and their central banks	6,332,811	0	6,332,811	0	0	0%
2	Public Sector Entities	559,083	61,642	559,083	33,019	268,936	45%
3	Multilateral development banks	0	0	0	0	0	0%
4	Banks	3,258,131	643,989	3,285,329	454,303	1,409,298	38%
5	Securities firms	0	0	0	0	0	0%
6	Corporates	5,078,947	8,581,051	5,399,713	3,629,817	8,157,018	90%
7	Regulatory retail portfolios	618,914	50,550	646,250	11,439	397,411	60%
8	Secured by residential property	1,090,114	0	1,090,114	0	444,292	41%
9	Secured by commercial real estate	1,450,557	9,395	1,450,557	9,075	1,459,632	100%
10	Equity Investment in Funds (EIF)	0	0	0	0	0	0%
11	Past-due loans	1,857,158	68,159	40,042	67,029	105,941	99%
12	Higher-risk categories	0	0	0	0	0	0%
13	Other assets	775,256	0	775,255	0	591,046	76%
14	Total	21,020,971	9,414,786	19,579,154	4,204,682	12,833,574	54%

5.5 Standardised approach - exposures by asset classes and risk weights:

30 June 2023

In AED'000

	Asset classes \ Risk Weight	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	7,427,353	-	-	-	-	-	-	-	7,427,353
2	Public Sector Entities	-	174,125	-	351,500	-	50,453	-	-	576,078
3	Multilateral development banks	-	-	-	-	-	-	-	-	-
4	Banks	27,199	1,607,170	-	1,378,500	-	251,577	80,622	-	3,345,068
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	555,296	-	-	134,473	-	8,147,465	-	761,482	9,598,716
7	Regulatory retail portfolios	145,366	-	-	-	503,549	41,549	-	-	690,464
8	Secured by residential property	-	-	1,162,826	-	-	67,317	-	-	1,230,143
9	Secured by commercial real estate	16,781	-	-	-	-	1,541,496	-	-	1,558,277
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	1,130	-	-	-	-	127,369	-	-	128,499
12	Higher-risk categories	-	-	-	-	-	-	356	-	356
13	Other assets	509,255	23,147	-	-	-	157,721	-	215,180	905,303
14	**Total**	8,682,380	1,804,442	1,162,826	1,864,473	503,549	10,384,947	80,978	976,662	25,460,257

31 December 2022

In AED'000

	Risk Weight / Asset classes	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	6,332,811	-	-	-	-	-	-	-	6,332,811
2	Public Sector Entities	-	172,707	-	370,000	-	49,395	-	-	592,102
3	Multilateral development banks	-	-	-	-	-	-	-	-	-
4	Banks	27,199	1,965,710	-	1,487,924	-	232,010	26,789	-	3,739,632
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	697,683	17,319	-	110,175	-	7,498,444	-	705,909	9,029,530
7	Regulatory retail portfolios	134,414	-	-	-	503,453	19,822	-	-	657,689
8	Secured by residential property	-	-	993,573	-	-	96,541	-	-	1,090,114
9	Secured by commercial real estate	-	-	-	-	-	1,459,632	-	-	1,459,632
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	1,130	-	-	-	-	105,941	-	-	107,071
12	Higher-risk categories	-	-	-	-	-	-	-	-	-
13	Other assets	471,601	7,169	-	-	-	101,068	-	195,417	775,255
14	Total	7,664,838	2,162,905	993,573	1,968,099	503,453	9,562,853	26,789	901,326	23,783,836

6. Counterparty Credit Risk

6.1 Analysis of counterparty credit risk (CCR) exposure by approach:

30 June 2023

	In AED'000	**Replacement cost**	**Potential future exposure**	**EEPE**	**Alpha used for computing regulatory EAD**	**EAD post-CRM**	**RWA**
1	SA-CCR (for derivatives)	**5,537**	**27,727**		**1.4**	**46,570**	**45,235**
2	[redacted]			-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
5	[redacted]					-	-
6	**Total**						**45,235**

31 December 2022

	In AED'000	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	5,745	40,764		1.4	65,113	54,272
2	[redacted]			-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
5	[redacted]					-	-
6	Total						54,272

6.2 Credit valuation adjustment (CVA) capital charge

30 June 2023

		a	**b**
	AED'000	**EAD post-CRM**	**RWA**
1	All portfolios subject to the Standardised CVA capital charge*	0	0
2	All portfolios subject to the Simple alternative CVA capital charge	46,570	45,235

6.3 Standardised approach - CCR exposures by regulatory portfolio and risk weights:

30 June 2023

In AED'000

	Risk Weight / Regulatory portfolio	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
1	Sovereigns	-	-	-	-	-	-	-	-
2	Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
4	Banks	-	-	**2,670**	-	**25,725**	-	-	**28,395**
5	Securities firms	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	**18,175**	-	-	**18,175**
7	Regulatory retail portfolios	-	-	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-	-	-
14	**Total**	**-**	**-**	**2,670**	**-**	**43,900**	**-**	**-**	**46,570**

31 December 2022

In AED'000

	Risk Weight / Regulatory portfolio	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
1	Sovereigns	-	-	-	-	-	-	-	-
2	Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
4	Banks	-	5,610	12,705	-	32,132	-	-	50,447
5	Securities firms	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	14,666	-	-	14,666
7	Regulatory retail portfolios	-	-	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-	-	-
13	Other assets	-	-	-	-	-	-	-	-
14	Total	-	5,610	12,705	-	46,798	-	-	65,113

6.4 Composition of collateral for CCR exposure:

30 June 2023	**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**
In AED'000	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

31 December 2022	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
In AED'000	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

6.5 Credit derivative exposures:

AB UAE does not have any credit derivative exposures as of 30 Jun 2023 or 31 December 2022.

6.6 Exposures to central counterparties:

		30-June-2023	
		EAD (post-CRM)	RWA
		AED'000	AED'000
1	**Exposures to QCCPs (total)**		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:	-	-
3	(i) OTC derivatives	-	-
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**		**45,235**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
13	(i) OTC derivatives	**46,570**	**45,235**
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	-	-

		31-Dec-2022	
		EAD (post-CRM)	RWA
		AED'000	AED'000
1	**Exposures to QCCPs (total)**		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:	-	-
3	(i) OTC derivatives	-	-
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**		54,272
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
13	(i) OTC derivatives	65,113	54,272
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	-	-

7. Market Risk

7.1 Market risk under the standardised approach (SA)

		30-Jun-2023	31-Dec-2022	31-Dec-2021
		RWA	RWA	RWA
		AED'000	AED'000	AED'000
1	General Interest rate risk (General and Specific)	**13,561**	12,684	-
2	Equity risk (General and Specific)	**-**	-	-
3	Foreign exchange risk	**33,728**	19,769	10,456
4	Commodity risk	**-**	-	-
	Options			
5	Simplified approach	**11,886**	-	1,679
6	Delta-plus method	**-**	-	-
7	[redacted]			
8	Securitisation	**-**	-	-
9	**Total**	**59,175**	32,453	12,135