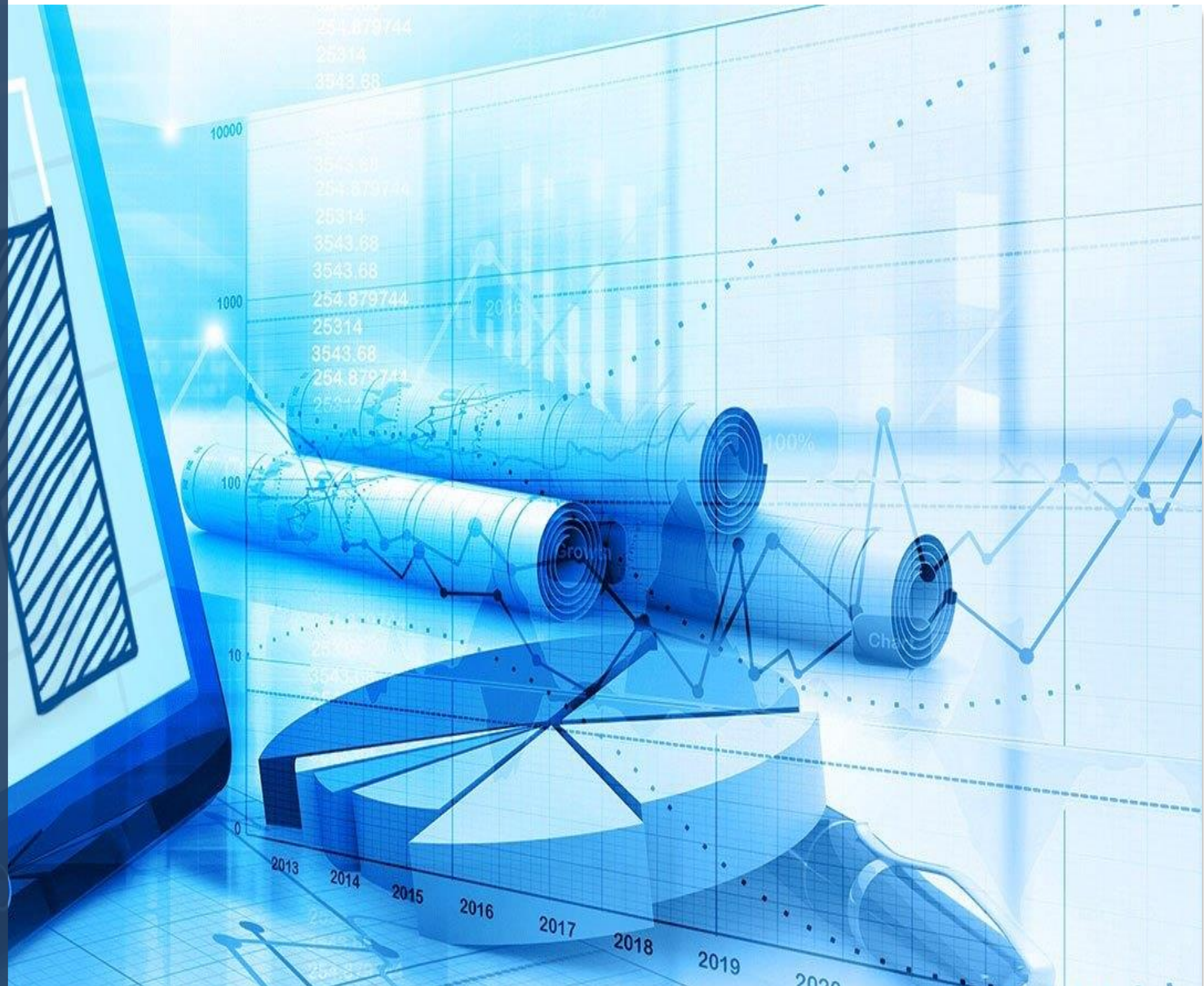
البنك العربي
ARAB BANK

ARAB BANK PLC

RISK MANAGEMENT & PILLAR III DISCLOSURES

FOR THE PERIOD ENDED 30 June 2024



www.arabbank.ae

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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 30 June 2024 with comparative figures for 31 March 2024 and 31 December 2023 where 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") was 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 represent 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 Stage 1 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

A fundamental reform of major interest rate benchmarks is being undertaken globally to replace or reform IBOR with alternative risk-free rates - RFR (referred to as 'IBOR reform'). The Bank has exposure to interbank offered rates (IBORs) on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Bank has established a cross-functional IBOR Transition Working Group (referred to as 'IBOR Working Group') to manage its transition to alternative RFRs.

The Bank has continued to maintain its momentum in tracking its exposure to IBOR, restricting the use of IBOR indexes in its products, preparing its IT systems to accommodate the incoming RFRs, amending contracts / addendums and communicating progress with the regulators and clients.

The Bank has set up a methodical framework to monitor the progress of transition from IBORs to new benchmark rates by reviewing its exposure and contracts on a regular basis. The Bank considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fall back clause that deals with the cessation of the existing IBOR.

The Bank holds derivatives for risk management purposes. Derivatives held for risk management purposes are designated in hedging relationships. The interest rate swaps have floating legs that are indexed to various IBORs. The Bank's derivative instruments are governed by ISDA definitions, and the Bank adheres to the ISDA 2020 IBOR fall back protocol and supplement.

Further, the Bank evaluated the extent to which its fair value hedging relationships are subject to uncertainty driven by IBOR reform as at the reporting date. The Bank's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates, mainly USD 3 months LIBOR Index. The Bank monitors closely the developments occurring the transitioning IBOR rates and the RFRs. These IBOR benchmark rates are quoted regularly and IBOR cash flows are exchanged with its counterparties as usual.

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.

Bank Risk Management Approach

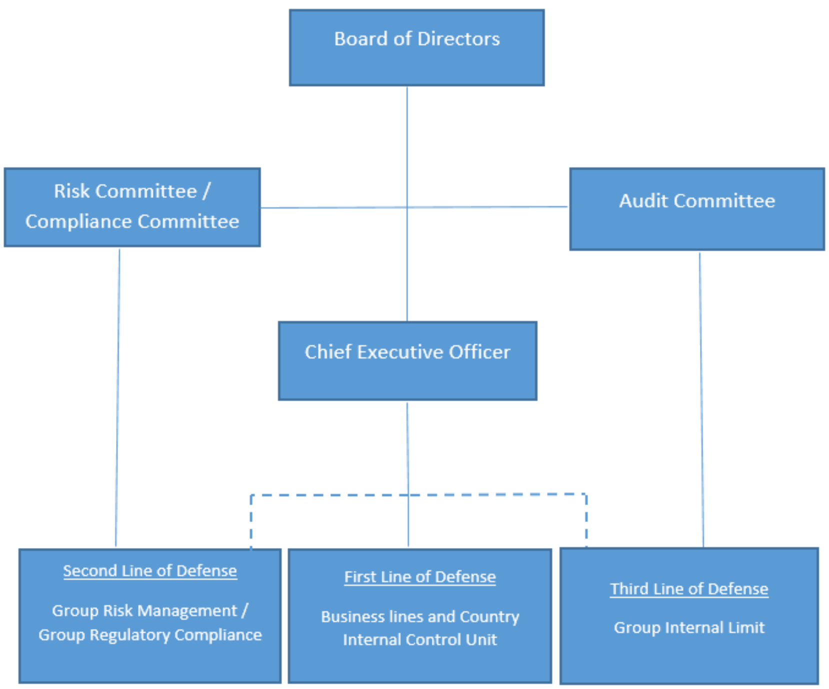
Arab Bank addresses the challenges of banking risks comprehensively through an Enterprise-Wide Risk Management Framework based on leading practices, and supported by a Board and Executive level risk governance structure consisting of the following committees and three independent levels of oversight:

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 Head of Group Risk / 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 Management 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. The Risk Management Department shall carry out the following tasks, as a minimum:

- Implementing the Risk Management strategy in addition to developing policies and procedures to manage all types of risks.
- Prepare risk management policies that covers all Bank's operations, setting clear and limits for each type of risk. Ensure that all employees, benchmarks according to their administrative level, are fully informed and aware of this/ these policies, while reviewing them periodically. The Risk Management policies shall be approved by the Board.
- Prepare a comprehensive document covering all Bank's acceptable risks and approving it by the board.
- Reviewing the Risk Management framework before being approved by the Board.
- Developing the internal Capital Adequacy Assessment Process document (ICAAP), review it periodically and ensure its implementation. whereby the document should be comprehensive, capable of identifying all risks considering the Bank's strategic plan and capital plan. The document should be approved by the Board.
- Develop methodologies to identify, measure, analyze, assess and monitor all types of risks.
- Verify the compatibility of the risk measurement methodologies with the applied management information systems.
- Developing a business continuity plan and approving it by the Board, provided that it is checked periodically.
- Ensure, prior to launching/ introducing any new (product/ service/ process/ system), that it aligns with the Bank's strategy, and that all risks involved, including operational/ information security/ cyber

risks, have been identified. New controls, procedures or amendments should be made in accordance with the Bank's acceptable risk limits.
- Provide necessary information about the Bank risks for use in the Bank’s disclosures.
- Submitting recommendations to the Risk Management Committee on risk exposures and any exception to the Risk Management Policy.
- Monitor the compliance of the executive departments at the Bank with the levels of risk acceptable.
- Reporting to the Board of Directors, through the Risk Management Committee, and with a copy to the Chief Executive Officer, on the actual risk exposures for all the Bank’s operations compared to the accepted risk document, and to follow-up on the measures taken to remedy any negative deviations. The executive management has the right to request special reports, as needed, from the Bank’s risk management department.

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 Credit Risk Management Department is responsible for the centralized reporting of credit risk, credit policy review, the International Financial Reporting Standard (IFRS9) Impairment Methodology, and the internal risk rating systems, which are designed to enhance “probability of default” measurement. 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.

- Business Risk Review Department, as part of the Credit Risk Management, conducts comprehensive individual, portfolio and business risk reviews to ensure 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, the sound implementation of the lending policies and processes and the capabilities of the credit staff. Supplemental targeted reviews are undertaken based on market conditions, the size and sectoral 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, controlling/responding, monitoring, and reporting of operational risks in all business activities. The Bank monitors operational risk exposures against the risk appetite which is articulated in the Board approved Risk Appetite Statement.

- 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 a 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 Management 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 well managed, and continuously supervised. A large proportion of the interest rate exposure is concentrated in the banking book due to limited trading IRR activity. Treasury exposures of more than one year are tightly controlled. 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 maintains 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. The Board of Directors exercises effective governance over the Compliance Program ensuring advanced compliance technology solutions and streamlined controls are supported with a culture of ethics to create good conduct across the Bank. The Board's Compliance Committee has primary oversight responsibility for all aspects of compliance risks. Group Regulatory Compliance (GRC) Division, reports directly to the Compliance Committee of the Board of Directors with direct access to the Chief Executive Officer. GRC is responsible for maintaining appropriate policies, procedures and controls to identify and mitigate risks arising from financial crime including terrorist financing, money laundering, bribery and corruption, and sanctions programs. Our combating financial crime standards and controls set the minimum requirements and control objectives to guard against involvement in illicit activity and are reflective of applicable regulatory requirements and industry leading practices. Compliance processes are in place across the Bank's Branches and Subsidiaries while also taking into consideration applicable local requirements. Where local laws and regulations are more stringent, these more stringent local laws and regulations are applied.

Appropriate processes are also applied to manage conduct risk, a sub-category of compliance risk, This includes processes covering conflicts of interest, treating customers fairly, as well as privacy and data protection. To preserve the Bank's reputation and integrity, all employees are expected to adhere to applicable laws, policies, and the Bank's Code of Conduct which provides an ethical compass guiding their daily actions. Senior management leads by example encouraging a culture of ethics. Employees and third parties are required to promptly report any actual or potential irregularity or misconduct within the Bank. There have been no regulatory sanctions nor any significant fines associated with non-compliance.

Arab Bank endeavors to protect customers' interests and that they are treated fairly by applying a customer centric approach in developing and marketing products and services. Internal communications and training reiterate and foster customer centricity while treating customers fairly and transparently. 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. In Arab Bank Plc Branches in Jordan, Algeria, Bahrain, Egypt, Palestine, Qatar, UAE, Yemen, Morocco, Singapore, and China, as well as Islamic International Arab Bank. Customer Complaints are managed by a dedicated unit within the Compliance function 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. In the rest of Arab Bank Plc Branches, Customer Complaints are managed by the Service Excellence Unit under the Consumer Banking Division. All complaints are handled in an effective and highly professional manner including the identification of root causes to avoid repeated complaints. All customer complaints received by the Bank during 2023, have been reviewed, analyzed, and handled in accordance with the Bank's policies and procedures and in a fair and transparent manner.

The Bank maintains a tech-enabled compliance program driving towards a data-led approach to compliance for greater efficiency and effectiveness supporting management of regulatory risk, conduct risk, privacy and data protection, and financial crime. 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 adhere with applicable regulatory requirements while also adapting to changing customer demands.

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 widespread 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.

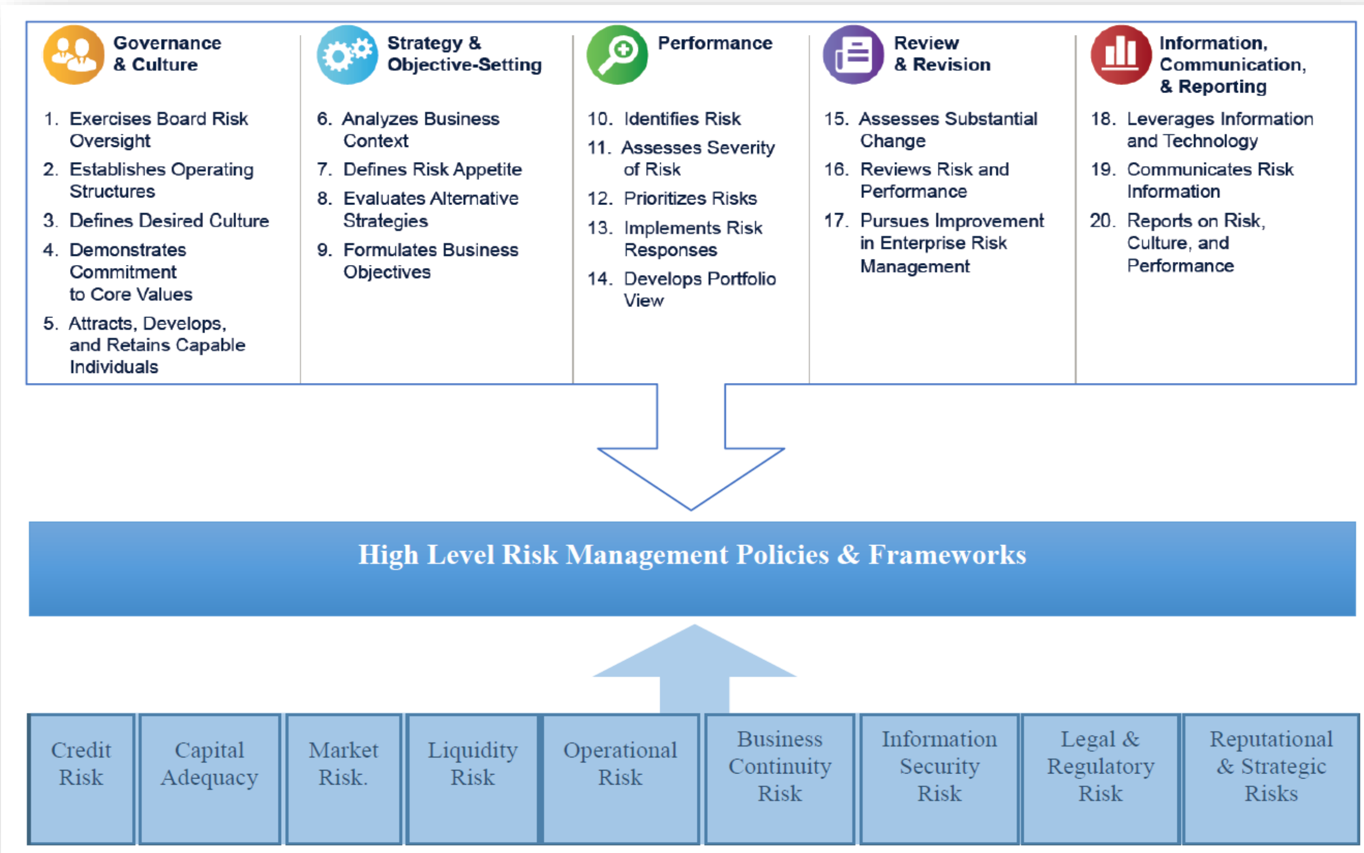
PENSION OBLIGATION RISK:

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 below. These principles enable the Bank to better understand and manage the Risks associated with its strategy and business objectives.



I. Key Metrics

		30-Jun-2024	31-Mar-2024	31-Dec-2023
		AED'000	*AED'000*	*AED'000*
	Available capital (amounts)			
1	Common Equity Tier 1 (CET1)	**2,620,550**	2,503,039	2,376,593
1a	Fully loaded ECL accounting model	**2,620,550**	2,503,039	2,376,593
2	Tier 1	**2,620,550**	2,503,039	2,376,593
2a	Fully loaded ECL accounting model Tier 1	**2,620,550**	2,503,039	2,376,593
3	Total capital	**2,828,647**	2,699,866	2,566,623
3a	Fully loaded ECL accounting model total capital	**2,828,647**	2,699,866	2,566,623
	Risk-weighted assets (amounts)			
4	Total risk-weighted assets (RWA)	**17,899,773**	16,988,109	16,236,679
	Risk-based capital ratios as a percentage of RWA			
5	Common Equity Tier 1 ratio (%)	**14.64%**	14.73%	14.64%
5a	Fully loaded ECL accounting model CET1 (%)	**14.64%**	14.73%	14.64%
6	Tier 1 ratio (%)	**14.64%**	14.73%	14.64%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	**14.64%**	14.73%	14.64%
7	Total capital ratio (%)	**15.80%**	15.89%	15.81%
7a	Fully loaded ECL accounting model total capital ratio (%)	**15.80%**	15.89%	15.81%
	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 (%)	**-**	-	-
10	Bank D-SIB additional requirements (%)	**-**	-	-
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 (%)	**5.30%**	5.39%	5.31%
	Leverage Ratio			
13	Total leverage ratio measure	**28,797,295**	27,391,140	26,945,807
14	Leverage ratio (%) (row 2/row 13)	**9.10%**	9.14%	8.82%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	**9.10%**	9.14%	8.82%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	**9.10%**	9.14%	8.82%
	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	**7,482,797**	6,882,657	6,824,059
22	Total liabilities	**19,290,546**	18,712,681	18,520,949
23	Eligible Liquid Assets Ratio (ELAR) (%)	**38.79%**	36.78%	36.85%
	ASRR			
24	Total available stable funding	**18,791,000**	18,265,643	17,886,001
25	Total Advances	**12,864,259**	12,571,876	12,142,546
26	Advances to Stable Resources Ratio (%)	**68.46%**	68.83%	67.89%

II. Overview of RWA

	AED'000	RWA 30-Jun-2024	RWA 31-Mar-2024	Minimum capital requirements 30-Jun-2024	Minimum capital requirements 31-Mar-2024
1	Credit risk (excluding counterparty credit risk)	16,580,340	15,704,916	1,740,936	1,649,016
2	Of which: standardised approach (SA)	16,580,340	15,704,916	1,740,936	1,649,016
3	[redacted]				
4	[redacted]				
5	[redacted]				
6	Counterparty credit risk (CCR)	67,422	41,292	7,079	4,336
7	Of which: standardised approach for counterparty credit risk	67,422	41,292	7,079	4,336
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	62,183	52,073	6,529	5,468
21	Of which: standardised approach (SA)	62,183	52,073	6,529	5,468
22	[redacted]				
23	Operational risk	1,189,828	1,189,828	124,932	124,932
24	[redacted]				
25	[redacted]				
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	17,899,773	16,988,109	1,879,476	1,783,751

2. Regulatory Capital

2.1 Composition of regulatory capital

		30-Jun-2024	*31-Dec-2023*	*Reference to CC2*
	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	CC2(c)
2	Retained earnings	**1,676,829**	1,450,080	
3	Accumulated other comprehensive income (and other reserves)	**333,754**	333,754	
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**	**2,631,286**	2,404,537	
	Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	**-**	-	
8	Goodwill (net of related tax liability)	**-**	-	CC2 (a)
9	Other intangibles including mortgage servicing rights (net of related tax liability)	**4,252**	2,893	CC2 (b)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	**-**	-	
11	Cash flow hedge reserve	**-**	-	
12	Securitisation gain on sale	**-**	-	
13	Gains and losses due to changes in own credit risk on fair valued liabilities	**-**	-	
14	Defined benefit pension fund net assets	**-**	-	
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	**-**	-	
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	**-**	-	
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	**-**	-	
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)	**6,485**	25,052	
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**	**10,737**	27,945	
25	**Common Equity Tier 1 capital (CET1)**	**2,620,550**	2,376,593	
	Additional Tier 1 capital: instruments			
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	**-**	-	CC2 (d)

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)**	**2,620,550**	2,376,593	
	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*	**0**	0	
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	**208,097**	190,030	
45	**Tier 2 capital before regulatory adjustments**	**208,097**	190,031	
	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)**	**208,097**	190,031	
52	**Total regulatory capital (TC = T1 + T2)**	**2,828,647**	2,566,623	
53	**Total risk-weighted assets**	**17,899,773**	16,236,679	
	Capital ratios and buffers			
54	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**14.64%**	14.64%	
55	**Tier 1 (as a percentage of risk-weighted assets)**	**14.64%**	14.64%	

56	**Total capital (as a percentage of risk-weighted assets)**	**15.80%**	15.81%	
57	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	**2.5%**	2.5%	
58	**Of which: capital conservation buffer requirement**	**2.5%**	2.5%	
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.**	**5.30%**	5.31%	
	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)	**249,716**	228,039	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	**208,097**	190,030	
[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*	**0**	0	
78	*Amount excluded from T2 due to cap (excess after redemptions and maturities)*	**(0)**	(0)	

2.2 Reconciliation of regulatory capital to balance sheet

30 June 2024

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As of period-end	As of period-end	
Assets	***AED'000***	***AED'000***	
Cash and balances with Central Bank[1]	2,802,341	7,464,435	
Due from banks	779,271	779,383	
Due from the Head Office and branches abroad	223,109	223,109	
Loans and advances[2]	11,959,169	13,191,578	
Other financial assets[1]	5,319,503	732,889	
Right-of-use assets	40,098	40,098	
Other Assets	603,869	601,588	
Deferred tax assets[3]	269,151	269,151	
Property and equipment	6,033	6,033	
Goodwill and other intangible assets	4,252	4,252	
Of which: goodwill	-	-	(a)
Of which: intangibles (excluding MSRs)	4,252	4,252	(b)
Of which: MSRs	-	-	(b)
Total assets	**22,006,796**	**23,312,516**	
Liabilities			
Due to banks	116,099	116,099	
Due to the Head Offices and branches abroad	43,152	43,152	
Customers' deposits	17,019,788	17,019,788	
Security deposits [4]	1,217,066	1,217,066	
Other liabilities	684,306	833,763	
Provisions [2]	96,836	1,253,099	
Lease Contracts Liability	36,412	36,412	
Subordinated loan [5]	-	-	
Current and deferred tax liabilities	223	223	
Total liabilities	**19,213,882**	**20,519,602**	
Shareholders' equity			
Paid-in share capital	620,704	620,704	
Of which: amount eligible for CET1	620,704	620,704	(c)
Of which: amount eligible for AT1	-	-	(d)
Retained earnings	1,676,828	1,676,828	
Statutory reserve	310,352	310,352	
Other reserves	23,000	23,000	
Impairment Reserve	161,137	161,137	
Accumulated other comprehensive income	893	893	
Total shareholders' equity	**2,792,914**	**2,792,914**	

[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 2023

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As of period-end	As of period-end	
Assets	*AED'000*	*AED'000*	
Cash and balances with Central Bank[1]	2,154,666	6,805,696	
Due from banks	992,102	992,255	
Due from the Head Office and branches abroad	176,972	176,972	
Loans and advances[2]	11,219,339	12,426,959	
Other financial assets[1]	5,563,082	963,008	
Right-of-use assets	40,804	40,804	
Other Assets	568,065	566,477	
Deferred tax assets[3]	265,176	265,176	
Property and equipment	6,871	6,871	
Goodwill and other intangible assets	2,893	2,893	
Of which: goodwill	-	-	(a)
Of which: intangibles (excluding MSRs)	2,893	2,893	(b)
Of which: MSRs	-	-	(b)
Total assets	**20,989,970**	**22,247,111**	
Liabilities			
Due to banks	262,819	262,819	
Due to the Head Offices and branches abroad	25,161	25,161	
Customers' deposits	16,326,859	16,326,859	
Security deposits [4]	1,105,348	1,105,348	
Other liabilities	681,102	743,768	
Provisions [2]	35,817	1,230,292	
Lease Contracts Liability	34,658	34,658	
Subordinated loan [5]	-	-	
Current and deferred tax liabilities	223	223	
Total liabilities	**18,471,987**	**19,729,128**	
Shareholders' equity			
Paid-in share capital	620,704	620,704	
Of which: amount eligible for CET1	620,704	620,704	(c)
Of which: amount eligible for AT1	-	-	(d)
Retained earnings	1,450,080	1,450,080	
Statutory reserve	310,352	310,352	
Other reserves	23,000	23,000	
Impairment Reserve	112,954	112,954	
Accumulated other comprehensive income	893	893	
Total shareholders' equity	**2,517,983**	**2,517,983**	

[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 2024	**Share Capital**
		Quantitative / qualitative information
1	Issuer	**Arab Bank PLC - UAE Branches**
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	UAE
	Regulatory treatment	
4	Transitional arrangement rules (i.e. grandfathering)	Common Equity Tier 1
5	Post-transitional arrangement rules (i.e. grandfathering)	Common Equity Tier 1
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Share Capital
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	AED 621 Mn
9	Nominal amount of instrument	AED 621 Mn
9a	Issue price	100
9b	Redemption price	100
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	Write-down feature	None
25	If write-down, write-down trigger(s)	N/A
26	If write-down, full or partial	N/A
27	If write-down, permanent or temporary	N/A
28	If temporary write-own, description of write-up mechanism	N/A

28a	Type of subordination	N/A
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Unsubordinated creditors
30	Non-compliant transitioned features	No
31	If yes, specify non-compliant features	N/A

3.Leverage Ratio

3.1 Summary comparison of accounting assets vs leverage ratio exposure

		30-Jun-2024	31-Mar-2024	31-Dec-2023
		AED'000	AED'000	AED'000
1	Total consolidated assets as per interim reviewed financial statements	**22,006,796**	21,279,676	20,989,970
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	**70,515**	42,627	46,133
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)	**6,654,055**	6,016,050	5,888,686
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**-**	-	-
12	Other adjustments	**65,929**	52,787	21,017
13	**Leverage ratio exposure measure**	**28,797,295**	27,391,140	26,945,806

3.2 Leverage ratio common disclosure template

		30-Jun-2024	31-Mar-2024	31-Dec-2023
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)	**22,083,461**	21,354,128	21,038,933
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)	**(10,737)**	(21,665)	(27,945)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**22,072,724**	21,332,463	21,010,988
Derivative exposures				
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**28,279**	6,303	7,249
9	Add-on amounts for PFE associated with *all* derivatives transactions	**42,236**	36,324	38,884
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)**	**70,515**	42,627	46,133
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	**12,803,751**	12,187,121	11,365,248
20	(Adjustments for conversion to credit equivalent amounts)	**(6,149,695)**	(6,171,071)	(5,476,563)
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)**	**6,654,056**	6,016,050	5,888,685
Capital and total exposures				
23	**Tier 1 capital**	**2,620,550**	2,503,039	2,376,593
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**28,797,295**	27,391,140	26,945,806
Leverage ratio				
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**9.10%**	9.14%	8.82%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**9.10%**	9.14%	8.82%
26	CBUAE minimum leverage ratio requirement	**3%**	3%	3%
27	**Applicable leverage buffers**	**0%**	0%	0%

4. Liquidity

4.1 Eligible Liquid Assets Ratio

30th Jun 2024

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	**6,606,616**	
1.2	UAE Federal Government Bonds and Sukuks	**646,290**	
	Sub Total (1.1 to 1.2)	**7,252,906**	**7,252,906**
1.3	UAE local governments publicly traded debt securities	**-**	
1.4	UAE Public sector publicly traded debt securities	**-**	
	Sub total (1.3 to 1.4)	**-**	**-**
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	**-**	**-**
1.6	**Total**	**7,252,906**	**7,252,906**
2	Total liabilities		**19,027,594**
3	**Eligible Liquid Assets Ratio (ELAR)**		**38.12%**

31st Dec 2023

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	6,193,247	
1.2	UAE Federal Government Bonds and Sukuks	912,856	
	Sub Total (1.1 to 1.2)	7,106,103	7,106,103
1.3	UAE local governments publicly traded debt securities	-	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub total (1.3 to 1.4)	-	-
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	Total	7,106,103	7,106,103
2	Total liabilities		18,699,678
3	Eligible Liquid Assets Ratio (ELAR)		38.00%

4.2 Advances to Stable Resources Ratio

		Items	30-Jun-2024	31-Mar-2024	31-Dec-2023
1		**Computation of Advances**	**AED'000**	AED'000	AED'000
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	**12,051,103**	11,751,428	11,333,866
	1.2	Lending to non-banking financial institutions	**-**	-	-
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	**813,156**	820,448	808,680
	1.4	Interbank Placements	**-**	-	-
	1.5	**Total Advances**	**12,864,259**	12,571,876	12,142,546
2		**Calculation of Net Stable Resources**			
	2.1	Total capital + general provisions	**2,881,494**	2,761,387	2,633,068
		Deduct:			
	2.1.1	Goodwill and other intangible assets	**4,252**	3,730	2,893
	2.1.2	Fixed Assets	**6,033**	6,305	6,871
	2.1.3	Funds allocated to branches abroad	**-**	-	-
	2.1.5	Unquoted Investments	**2,879**	2,879	2,879
	2.1.6	Investment in subsidiaries, associates and affiliates	**-**	-	-
	2.1.7	**Total deduction**	**13,164**	12,914	12,643
	2.2	**Net Free Capital Funds**	**2,868,330**	2,748,473	2,620,425
	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	**15,922,670**	15,517,170	15,265,576
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	**-**	-	-
	2.3.7	**Total other stable resources**	**15,922,670**	15,517,170	15,265,576
	2.4	**Total Stable Resources (2.2+2.3.7)**	**18,791,000**	18,265,643	17,886,001
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	**68.46**	68.83	67.89

5. Credit Risk

5.1 Credit Quality of Assets

30 June 2024

		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)
	In AED'000	Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans[1]	1,170,640	11,988,007	965,805	882,536	83,269	12,192,842
2	Debt securities[2]	-	5,317,382	758	-	758	5,316,624
3	Off-balance sheet exposures[3]	86,039	14,208,422	28,621	24,255	4,366	14,265,840
4	**Total**	**1,256,679**	**31,513,811**	**995,184**	**906,791**	**88,393**	**31,775,306**

[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 1.4Bn), OTC derivatives, and excluding revocable other commitments.

31 December 2023

		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)
	In AED'000	Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans[1]	1,124,234	11,272,705	956,599	846,974	109,625	11,440,340
2	Debt securities[2]	-	5,561,405	1,202	-	1,202	5,560,203
3	Off-balance sheet exposures[3]	69,131	11,786,804	29,223	25,119	4,104	11,826,712
4	**Total**	**1,193,365**	**28,620,914**	**987,024**	**872,093**	**114,931**	**28,827,255**

[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 763Mn), OTC derivatives, and excluding revocable other commitments.

5.2 Changes in stock of defaulted loans and debt securities

		30 Jun 2024 AED'000	31 Dec 2023 AED'000
1	**Defaulted loans and debt securities at the end of the previous reporting period**	**1,124,234**	1,857,157
2	Loans and debt securities that have defaulted since the last reporting period	82,072	177,887
3	Returned to non-default status	-	-
4	Amounts written off	222	817,165
5	Other changes	(35,444)	(93,645)
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	**1,170,640**	1,124,234

5.3 Credit risk mitigation techniques - overview

- Overview of net exposure after CRM:

30 June 2024

Quantitative disclosure		Exposure	Risk Weighted Assets
In AED'000			
	Gross exposure prior to Credit Risk Mitigation	**36,180,290**	**17,642,921**
Less	**Exposure covered by on-balance sheet netting**	**-**	**-**
Less	**Exposure covered by eligible financial collateral**	**991,170**	**983,340**
Less	**Exposure covered by guarantees**	**23,638**	**11,819**
Less	**Exposure covered by Credit Derivative**	**-**	**-**
Net exposure after Credit Risk Mitigation		**35,165,482**	**16,647,762**

31 December 2023

Quantitative disclosure		Exposure	Risk Weighted Assets
In AED'000			
	Gross exposure prior to Credit Risk Mitigation	33,633,436	16,089,125
Less	**Exposure covered by on-balance sheet netting**	-	-
Less	**Exposure covered by eligible financial collateral**	876,931	876,931
Less	**Exposure covered by guarantees**	19,173	9,587
Less	**Exposure covered by Credit Derivative**	-	-
Net exposure after Credit Risk Mitigation		32,737,333	15,202,607

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

30 June 2024

	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]	**12,050,042**	**1,087,342**	**488,829**	**21,263**	**12,000**	**-**	**-**
2	Debt securities[2]	**5,317,382**	**-**	**-**	**-**	**-**	**-**	**-**
3	**Total**	**17,367,424**	**1,087,342**	**488,829**	**21,263**	**12,000**	**-**	**-**
4	Of which defaulted	**1,170,640**	**-**	**-**	**-**	**-**	**-**	**-**

[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 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]	11,232,890	1,143,951	459,493	20,098	12,000	-	-
2	Debt securities[2]	5,561,405	-	-	-	-	-	-
3	**Total**	16,794,295	1,143,951	459,493	20,098	12,000	-	-
4	Of which defaulted	1,119,081	5,153	1,137	-	-	-	-

[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 2024

	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	**8,088,429**	**0**	**8,088,429**	**0**	**0**	**0%**
2	Public Sector Entities	**883,521**	**52,138**	**883,521**	**28,173**	**360,730**	**40%**
3	Multilateral development banks	**0**	**0**	**0**	**0**	**0**	**0%**
4	Banks	**1,900,051**	**1,046,368**	**1,927,247**	**837,137**	**1,471,270**	**53%**
5	Securities firms	**0**	**0**	**0**	**0**	**0**	**0%**
6	Corporates	**6,719,021**	**11,679,401**	**7,034,543**	**5,253,065**	**11,446,732**	**93%**
7	Regulatory retail portfolios	**585,373**	**968**	**586,336**	**-7**	**363,372**	**62%**
8	Secured by residential property	**1,609,406**	**0**	**1,609,406**	**0**	**653,876**	**41%**
9	Secured by commercial real estate	**1,301,774**	**9,355**	**1,301,774**	**9,035**	**1,292,147**	**99%**
10	Equity Investment in Funds (EIF)	**0**	**0**	**0**	**0**	**0**	**0%**
11	Past-due loans	**1,170,640**	**86,036**	**31,442**	**84,887**	**115,180**	**99%**
12	Higher-risk categories	**4,803**	**0**	**4,803**	**0**	**7,205**	**150%**
13	Other assets	**1,043,006**	**0**	**1,043,006**	**0**	**869,828**	**83%**
14	**Total**	**23,306,024**	**12,874,266**	**22,510,507**	**6,212,290**	**16,580,340**	**58%**

31 December 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	7,447,410	0	7,447,410	0	0	0%
2	Public Sector Entities	841,709	45,685	841,709	24,771	301,280	35%
3	Multilateral development banks	0	0	0	0	0	0%
4	Banks	2,210,648	965,483	2,237,844	749,930	1,352,225	45%
5	Securities firms	0	0	0	0	0	0%
6	Corporates	6,341,749	10,320,621	6,602,142	4,588,802	10,412,011	93%
7	Regulatory retail portfolios	579,288	1,067	580,272	71	361,559	62%
8	Secured by residential property	1,409,968	0	1,409,968	0	564,387	40%
9	Secured by commercial real estate	1,308,739	9,395	1,308,739	9,075	1,290,280	98%
10	Equity Investment in Funds (EIF)	0	0	0	0	0	0%
11	Past-due loans	1,124,234	69,128	32,380	67,991	99,231	99%
12	Higher-risk categories	1,684	0	1,684	0	2,526	150%
13	Other assets	956,628	0	957,558	0	774,310	81%
14	Total	22,222,057	11,411,379	21,419,706	5,440,640	15,157,809	56%

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

30 June 2024

In AED'000

	Risk Weights / 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	8,088,429	-	-	-	-	-	-	-	8,088,429
2	Public Sector Entities	-	469,361	-	350,950	-	91,383	-	-	911,694
3	Multilateral development banks	-	-	-	-	-	-	-	-	-
4	Banks	27,199	718,826	-	1,457,929	-	484,209	76,221	-	2,764,384
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	671,606	-	-	133,813	-	10,470,337	76,021	935,831	12,287,608
7	Regulatory retail portfolios	107,276	-	-	-	462,720	16,333	-	-	586,329
8	Secured by residential property	-	-	1,470,046	-	-	139,360	-	-	1,609,406
9	Secured by commercial real estate	18,662	-	-	-	-	1,292,147	-	-	1,310,809
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	1,149	-	-	-	-	115,180	-	-	116,329
12	Higher-risk categories	-	-	-	-	-	-	4,803	-	4,803
13	Other assets	547,582	24,487	-	-	-	208,274	-	262,663	1,043,006
14	**Total**	9,461,903	1,212,674	1,470,046	1,942,692	462,720	12,817,223	157,045	1,198,494	28,722,797

31 December 2023

In AED'000

	Risk Weights / 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	7,447,410	-	-	-	-	-	-	-	7,447,410
2	Public Sector Entities	-	509,937	-	314,500	-	42,043	-	-	866,480
3	Multilateral development banks	-	-	-	-	-	-	-	-	-
4	Banks	27,199	915,444	-	1,756,051	-	285,019	4,061	-	2,987,774
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	590,075	-	-	129,348	-	9,643,631	-	827,890	11,190,944
7	Regulatory retail portfolios	103,379	-	-	-	461,619	15,345	-	-	580,343
8	Secured by residential property	-	-	1,300,894	-	-	109,074	-	-	1,409,968
9	Secured by commercial real estate	27,534	-	-	-	-	1,290,280	-	-	1,317,814
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	1,140	-	-	-	-	99,231	-	-	100,371
12	Higher-risk categories	-	-	-	-	-	-	1,684	-	1,684
13	Other assets	532,058	14,223	-	-	-	171,152	-	240,125	957,558
14	**Total**	8,728,795	1,439,604	1,300,894	2,199,899	461,619	11,655,775	5,745	1,068,015	26,860,346

6. Counterparty Credit Risk

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

30 June 2024

	In AED'000	**Replacement cost**	**Potential future exposure**	**EEPE**	**Alpha used for computing regulatory EAD**	**EAD post-CRM**	**RWA**
1	SA-CCR (for derivatives)	20,199	30,169		1.4	70,515	67,422
2	[redacted]			-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
5	[redacted]					-	-
6	**Total**						**67,422**

31 December 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)	5,178	27,774		1.4	46,133	44,798
2	[redacted]			-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)					-	-
5	[redacted]					-	-
6	**Total**						44,798

6.2 Credit valuation adjustment (CVA) capital charge

30 June 2024

		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	**70,515**	**67,422**

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

30 June 2024

In AED'000

	Asset classes \ Risk Weights	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
1	Sovereigns and their central banks	-	-	-	-	-	-	-	-
2	Public Sector Entities	-	-	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-	-	-
4	Banks	-	**412**	**5,529**	-	**52,423**	-	-	**58,364**
5	Securities firms	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	**12,151**	-	-	**12,151**
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**	**-**	**412**	**5,529**	**-**	**64,574**	**-**	**-**	**70,515**

31 December 2023

In AED'000

	Asset classes \ Risk Weights	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
1	Sovereigns and their central banks	-	-	-	-	-	-	-	-
2	Public Sector Entities	-	-	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-	-	-
4	Banks	-	-	2,670	-	27,072	-	-	29,742
5	Securities firms	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	16,391	-	-	16,391
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	-	43,463	-	-	46,133

6.4 Composition of collateral for CCR exposure:

30 June 2024 In AED'000	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

31 December 2023 In AED'000	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
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.

6.6 Exposures to central counterparties:

		30-Jun-2024	
		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)**		**67,422**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
13	(i) OTC derivatives	70,515	67,422
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-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)		44,798
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
13	(i) OTC derivatives	46,133	44,798
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-2024	31-Dec-2023
		RWA	RWA
		AED’000	AED’000
1	General Interest rate risk (General and Specific)	**8,661**	12,122
2	Equity risk (General and Specific)	**-**	-
3	Foreign exchange risk	**38,096**	22,985
4	Commodity risk	**-**	-
	Options		
5	Simplified approach	**15,426**	18,750
6	Delta-plus method	**-**	-
7	[redacted]		
8	Securitisation	-	-
9	**Total**	**62,183**	53,857