الإمارات الإسلامي
EMIRATES ISLAMIC

BASEL III – PILLAR 3 DISCLOSURES

For the year ended 31 December, 2022

Contents

Introduction

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

Pillar 3 Disclosures 2022

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

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

In November 2020, CBUAE issued revised standards and guidelines for Capital Adequacy in UAE. The new version to the Standards also includes additional Guidance on the topics of Credit Risk, Market Risk, and Operational Risk. In December 2022, CBUAE published revised capital guidelines mainly focused on updates on Pillar 2.

Following are the changes in the revised standards which have been adopted either prior to or during 2022:

- The Tier Capital Supply Standard
- Tier Capital Instruments Standard
- Pillar 2 Standard: Internal Capital Adequacy Assessment Process (ICAAP)
- Credit Risk, Market Risk and Operational Risk
- Equity Investment in Funds, Securitization, Counterparty Credit Risk, Leverage Ratio
- Credit Value Adjustment (CVA)

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

The revised Pillar 3 disclosures, based on a common framework, are an effective means of informing the market about the risks faced by the Group, and provide a consistent and understandable disclosure framework that enhances transparency and improves comparability and consistency.

In compliance with the CBUAE Basel III standards and guidelines, these disclosures include qualitative and quantitative information on the Group's risk management objectives and policies, risk assessment processes, capital management and capital adequacy. The Group's Pillar 3 disclosures are in line with the key elements governed by the disclosure policy framework in line with CBUAE Basel III standards and approved by the Group Board Audit Committee.

Verification

The Pillar 3 Disclosures for the year 2022 have been reviewed by the Group's Internal and Statutory auditors.

Implementation of Basel III standards and guidelines

The Group is compliant with Standardized Approach for Credit, Market and Operational Risk (Pillar 1) as applicable in 2022.

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

Group Structure

The Bank was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with a limited liability in the Emirate of Dubai on 3 October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995 and is regulated by the Central Bank of United Arab Emirates.

At an extraordinary general meeting held on 10 March 2004, a resolution was passed to transform the Bank's activities to be in full compliance with the Sharia rules and principles. The entire process was completed on 9 October 2004 (the "Transformation Date") when the Bank obtained the UAE Central Bank and other UAE authorities' approvals.

The Bank is a subsidiary of Emirates NBD Bank PJSC, Dubai (the "Group Holding Company"). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai (the "Ultimate Parent Company"), a company in which the Government of Dubai is the major shareholder. The Bank is listed in the Dubai Financial Market (TICKER: "EIB"). The Bank's website is www.emiratesislamic.ae. The Pillar 3 disclosures comprise of the Emirates Islamic Bank PJSC and its subsidiaries (together referred to as "the Group").

The direct subsidiaries of the Group are as follows:

Subsidiaries:	Group % Shareholding	Nature of Business	Country of Incorporation	Description of Accounting Treatment (Consolidation/ Investment Accounting)	Description of Regulatory Capital Treatment (Consolidation/ Deduction from capital/neither)
Emirates Islamic Financial Brokerage Co. LLC	100	Brokerage services	Dubai, U.A.E.	Consolidation	Consolidation
EIB Sukuk Company Limited	100	SPE for asset securitization	Cayman Islands	Consolidation	Consolidation
EI Funding Limited	100	SPE for asset securitization	Cayman Islands	Consolidation	Consolidation

Key metrics for the Group (KM1)

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

	Available capital (amounts)	**31 December 2022 AED 000**	**30 September 2022 AED 000**	**30 June 2022 AED 000**	**31 March 2022 AED 000**	**31 December 2021 AED 000**
1	Common Equity Tier 1 (CET1)	9,427,854	9,201,923	8,854,188	8,678,676	8,489,170
1a	Fully loaded ECL accounting model[1]	9,218,265	9,062,824	8,854,188	8,665,627	8,489,170
2	Tier 1	9,427,854	9,201,923	8,854,188	8,678,676	8,489,170
2a	Fully loaded ECL accounting model Tier 1	9,218,265	9,062,824	8,854,188	8,665,627	8,489,170
3	Total capital	10,033,965	9,809,313	9,447,527	9,243,063	9,010,133
3a	Fully loaded ECL accounting model total capital	9,824,376	9,670,214	9,447,527	9,230,014	9,010,133
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	52,769,656	52,594,516	51,498,059	49,130,295	45,659,027
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	17.87%	17.50%	17.19%	17.66%	18.59%
5a	Fully loaded ECL accounting model CET1 (%)	17.47%	17.23%	17.19%	17.64%	18.59%
6	Tier 1 ratio (%)	17.87%	17.50%	17.19%	17.66%	18.59%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17.47%	17.23%	17.19%	17.64%	18.59%
7	Total capital ratio (%)	19.01%	18.65%	18.35%	18.81%	19.73%
7a	Fully loaded ECL accounting model total capital ratio (%)	18.62%	18.39%	18.35%	18.79%	19.73%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.51%	8.15%	7.85%	8.31%	9.23%
	Leverage Ratio					
13	Total leverage ratio measure	78,907,728	78,186,914	79,169,967	74,423,679	69,054,873
14	Leverage ratio (%) (row 2/row 13)	11.95%	11.77%	11.18%	11.66%	12.29%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	11.68%	11.59%	11.18%	11.64%	12.29%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.68%	11.77%	11.18%	11.64%	12.29%

Key metrics for the Group (KM1) (Continued)

	Available capital (amounts)	31 December 2022 AED 000	30 September 2022 AED 000	30 June 2022 AED 000	31 March 2022 AED 000	31 December 2021 AED 000
	Liquidity Coverage Ratio					
	ELAR					
15	Total HQLA	10,482,687	11,578,706	11,142,840	11,937,172	10,859,499
16	Total Liabilities	64,730,268	64,323,881	62,774,759	61,561,810	56,611,477
17	Eligible Liquid Assets Ratio (ELAR) (%)	16.19%	18.00%	17.71%	19.39%	19.18%
	ASRR					
18	Total available stable funding	62,527,925	59,538,584	58,957,230	57,149,796	53,377,092
19	Total Advances	49,882,673	50,095,708	49,874,345	49,144,129	45,610,451
20	Advances to Stable Resources Ratio (%)	79.78%	84.14%	84.59%	85.99%	85.45%

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

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

Significant change in each metrics compared with previous year have been explained below:

CET1 capital increased by AED 939 million as compared to last year, mainly driven by profit for the year of AED 1,240 million and prudential filter of AED 210 million, offset by reserves of AED 426 million, appropriation of AED 43 million and regulatory deduction of AED 42 million.

CET1 capital increased by AED 226 million as compared to last quarter, mainly driven by profit for the quarter of AED 186 million, reserves by AED 55 million and prudential filter AED 70 million, offset by appropriation of AED 43 million and regulatory deduction of AED 42 million.

Total Risk weighted assets (RWA) increased by AED 7.1 billion during the year. Refer OV1 disclosure for further details on RWAs.

Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1)

Below table splits the financial balance sheet into each regulatory risk category. The regulatory risk category drives the approach applied in the calculation of regulatory exposures and RWA.

	a	b	c	d	e	f	g
			Carrying values of items:				
31 December 2022 AED 000	**Carrying values as reported in published financial statements**	**Carrying values under scope of regulatory consolidation**	**Subject to credit risk framework**	**Subject to counterparty credit risk framework**	**Subject to the securitisation framework**	**Subject to market risk framework**	**Not subject to capital requirements or subject to deduction from capital**
Assets							
Cash and Deposits with Central Bank	12,026,286	12,026,286	12,026,286	-	-	-	-
Due from Banks	4,614,476	4,614,476	4,614,476	-	-	-	-
Investment Securities	7,355,871	7,355,871	7,355,871	-	-	-	-
Financing Receivables	48,368,978	48,368,978	48,368,978	-	-	-	-
Positive Fair Value of Derivatives	184,118	184,118	-	184,118	-	184,118	-
Customer Acceptances	923,843	923,843	923,843	-	-	-	-
Investment Properties	280,547	280,547	280,547	-	-	-	-
Property & Equipment	249,206	249,206	207,129	-	-	-	42,077
Other Assets	760,393	760,393	760,393	-	-	-	-
Total Assets	**74,763,718**	**74,763,718**	**74,537,523**	**184,118**	**-**	**184,118**	**42,077**
Liabilities							
Due to Banks	1,880,081	1,880,081	-	-	-	-	1,880,081
Islamic Customer Deposits	56,343,655	56,343,655	-	-	-	-	56,343,655
Sukuk Payable	3,672,500	3,672,500	-	-	-	-	3,672,500
Negative Fair Value of Derivatives	191,500	191,500	-	191,500	-	191,500	-
Customer Acceptances	923,843	923,843	-	-	-	-	923,843
Other Liabilities	2,491,797	2,491,797	-	-	-	-	2,491,797
Total Liabilities	**65,503,376**	**65,503,376**	**-**	**191,500**	**-**	**191,500**	**65,311,876**

Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1) (Continued)

	a	b	c	d	e	f	g
			Carrying values of items:				
31 December 2021 AED 000	**Carrying values as reported in published financial statements**	**Carrying values under scope of regulatory consolidation**	**Subject to credit risk framework**	**Subject to counterparty credit risk framework**	**Subject to the securitisation framework**	**Subject to market risk framework**	**Not subject to capital requirements or subject to deduction from capital**
Assets							
Cash and Deposits with Central Bank	10,688,166	10,688,166	10,688,166	-	-	-	-
Due from Banks	2,768,718	2,768,718	2,768,718	-	-	-	-
Investment Securities	6,684,578	6,684,578	6,684,578	-	-	-	-
Financing Receivables	42,614,024	42,614,024	42,614,024	-	-	-	-
Positive Fair Value of Derivatives	118,376	118,376	-	118,376	-	118,376	-
Customer Acceptances	787,200	787,200	787,200	-	-	-	-
Investment Properties	296,729	296,729	296,729	-	-	-	-
Property & Equipment	281,873	281,873	281,873	-	-	-	-
Other Assets	664,741	664,741	664,741	-	-	-	-
Total Assets	**64,904,405**	**64,904,405**	**64,786,029**	**118,376**	**-**	**118,376**	**-**
Liabilities							
Due to Banks	2,548,432	2,548,432	-	-	-	-	2,548,432
Islamic Customer Deposits	47,269,061	47,269,061	-	-	-	-	47,269,061
Sukuk Payable	3,672,500	3,672,500	-	-	-	-	3,672,500
Negative Fair Value of Derivatives	126,616	126,616	-	126,616	-	126,616	-
Customer Acceptances	787,200	787,200	-	-	-	-	787,200
Other Liabilities	1,949,612	1,949,612	-	-	-	-	1,949,612
Total Liabilities	**56,353,421**	**56,353,421**	**-**	**126,616**	**-**	**126,616**	**56,226,805**

The differences between financial and regulatory consolidation arises primarily due to the requirement to not consolidate non-financial subsidiaries for regulatory purposes which are subject to full consolidation for financial purposes. The Group does not have any variance in financial and regulatory consolidation.

The amounts shown in the column ‘Carrying values under scope of regulatory consolidation’ do not equal the sum of the amounts shown in the remaining columns of this table for line items ‘Derivatives’. Derivatives are subject to regulatory capital charges for counterparty credit risk and market risk.

Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2)

	31 December 2022 AED 000	a	b	c	d	e
			Items subject to:			
		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	74,763,718	74,537,523	-	184,118	184,118
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	191,500	-	-	191,500	191,500
3	**Total net amount under regulatory scope of consolidation**	**74,572,218**	**74,537,523**	**-**	**(7,382)**	**(7,382)**
4	Off-balance sheet amounts Excluding Derivatives	3,880,051	3,880,051	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions and profit in suspense	5,135,590	5,135,590	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Derivatives	495,364	-	-	495,364	-
10	Assets deducted from CET 1 capital	(42,077)	-	-	-	-
11	**Exposure amounts considered for regulatory purposes**	**84,041,146**	**83,553,164**	**-**	**487,982**	**(7,382)**

Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2) (Continued)

	31 December 2021 AED 000	a	b	c	d	e
			Items subject to:			
		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	64,904,405	64,786,029	-	118,376	118,376
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	126,616	-	-	126,616	126,616
3	**Total net amount under regulatory scope of consolidation**	**64,777,789**	**64,786,029**	**-**	**(8,240)**	**(8,240)**
4	Off-balance sheet amounts Excluding Derivatives	3,699,644	3,699,644	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions and profit in suspense	4,829,871	4,829,871	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Derivatives	577,441	-	-	577,441	-
10	Assets deducted from CET 1 capital	-	-	-	-	-
11	**Exposure amounts considered for regulatory purposes**	**73,884,745**	**73,315,544**	**-**	**569,201**	**(8,240)**

Major differences between carrying values and amounts considered for regulatory purposes are;

- Off-balance sheet amounts subject to credit risk including undrawn portions of committed facilities, trade finance commitments and guarantees post credit conversion factor (CCF). Further potential future exposures (‘PFE’) are added for counterparty credit risk on derivative exposures.
- Credit risk adjustments, including expected credit loss (ECL) and profit in suspense (PIS) which are grossed up for regulatory exposures.
- Regulatory deduction of intangible assets from CET 1 capital.

Capital Management

Approach and policy

The Group's approach to capital management is driven by strategic and organizational requirements, considering the regulatory, economic and commercial environment. The Group aims to maintain a strong capital base to support the risks inherent in the business and invest in accordance with its strategy, meeting both consolidated and local regulatory capital requirements consistently.

Additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) introduced over and above the minimum CET1 requirement of 7%.

CCB is required to be kept at 2.5% of the Capital Base. CCyB is not in effect and is not required to be kept for 2022.

Regulatory Capital

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

- CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under 'CBUAE' guidelines.
- AT1 capital comprises eligible non-common equity capital instruments.
- Tier 2 capital comprises qualifying subordinated financing, and undisclosed reserve.

Details of the Group's qualifying Equity instruments is set out in Appendix A.

Composition of regulatory capital (CC1)

This provides a breakdown of the constituent elements of the bank's capital.

		31 December 2022 AED 000	31 December 2021 AED 000	CC2 Reference
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	5,430,422	5,430,422	a
2	Retained earnings[1]	3,056,903	1,774,104	b
3	Accumulated other comprehensive income (and other reserves)	982,606	1,284,644	
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**	**9,469,931**	**8,489,170**	
	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)	(42,077)	-	c
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)	-	-	
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**	**(42,077)**	**-**	
25	**Common Equity Tier 1 capital (CET1)**	**9,427,854**	**8,489,170**	

Composition of regulatory capital (CC1) (Continued)

		31 December 2022 AED 000	31 December 2021 AED 000	CC2 Reference
	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)**	**9,427,854**	**8,489,170**	
	Tier 2 capital: instruments and provisions			
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	
41	Directly issued capital instruments subject to phase-out from Tier 2	-	-	
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	
43	Of which: instruments issued by subsidiaries subject to phase-out	-	-	
44	Provisions	606,111	520,963	d
45	**Tier 2 capital before regulatory adjustments**	**606,111**	**520,963**	
	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)	-	-	

Composition of regulatory capital (CC1) (Continued)

		31 December 2022 AED 000	31 December 2021 AED 000	CC2 Reference
49	CBUAE specific regulatory adjustments	-	-	
50	**Total regulatory adjustments to Tier 2 capital**	**-**	**-**	
51	**Tier 2 capital (T2)**	**606,111**	**520,963**	
52	**Total regulatory capital (TC = T1 + T2)**	**10,033,965**	**9,010,133**	
53	**Total risk-weighted assets**	**52,769,656**	**45,659,026**	
	Capital ratios and buffers			
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	17.87%	18.59%	
55	Tier 1 (as a percentage of risk-weighted assets)	17.87%	18.59%	
56	Total capital (as a percentage of risk-weighted assets)	19.01%	19.73%	
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)	2.50%	2.50%	
58	Of which: capital conservation buffer requirement	2.50%	2.50%	
59	Of which: bank-specific countercyclical buffer requirement	0.00%	0.00%	
60	Of which: higher loss absorbency requirement (e.g., DSIB)	0.00%	0.00%	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	8.51%	9.23%	
	The CBUAE Minimum Capital Requirement			
62	Common Equity Tier 1 minimum ratio	7.00%	7.00%	
63	Tier 1 minimum ratio	8.50%	8.50%	
64	Total capital minimum ratio	10.50%	10.50%	
	Amounts below the thresholds for deduction (before risk weighting)			
65	Non-significant investments in the capital and other TLAC liabilities of other financial entities	-	-	
66	Significant investments in common stock of financial entities	-	-	
67	Mortgage servicing rights (net of related tax liability)	-	-	
68	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	
	Applicable caps on the inclusion of provisions in Tier 2			
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,288,635	1,005,672	
70	Cap on inclusion of provisions in Tier 2 under standardized approach	606,111	520,963	d
71	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	
72	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	

Composition of regulatory capital (CC1) (Continued)

		31 December 2022 AED 000	31 December 2021 AED 000	CC2 Reference
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
73	Current cap on CET1 instruments subject to phase-out arrangements	-	-	
74	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	
75	Current cap on AT1 instruments subject to phase-out arrangements			
76	Amount excluded from AT1 due to cap (excess after redemptions and maturities)	-	-	
77	Current cap on T2 instruments subject to phase-out arrangements	-	-	
78	Amount excluded from T2 due to cap (excess after redemptions and maturities)	-	-	

CET1 capital increased by AED 939 million as compared to last year, mainly driven by profit for the year of AED 1,240 million and prudential filter of AED 210 million, offset by reserves of AED 426 million, appropriation of AED 43 million and regulatory deduction of AED 42 million.

[1] Retained Earnings is after the inclusion of IFRS 9 prudential filers as prescribed by CBUAE.

Reconciliation of regulatory capital to balance sheet (CC2)

The following table enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between the bank's balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template set out in Template CC1. Variances between the financial and regulatory consolidated balance sheets are consistent with LI1 disclosure.

31 December 2022 **AED 000**	**Balance sheet as in published financial statements**	**Under regulatory scope of consolidation**	**CC1 Reference**
Assets			
Cash and Deposits with Central Bank	12,026,286	12,026,286	
Due from Banks	4,614,476	4,614,476	
Investment Securities	7,355,871	7,355,871	
Financing Receivables	48,368,978	48,368,978	
Positive Fair Value of Derivatives	184,118	184,118	
Customer Acceptances	923,843	923,843	
Investment Properties	280,547	280,547	
Property & Equipment	249,206	249,206	
Other Assets	760,393	760,393	
Total Assets	**74,763,718**	**74,763,718**	
Liabilities			
Due to Banks	1,880,081	1,880,081	
Islamic Customer Deposits	56,343,655	56,343,655	
Sukuk Payable	3,672,500	3,672,500	
Negative Fair Value of Derivatives	191,500	191,500	
Customer Acceptances	923,843	923,843	
Other Liabilities	2,491,797	2,491,797	
Total Liabilities	**65,503,376**	**65,503,376**	
Issued Capital	5,430,422	5,430,422	a
Legal and Statutory Reserve	815,039	815,039	
Other Reserves	543,043	543,043	
Fair Value Reserve	(375,476)	(375,476)	
Retained Earnings[1]	2,847,314	3,056,903	b
Common equity tier 1 capital regulatory deductions	-	(42,077)	c
Provisions eligible for inclusion in Tier 2	-	606,111	d
Total Capital	**9,260,342**	**10,033,965**	

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

31 December 2021 AED 000	Balance sheet as in published financial statements	Under regulatory scope of consolidation	CC1 Reference
Assets			
Cash and Deposits with Central Bank	10,688,166	10,688,166	
Due from Banks	2,768,718	2,768,718	
Investment Securities	6,684,578	6,684,578	
Financing Receivables	42,614,024	42,614,024	
Positive Fair Value of Derivatives	118,376	118,376	
Customer Acceptances	787,200	787,200	
Investment Properties	296,729	296,729	
Property & Equipment	281,873	281,873	
Other Assets	664,741	664,741	
Total Assets	**64,904,405**	**64,904,405**	
Liabilities			
Due to Banks	2,548,432	2,548,432	
Islamic Customer Deposits	47,269,061	47,269,061	
Sukuk Payable	3,672,500	3,672,500	
Negative Fair Value of Derivatives	126,616	126,616	
Customer Acceptances	787,200	787,200	
Other Liabilities	1,949,612	1,949,612	
Total Liabilities	**56,353,421**	**56,353,421**	
Issued Capital	5,430,422	5,430,422	a
Legal and Statutory Reserve	691,025	691,025	
Other Reserves	543,043	543,043	
Fair Value Reserve	112,390	50,576	
Retained Earnings[1]	1,774,104	1,774,104	b
Common equity tier 1 capital regulatory deductions	-	-	c
Provisions eligible for inclusion in Tier 2	-	520,963	d
Total Capital	**8,550,984**	**9,010,133**	

[1] Retained Earnings is after the inclusion of IFRS 9 prudential filers as prescribed by CBUAE.

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

Following table provides an overview of the geographical distribution of private sector credit exposures relevant for the calculation of countercyclical buffer

31 December 2022	a	b	c	d	e	f	g
		Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer					
Geographical breakdown	Counter cyclical capital buffer rate	Exposure values AED 000	Risk-weighted assets AED 000	Minimum Capital Requirement AED 000	Share of Minimum Capital (%)	Bank-specific counter cyclical capital buffer rate (%)	Counter cyclical buffer amount AED 000
Norway	2.00%	14	14	2	0.00%	0.00%	-
Hongkong	1.00%	367	-	-	0.00%	0.00%	-
Luxemburg	0.50%	-	-	-	0.00%	0.00%	-
Sweden	1.00%	26	26	3	0.00%	0.00%	-
UK	1.00%	41,607	37,824	4,917	0.10%	0.00%	-
Others	0.00%	57,630,679	38,071,768	4,949,330	99.90%	0.00%	-
Sum[1]		**42,014**	**37,864**				
Total[2]		**57,672,693**	**38,109,632**				**-**

31 December 2021	a	b	c	d	e	f	g
		Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer					
Geographical breakdown	Counter cyclical capital buffer rate	Exposure values AED 000	Risk-weighted assets AED 000	Minimum Capital Requirement AED 000	Share of Minimum Capital (%)	Bank-specific counter cyclical capital buffer rate (%)	Counter cyclical buffer amount AED 000
Norway	2.00%	-	-	-	0.00%	0.00%	-
Hongkong	1.00%	-	-	-	0.00%	0.00%	-
Luxemburg	0.50%	-	-	-	0.00%	0.00%	-
Others	0.00%	51,830,208	33,196,663	4,315,566	100.00%	0.00%	-
Sum[1]		**-**	**-**				
Total[2]		**51,830,208**	**33,196,663**				**-**

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

Amount of Group specific countercyclical capital buffer	31 December 2022	31 December 2021
Total Credit risk weighted assets on Private Exposures (AED 000)	38,109,632	33,196,663
Group specific countercyclical capital buffer requirement (AED 000)	38	0
Group specific countercyclical capital buffer rate (%)	0.00%	0.00%

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

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

LEVERAGE RATIO

Summary comparison of accounting assets v/s leverage ratio exposure (LR1)

The following table reconciles the total assets in the published financial statements to the leverage ratio exposure measure.

		31 December 2022 AED 000	30 September 2022 AED 000	31 December 2021 AED 000
1	Total consolidated assets as per published financial statements	74,763,718	73,060,482	64,904,405
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 securitized 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 recognized 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	306,036	342,386	450,825
9	Adjustment for securities financing transactions (i.e., repos and similar secured financing)	-	-	-
10	Adjustments for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	4,803,894	5,931,784	4,486,843
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-	-
12	Other adjustments*	(965,920)	(1,147,738)	(787,200)
13	**Leverage ratio exposure measure**	**78,907,728**	**78,186,914**	**69,054,873**

* Includes Assets deducted from CET1 capital, and customer acceptances (considered as off-balance sheet)

LEVERAGE RATIO (Continued)

Leverage ratio common disclosure template (LR2)

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

		31 December 2022 AED 000	30 September 2022 AED 000	31 December 2021 AED 000
	On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	73,657,929	71,708,812	64,786,027
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 recognized 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)	(42,077)	-	-
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**73,615,852**	**71,708,812**	**64,786,027**
	Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	181,946	203,932	118,378
9	Add-on amounts for PFE associated with *all* derivatives transactions	166,612	186,295	288,194
10	(Exempted CCP leg of client-cleared trade exposures)	-	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-
13	**Total derivative exposures (sum of rows 8 to 12) *1.4**	**487,982**	**546,317**	**569,201**
	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	8,523,585	10,010,820	6,872,308
20	(Adjustments for conversion to credit equivalent amounts)	(3,719,691)	(4,079,036)	(3,172,663)
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)**	**4,803,894**	**5,931,784**	**3,699,645**

LEVERAGE RATIO (Continued)

Leverage ratio common disclosure template (LR2) (Continued)

		31 December 2022 AED 000	30 September 2022 AED 000	31 December 2021 AED 000
	Capital and total exposures			
23	**Tier 1 capital**	**9,427,854**	**9,201,923**	**8,489,170**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**78,907,728**	**78,186,914**	**69,054,873**
	Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	11.95%	11.77%	12.29%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.95%	11.77%	12.29%
26	CBUAE minimum leverage ratio requirement	3.50%	3.50%	3.50%
27	**Applicable leverage buffers**	**8.45%**	**8.27%**	**8.79%**

Overview of Risk Management and Risk Weighted Assets (“RWAs”) (OV1)

Risk management approach

Please refer Note 36 of the group annual financial statements for the risk management framework including: risk governance structure, risk profile and risk measurement systems of the bank, risk reporting to the board and senior management and risk mitigation.

The Group operates a wide-ranging stress testing program that support risk management and capital planning. It includes execution of stress tests mandated by regulators. The group’s stress testing is supported by dedicated teams and infrastructure. The testing program assesses capital strength and enhances resilience to external shocks, thereby helping to understand and mitigate risks and informed decision making on capital levels.

Overview of RWAs (OV1)

The following table provides an overview of total RWA forming the denominator of the risk-based capital requirements. Further breakdowns of RWA are presented in subsequent parts.

		a	b	c	d
					Minimum capital requirements
		31 December 2022 AED 000	30 September 2022 AED 000	31 December 2021 AED 000	31 December 2022 AED 000
1	Credit risk (excluding counterparty credit risk)	47,717,801	47,776,953	41,298,396	6,203,314
2	Of which: standardized approach (SA)	47,717,801	47,776,953	41,298,396	6,203,314
3	Counterparty credit risk (CCR)	194,748	238,018	341,154	25,317
4	Of which: standardized approach for counterparty credit risk	194,748	238,018	341,154	25,317
5	Credit valuation adjustment (CVA)	574,747	574,749	-	74,717
6	Equity investments in funds - look-through approach	-	-	-	-
7	Equity investments in funds - mandate-based approach	-	-	-	-
8	Equity investments in funds - fallback approach	1,573	1,435	37,525	204
9	Settlement risk	-	-	-	-
10	Securitization exposures in the banking book	-	-	-	-
11	Of which: securitization external ratings-based approach (SEC-ERBA)	-	-	-	-
12	Of which: securitization standardized approach (SEC-SA)	-	-	-	-
13	Market risk	84,066	83,370	61,961	10,929
14	Of which: standardized approach (SA)	84,066	83,370	61,961	10,929
15	Operational risk	4,196,721	3,919,991	3,919,991	545,574
16	**Total (1+3+5+6+7+8+9+10+13+15)**	**52,769,656**	**52,594,516**	**45,659,027**	**6,860,055**

The regulatory minimum capital requirement is calculated at 13.0 per cent of the RWA including CBUAE assigned capital buffers.

Credit risk weighted assets (CRWAs) increased by AED 7.1 billion due to overall volume growth in financing receivables, due from banks and investment securities.

Increase in in Market risk weighted assets (MRWA) was attributed to higher exposure to major currencies like GBP and EURO over prior year.

Operational risk weighted assets (ORWAs) increased by AED 276 million compared to prior year due to increase in revenue.

Credit Risk

Please refer Note no. 36 in the annual financial statements for criteria, approach, structure, and organization of credit risk management and reporting of risk exposures, risk mitigation and stress testing related to credit risk. For definition of default please refer Note 5(i) of annual financial statements.

Credit quality of assets (CR1)

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

		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)
	31 December 2022 AED 000	Defaulted exposures[3]	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Financing receivables	3,692,074	49,389,573	4,712,669	3,482,267	1,230,402	48,368,978
2	Sukuk[1]	-	7,214,851	29,878	-	29,878	7,184,973
3	**Total**	**3,692,074**	**56,604,424**	**4,742,547**	**3,482,267**	**1,260,280**	**55,553,951**
4	Off-balance sheet exposures[2]	348,512	23,239,783	19,253	-	19,253	23,569,042

[1] Sukuk Includes Only Banking Book Securities, excluding equities / funds

[2] Includes Letter of credit, Guarantees, Liability on risk participations, Irrevocable financing commitments, customer acceptances and notional amount of Derivatives

[3] Defaulted exposures are net of Profit in Suspense (PIS)

Credit quality of assets - CR1 (Continued)

		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)**
	31 December 2021 AED 000	**Defaulted exposures[3]**	**Non-defaulted exposures**		**Allocated in regulatory category of Specific**	**Allocated in regulatory category of General**	
1	Financing receivables	3,843,720	43,189,378	4,419,074	3,452,715	966,359	42,614,024
2	Sukuk[1]	-	6,547,090	15,367	-	15,367	6,531,723
3	**Total**	**3,843,720**	**49,736,468**	**4,434,441**	**3,452,715**	**981,726**	**49,145,747**
4	Off-balance sheet exposures[2]	238,851	21,334,710	19,647	-	19,647	21,553,914

[1] Sukuk Includes Only Banking Book Securities, excluding equities / funds
[2] Includes Letter of credit, Guarantees, Liability on risk participations, Irrevocable financing commitments, customer acceptances and notional amount of Derivatives
[3] Defaulted exposures are net of Profit in Suspense (PIS)

Changes in stock of defaulted Financing Receivables and Sukuk (CR2)

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

		31 December 2022 AED 000	31 December 2021 AED 000
1	Defaulted financing receivables and sukuk at the end of the previous reporting period	3,843,720	4,052,183
2	Financing receivables and sukuk that have defaulted since the last reporting period	310,676	209,330
3	Returned to non-default status	(97,279)	(1,342)
4	Amounts written off	(293,701)	(513,149)
5	New financial assets, net of repayments and others	(71,342)	96,698
6	**Defaulted financing receivables and sukuk at the end of the reporting period (1+2-3-4±5)**	**3,692,074**	**3,843,720**

ADDITIONAL DISCLOSURE REALTED TO THE CREDIT QUALITY OF ASSETS

Definition of Default

Please refer Note no. 7 in the annual financial statements for definition of 'default'.

Past due exposures more than 90+dpd not impaired

As at 31st December 2022 AED Nil total outstanding (2021: 82.8 million) past due exposures (more than 90+ dpd) were not impaired.

The methods used for determining accounting provisions for credit losses and adopting an ECL accounting model for categorization of ECL accounting provisions in general and specific categories for standardized approach exposures has been detailed in the annual financial statements Note 7(j).

Restructured Financial Assets

Please refer note 7(j) of the annual financials 2022 for restructured financial assets.

As at 31st December 2022, restructured financing constituted AED 2,808 million (2021: AED 1,984 million). Out of which impaired exposures constituted AED 2,506 million in December 2022 (2021: AED 1,984 million).

Gross Credit Exposure - Currency Classification

The Group's credit exposure by foreign and local currency, both funded and non-funded are detailed below:

31 December 2022 AED 000	Financing Receivables	Sukuk	Other assets[1]	Total funded	Commitments	Derivatives	Other off-balance sheet exposures[2]	Total non-funded	Grand Total
Foreign Currency	4,375,774	7,184,973	4,325,570	**15,886,317**	2,506	107,288	1,330,764	**1,440,558**	**17,326,875**
AED	49,119,693	-	13,743,260	**62,862,953**	495,763	380,694	2,974,861	**3,851,318**	**66,714,271**
Total	**53,495,467**	**7,184,973**	**18,068,830**	**78,749,270**	**498,269**	**487,982**	**4,305,625**	**5,291,876**	**84,041,146**

31 December 2021 AED 000	Financing Receivables	Sukuk	Other assets[1]	Total funded	Commitments	Derivatives	Other off-balance sheet exposures[2]	Total non-funded	Grand Total
Foreign Currency	4,828,873	6,547,095	2,780,265	**14,156,233**	135,516	96,100	1,101,625	**1,333,241**	**15,489,474**
AED	42,599,655	-	12,072,812	**54,672,467**	758,975	473,101	2,490,728	**3,722,804**	**58,395,271**
Total	**47,428,528**	**6,547,095**	**14,853,077**	**68,828,700**	**894,491**	**569,201**	**3,592,353**	**5,056,045**	**73,884,745**

1 Other assets include Cash & Deposits with Central Bank, Due from Banks, Investment Securities (Equity & Funds), Investment Properties, Property & Equipment, and Other Assets.

2 Other Off-Balance Sheet exposures are represented as post Credit Conversion Factor (CCF)

Gross Credit Exposure by Maturity

The Group's credit exposure by Residual Maturity, both funded and non-funded are detailed below:

31 December 2022 AED 000	Financing Receivables	Sukuk	Other assets[1]	Total funded	Commitments	Derivatives	Other off-balance sheet exposures[2]	Total non-funded	Grand Total
Less than 3 months	14,664,753	215,904	14,020,937	**28,901,594**	19,954	-	-	**19,954**	**28,921,548**
3 months to 1 year	7,081,518	679,960	2,894,365	**10,655,843**	470,075	-	4,109,671	**4,579,746**	**15,235,589**
1 year to 5 years	14,615,436	4,233,708	-	**18,849,144**	-	438,778	129,738	**568,516**	**19,417,660**
Over 5 years	12,007,271	2,055,401	1,153,528	**15,216,200**	8,240	49,204	66,216	**123,660**	**15,339,860**
Add: Grossing up of profit in suspense and provisions	5,126,489	-	-	**5,126,489**	-	-	-	**-**	**5,126,489**
Total	**53,495,467**	**7,184,973**	**18,068,830**	**78,749,270**	**498,269**	**487,982**	**4,305,625**	**5,291,876**	**84,041,146**

1 Other assets include Cash & Deposits with Central Bank, Due from Banks, Investment Securities (Equity & Funds), Investment Properties, Property & Equipment, and Other Assets.

2 Other Off-Balance Sheet exposures are represented as post Credit Conversion Factor (CCF)

Gross Credit Exposure by Maturity (continued)

The Group's credit exposure by Residual Maturity, both funded and non-funded are detailed below:

31 December 2021 AED 000	Financing Receivables	Sukuk	Other assets[1]	Total funded	Commitments	Derivatives	Other off-balance sheet exposures[2]	Total non-funded	Grand Total
Less than 3 months	12,880,052	201,090	8,888,480	**21,969,622**	738,664	84,016	1,992,640	**2,815,320**	**24,784,942**
3 months to 1 year	6,124,835	501,798	4,774,554	**11,401,187**	78,348	76,005	1,292,255	**1,446,608**	**12,847,795**
1 year to 5 years	13,261,026	3,944,382	64,207	**17,269,615**	58,233	348,263	282,427	**688,923**	**17,958,538**
Over 5 years	10,348,111	1,899,825	1,125,836	**13,373,772**	19,246	60,917	25,031	**105,194**	**13,478,966**
Add: Grossing up of profit in suspense and provisions	4,814,504	-	-	**4,814,504**	-	-	-	**-**	**4,814,504**
Total	**47,428,528**	**6,547,095**	**14,853,077**	**68,828,700**	**894,491**	**569,201**	**3,592,353**	**5,056,045**	**73,884,745**

1 Other assets include Cash & Deposits with Central Bank, Due from Banks, Investment Securities (Equity & Funds), Investment Properties, Property & Equipment, and Other Assets.

2 Other Off-Balance Sheet exposures are represented as post Credit Conversion Factor (CCF)

Gross Credit Exposure by Geography

The Group's credit exposure by Geography, both funded and non-funded are detailed below:

31 December 2022 AED 000	Financing Receivables	Sukuk	Other assets[1]	Total funded	Commitments	Derivatives	Other off-balance sheet exposures[3]	Total non-funded	Grand Total
United Arab Emirates	50,238,080	3,972,512	15,326,975	**69,537,567**	441,799	484,731	3,719,782	**4,646,312**	**74,183,879**
GCC excluding UAE[2]	1,692,294	2,710,434	555,840	**4,958,568**	2,251	-	177,751	**180,002**	**5,138,570**
Arab League (excluding GCC)	726,487	-	1,054,635	**1,781,122**	2,520	960	147,256	**150,736**	**1,931,858**
Asia	530,494	502,027	976,599	**2,009,120**	19,767	2,283	168,919	**190,969**	**2,200,089**
Africa	156	-	623	**779**	-	-	80,795	**80,795**	**81,574**
North America	6,953	-	87,144	**94,097**	-	-	-	**-**	**94,097**
South America	-	-	-	**-**	-	-	-	**-**	**-**
Caribbean	366	-	-	**366**	-	-	-	**-**	**366**
Europe	300,510	-	66,602	**367,112**	31,932	8	11,122	**43,062**	**410,174**
Australia	127	-	412	**539**	-	-	-	**-**	**539**
Others	-	-	-	**-**	-	-	-	**-**	**-**
Total	**53,495,467**	**7,184,973**	**18,068,830**	**78,749,270**	**498,269**	**487,982**	**4,305,625**	**5,291,876**	**84,041,146**

1 Other assets include Cash & Deposits with Central Bank, Due from Banks, Investment Securities (Equity & Funds), Investment Properties, Property & Equipment and Other Assets.
2 This includes Saudi Arabia, Bahrain, Kuwait, Oman and Qatar
3 Off-Balance Sheet exposures are represented as post Credit Conversion Factor (CCF)

Gross Credit Exposure by Geography (continued)

The Group's credit exposure by Geography, both funded and non-funded are detailed below:

31 December 2021 AED 000	Financing Receivables	Sukuk	Other assets[1]	Total funded	Commitments	Derivatives	Other off-balance sheet exposures[3]	Total non-funded	Grand Total
United Arab Emirates	45,399,432	4,152,310	12,599,327	**62,151,069**	758,975	560,132	3,192,364	**4,511,471**	**66,662,540**
GCC excluding UAE[2]	1,304,194	1,818,353	276,154	**3,398,701**	-	4,006	246,608	**250,614**	**3,649,315**
Arab League (excluding GCC)	194,799	-	671,799	**866,598**	-	-	20	**20**	**866,618**
Asia	288,700	211,785	643,455	**1,143,940**	135,516	-	9,717	**145,233**	**1,289,173**
Africa	-	-	26,936	**26,936**	-	-	36,725	**36,725**	**63,661**
North America	-	309,559	71,629	**381,188**	-	-	-	**-**	**381,188**
South America	60,000	-	-	**60,000**	-	-	-	**-**	**60,000**
Caribbean	-	-	-	**-**	-	5,063	-	**5,063**	**5,063**
Europe	181,403	55,088	563,777	**800,268**	-	-	106,919	**106,919**	**907,187**
Australia	-	-	-	**-**	-	-	-	**-**	**-**
Others	-	-	-	**-**	-	-	-	**-**	**-**
Total	**47,428,528**	**6,547,095**	**14,853,077**	**68,828,700**	**894,491**	**569,201**	**3,592,353**	**5,056,045**	**73,884,745**

1 Other assets include Cash & Deposits with Central Bank, Due from Banks, Investment Securities (Equity & Funds), Investment Properties, Property & Equipment and Other Assets.
2 This includes Saudi Arabia, Bahrain, Kuwait, Oman and Qatar
3 Off-Balance Sheet exposures are represented as post Credit Conversion Factor (CCF)

Gross Credit Exposure by Economic Activity

The Group's credit exposure by Economic Activity, both funded and non-funded are detailed below:

31 December 2022 AED 000	Financing Receivables	Sukuk	Other assets[1]	Total funded	Commitments	Derivatives	Other off-balance sheet exposures[2]	Total non-funded	Grand Total
Agriculture, fishing & related activities	95,332	-	-	**95,332**	-	-	49,200	**49,200**	**144,532**
Crude, oil gas, mining & quarrying	-	323,334	-	**323,334**	-	-	-	**-**	**323,334**
Manufacturing	2,167,035	-	-	**2,167,035**	37,838	-	163,536	**201,374**	**2,368,409**
Electricity and water	-	454,383	-	**454,383**	-	-	-	**-**	**454,383**
Construction	148,734	-	-	**148,734**	19,887	1,371	1,681,862	**1,703,120**	**1,851,854**
Trade	4,515,398	90,327	-	**4,605,725**	1,559	10,814	413,532	**425,905**	**5,031,630**
Transport, Storage & Communication	69,697	402,500	-	**472,197**	12,632	2,014	32,651	**47,297**	**519,494**
Financial Institutions and investment companies	1,191,604	3,134,951	4,687,884	**9,014,439**	6,141	328,248	1,088,479	**1,422,868**	**10,437,307**
Real Estate	3,138,744	608,173	-	**3,746,917**	20,136	68	168,931	**189,135**	**3,936,052**
Services	4,832,766	571,875	106,600	**5,511,241**	34,615	23,896	215,665	**274,176**	**5,785,417**
Sovereign	797,612	1,599,430	11,508,693	**13,905,735**	6,357	-	13	**6,370**	**13,912,105**
Personal	29,918,106	-	-	**29,918,106**	294,371	11,631	22,041	**328,043**	**30,246,149**
All Others	1,493,950	-	1,765,653	**3,259,603**	64,733	109,940	469,715	**644,388**	**3,903,991**
Add: Grossing up of Profit in suspense and provisions	5,126,489	-	-	**5,126,489**	-	-	-	**-**	**5,126,489**
Total	**53,495,467**	**7,184,973**	**18,068,830**	**78,749,270**	**498,269**	**487,982**	**4,305,625**	**5,291,876**	**84,041,146**

1 Other assets include Cash & Deposits with Central Bank, Due from Banks, Investment Securities (Equity & Funds), Investment Properties, Property & Equipment, and Other Assets.

2 Other Off-Balance Sheet exposures are represented as post Credit Conversion Factor (CCF)

Gross Credit Exposure by Economic Activity (continued)

The Group's credit exposure by Economic Activity, both funded and non-funded are detailed below:

31 December 2021 AED 000	Financing Receivables	Sukuk	Other assets[1]	Total funded	Commitments	Derivatives	Other off-balance sheet exposures[2]	Total non-funded	Grand Total
Agriculture, fishing & related activities	95,334	-	-	**95,334**	-	-	39,678	**39,678**	**135,012**
Crude, oil gas, mining & quarrying	24,181	401,962	-	**426,143**	-	-	1,333	**1,333**	**427,476**
Manufacturing	1,737,430	-	725	1,738,155	33,719	5,656	114,334	153,709	**1,891,864**
Electricity & Water	467,534	558,730	-	**1,026,264**	-	10,839	14,216	**25,055**	**1,051,319**
Construction	184,894	-	-	184,894	3,439	2,582	1,622,950	1,628,971	**1,813,865**
Trade	3,882,825	96,931	-	**3,979,756**	58,026	31,345	386,517	**475,888**	**4,455,644**
Transport, Storage and Communication	852,957	402,423	-	**1,255,380**	9,674	3,783	25,114	**38,571**	**1,293,951**
Financial Institutions and investment companies	327,881	2,622,933	3,362,636	**16,516,420**	16,858	344,391	853,087	**1,214,337**	**17,730,756**
Real Estate	1,690,455	674,517	2,277	**2,367,249**	173,764	5,146	50,267	**561,371**	**2,928,620**
Services	5,979,585	558,610	-	**6,538,195**	81,489	79,722	464,284	**625,495**	**7,163,690**
Sovereign	470,237	1,230,989	10,202,970	**1,701,226**	135,515	-	-	**135,515**	**1,836,741**
Personal	23,542,558	-	-	**23,542,558**	332,194	-	-	**-**	**23,542,558**
All Others	3,358,153	-	1,284,469	**4,642,622**	49,813	85,737	20,573	**156,123**	**4,798,745**
Add: Grossing up of Profit in suspense and provisions	4,814,504	-	-	**4,814,504**	-	-	-	**-**	**4,814,504**
Total	**47,428,528**	**6,547,095**	**14,853,077**	**68,828,700**	**894,491**	**569,201**	**3,592,353**	**5,056,046**	**73,884,745**

1 Other assets include Cash & Deposits with Central Bank, Due from Banks, Investment Securities (Equity & Funds), Investment Properties, Property & Equipment, and Other Assets.

2 Other Off-Balance Sheet exposures are represented as post Credit Conversion Factor (CCF)

Impaired Financing by Geography

The Group's Impaired Credit Exposure by Geography, is detailed below:

	Overdue (Gross of Profit in Suspense/ Provisions)			Provisions		Adjustments		Profit in Suspense	Total Impaired Assets
31 December 2022 AED 000	**Less than 90 days**	**90 days and above**	**Total**	**Specific***	**General****	**Write-offs**	**Write-backs**		
United Arab Emirates	-	4,053,357	**4,053,357**	3,442,081	-	293,701	201,601	405,353	**205,923**
GCC excluding UAE***	-	8,374	**8,374**	8,347	-	-	1,524	-	**27**
Arab League (excluding GCC)	-	29,009	**29,009**	22,284	-	-	5,719	5,940	**785**
Asia	-	15,132	**15,132**	9,533	-	-	-	2,527	**3,072**
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	22	**22**	22	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	**-**	**4,105,894**	**4,105,894**	**3,482,267**	**1,230,402**	**293,701**	**208,844**	**413,820**	**209,807**

* Specific provisions represent Stage 3 Expected Credit Losses (ECL).
** General provisions represent Stage 1 and Stage 2 Expected Credit Losses (ECL).
*** This includes Saudi Arabia, Bahrain, Kuwait, Oman and Qatar

Impaired Financing by Geography (Continued)

The Group's Impaired Credit Exposure by Geography, is detailed below:

	Overdue (Gross of Profit in Suspense/ Provisions)			Provisions		Adjustments		Profit in Suspense	Total Impaired Assets
31 December 2021 AED 000	**Less than 90 days**	**90 days and above**	**Total**	**Specific***	**General****	**Write-offs**	**Write-backs**		
United Arab Emirates	-	4,228,570	**4,228,570**	3,442,291	-	513,149	130,857	395,275	**391,004**
GCC excluding UAE***	-	10,580	**10,580**	10,424	-	-	641	155	**1**
Arab League (excluding GCC)	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	**-**	**4,239,150**	**4,239,150**	**3,452,715**	**966,359**	**513,149**	**131,498**	**395,430**	**391,005**

* Specific provisions represent Stage 3 Expected Credit Losses (ECL).
** General provisions represent Stage 1 and Stage 2 Expected Credit Losses (ECL).
*** This includes Saudi Arabia, Bahrain, Kuwait, Oman and Qatar

Impaired Financing by Economic Activity

The Group's Impaired Credit Exposure by Economic Activity, is detailed below:

	Overdue (Gross of Profit in Suspense/ Provisions)			Provisions		Adjustments		Profit in Suspense	Total Impaired Assets
31 December 2022 **AED 000**	**Less than 90 days**	**90 days and above**	**Total**	**Specific***	**General****	**Write-offs**	**Write-backs**		
Agriculture, fishing & related activities	-	3,072	**3,072**	3,368	-	-	871	37	**(333)**
Crude, oil gas, mining & quarrying	-	-	**-**	-	-	-		-	**-**
Manufacturing	-	379,043	**379,043**	342,086	-	-	15,927	16,941	**20,016**
Electricity and water	-				-	-			**-**
Construction	-	433,518	**433,518**	609,635	-	-	33,869	18,789	**(194,906)**
Trade	-	491,291	**491,291**	441,622	-	-	63,248	25,942	**23,727**
Transport, Storage & Communication	-	13,188	**13,188**	11,431	-	-	130	1,669	**88**
Financial Institutions	-	340,523	**340,523**	267,869	-	2,943	26,524	16,755	**55,899**
Real Estate	-	588,750	**588,750**	508,858	-		37,031	118,529	**(38,637)**
Services	-	365,328	**365,328**	270,609	-		746	42,646	**52,073**
Sovereign	-	-	**-**		-				**-**
Personal	-	1,006,089	**1,006,089**	682,228	-	288,672	14,007	159,177	**164,684**
All Others	-	485,092	**485,092**	344,561	-	2,086	16,491	13,335	**127,196**
Total	-	**4,105,894**	**4,105,894**	**3,482,267**	**1,230,402**	**293,701**	**208,844**	**413,820**	**209,807**

* Specific provisions represent Stage 3 Expected Credit Losses (ECL).

** General provisions represent Stage 1 and Stage 2 Expected Credit Losses (ECL).

Impaired Financing by Economic Activity (Continued)

The Group's Impaired Credit Exposure by Economic Activity, is detailed below:

	Overdue (Gross of Profit in Suspense/ Provisions)			Provisions		Adjustments		Profit in Suspense	Total Impaired Assets
31 December 2021 AED 000	Less than 90 days	90 days and above	Total	Specific*	General**	Write-offs	Write-backs		
Agriculture, fishing & related activities	-	4,049	**4,049**	4,144	-	-	800	37	**(132)**
Crude, oil gas, mining & quarrying	-	-	**-**	-	-	-	-	-	**-**
Manufacturing	-	344,568	**344,568**	337,046	-	-	15,244	14,058	**(6,536)**
Electricity and water	-	-	**-**	-	-	-	-	-	**-**
Construction	-	477,347	**477,347**	557,595	-	5	10,490	13,824	**(94,072)**
Trade	-	561,376	**561,376**	503,084	-	-	7,982	25,330	**32,962**
Transport, Storage & Communication	-	13,247	**13,247**	11,625	-	4	564	1,675	**(53)**
Financial Institutions	-	343,915	**343,915**	246,372	-	38,087	357	89	**97,454**
Real Estate	-	884,264	**884,264**	618,096	-	-	78,771	145,082	**121,086**
Services	-	592,450	**592,450**	458,457	-	-	-	22,678	**111,315**
Sovereign	-	-	**-**	-	-	-	-	-	**-**
Personal	-	1,017,934	**1,017,934**	716,296	-	475,053	17,290	172,657	**128,981**
All Others	-	-	**-**	-	-	-	-	-	**-**
Total	**-**	**4,239,150**	**4,239,150**	**3,452,715**	**966,359**	**513,149**	**131,498**	**395,430**	**391,005**

* Specific provisions represent Stage 3 Expected Credit Losses (ECL).
** General provisions represent Stage 1 and Stage 2 Expected Credit Losses (ECL).

QUALITIATIVE DISCLOSURE REQUIREMENTS REALTED TO CREDIT RISK MITIGATION TECHNIQUES - CRC

Please refer Note no. 36 in the annual financial statements for criteria, approach, structure, and organization of credit risk management and reporting of risk exposures, risk mitigation and stress testing related to credit risk.

The Group has adopted comprehensive approach for collateral valuation assessment. Categories of collaterals include cash/fixed deposits, shares, guarantees (corporate and bank guarantees). As at 31 December 2022, total eligible collaterals held by the Group amounted to AED 3,427 million (2021: AED 4,696 million). CR3 table below discloses collaterals securing financing and sukuk only. Out of these, AED 809 million (2021: AED 932 million) were held as cash collaterals.

Credit risk mitigation techniques – overview (CR3)

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

		a	b	c	d	e	F	g
		Exposures unsecure: 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**
	31 December 2022 AED 000							
1	Financing receivables	42,399,123	5,954,738	3,411,929	15,117	14,718	-	-
2	Sukuk	7,184,973	-	-	-	-	-	-
3	**Total**	**49,584,096**	**5,954,738**	**3,411,929**	**15,117**	**14,718**	**-**	**-**
4	Of which defaulted	88,901	120,906	18,220	-	-	-	-

Credit risk mitigation techniques – overview (CR3) (Continued)

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

		a	b	c	d	e	f	g
		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**
	31 December 2021 AED 000							
1	Financing receivables	33,570,992	8,709,680	4,431,316	333,352	264,731	-	-
2	Sukuk	6,531,723	-	-	-	-	-	-
3	**Total**	**40,102,715**	**8,709,680**	**4,431,316**	**333,352**	**264,731**	**-**	**-**
4	Of which defaulted	383,480	7,525	7,525	-	-	-	-

Qualitative disclosures on banks' use of external credit ratings under the standardized approach for credit risk (CRD)

Recognition of External Credit Assessment Institutions (ECAI)

The standardized approach requires banks to use risk assessments prepared by ECAIs to determine the risk weightings applied to rated counterparties. As advised by CBUAE; Moody's Investor Service (Moody's), Standard and Poor's rating agency (S&P) and Fitch Ratings (Fitch) have been used for ratings purpose.

Based on the rating processes of these ECAIs, the CBUAE has established the following tables:

Long term rating		
S & P	**Fitch**	**Moody's**
AAA to AA-	AAA to AA-	Aaa to Aa-
A+ to A-	A+ to A-	A1 to A3
BBB+ to BBB-	BBB+ to BBB-	Baa1 to Baa3
BB+ to BB-	BB+ to BB-	Ba1 to Ba3
B+ to B-	B+ to B-	B1 to B3
Below B-	Below B-	Below B-
Unrated	Unrated	Unrated

If there is only one rating, that rating is used to determine the risk weight of the exposure. If there are two ratings that map to different risk weights, the higher risk weight is applied

If there are three ratings with different risk weights, the ratings corresponding to the two lowest risk weights is referred to. If these give rise to the same risk weight, that risk weight is applied. If different, the higher risk weight is applied

ECAI risk assessments are used within the Group as part of the determination of risk weightings for the following classes of exposure:

- Sovereigns
- Public Sector Enterprises
- Banks
- Corporates

All other exposure classes are assigned risk weightings as prescribed in the CBUAE standards.

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

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

Risk weight Regulatory portfolio 31 December 2022 AED 000	Exposure before CRM		Exposure post CCF and CRM		RWA and RWA Density	
	On Balance Sheet	Off Balance Sheet	On Balance Sheet	Off Balance Sheet	RWA	RWA Density
Sovereigns and their central banks	13,840,270	31,537	13,840,270	28,558	1,486,778	11%
Public Sector Entities	3,524,003	243,995	3,522,131	204,989	3,438,138	92%
Multilateral development banks	183,100	-	183,100	-	-	-
Banks	7,513,645	1,173,830	7,513,645	1,073,888	4,879,574	57%
Securities firms	-	-	-	-	-	-
Corporates	16,867,121	5,583,118	13,596,993	2,988,098	16,008,808	97%
Regulatory retail portfolios	13,282,449	337,318	12,795,248	210,498	9,838,401	76%
Secured by residential property	12,977,062	1,002,305	12,977,062	281,419	5,637,248	43%
Secured by commercial real estate	4,401,631	290,952	4,236,216	155,914	4,392,129	100%
Equity Investment in Funds (EIF)	126	-	126	-	1,573	1250%
Past-due financing	4,105,894	348,512	182,434	348,512	663,000	125%
Higher-risk categories	-	-	-	-	-	-
Other assets	2,053,969	-	2,053,969	-	1,568,473	76%
Total	**78,749,270**	**9,011,567**	**70,901,194**	**5,291,876**	**47,914,122**	**63%**

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

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

	Exposure before CRM		Exposure post CCF and CRM		RWA and RWA Density	
	On Balance Sheet	Off Balance Sheet	On Balance Sheet	Off Balance Sheet	RWA	RWA Density
31 December 2021 **AED 000**						
Sovereigns and their central banks	11,903,873	271,031	11,903,873	135,516	1,095,106	9%
Public Sector Entities	4,369,590	195,461	4,364,497	180,144	4,030,362	89%
Multilateral development banks	-	-	-	-	-	-
Banks	5,134,294	333,435	5,134,294	333,435	3,354,944	61%
Securities firms	-	-	-	-	-	-
Corporates	13,308,613	7,189,932	8,625,184	4,168,100	12,229,409	96%
Regulatory retail portfolios	13,037,396	-	13,037,396	-	10,083,415	77%
Secured by residential property	12,271,802	-	12,271,802	-	5,926,417	48%
Secured by commercial real estate	2,662,151	-	2,662,151	-	2,662,151	100%
Equity Investment in Funds (EIF)	3,002	-	3,002	-	37,525	1250%
Past-due financing	4,261,897	238,851	509,914	238,850	789,617	105%
Higher-risk categories	-	-	-	-	-	-
Other assets	1,876,082	-	1,876,082	-	1,468,129	78%
Total	**68,828,700**	**8,228,710**	**60,388,195**	**5,056,045**	**41,677,075**	**64%**

Exposures by asset classes and risk weights (CR5)

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

Risk weight Regulatory portfolio 31 December 2022 AED 000	0%	20%	35%	50%	75%	100%	150%	Others 85%	Others 1250%	Total credit exposure
Sovereigns	11,649,215	815,304	-	349,652	-	866,189	188,468	-		13,868,828
Public Sector Entities (PSEs)	-	-	-	577,962	-	3,149,158	-			3,727,120
Multilateral development banks (MDBs)	183,100	-	-	-	-	-	-	-	-	183,100
Banks	-	2,618,130	-	3,227,553	-	2,741,207	643			8,587,533
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	5,553	-	839,078	-	14,693,904	7,199	1,039,357		16,585,091
Regulatory retail portfolios	-	-	-	-	12,669,380	336,366	-	-		13,005,746
Secured by residential property	-	-	11,030,326	-	1,806,086	422,069	-	-		13,258,481
Secured by commercial real estate	-	-	-	-	-	4,392,130	-	-		4,392,130
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	126	126
Past-due financing	-	-	-	-	-	266,838	264,108	-	-	530,946
Higher-risk categories	-	-	-	-	-	-	-	-	-	-
Other assets	517,586	-	-	-	-	1,472,201	64,182	-	-	2,053,969
Total	**12,349,901**	**3,438,987**	**11,030,326**	**4,994,245**	**14,475,466**	**28,340,062**	**524,600**	**1,039,357**	**126**	**76,193,070**

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

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

Risk weight Regulatory portfolio 31 December 2021 AED 000	0%	20%	35%	50%	75%	100%	150%	Others 85%	Others 1250%	Total credit exposure
Sovereigns	10,317,803	667,976	-	184,198	-	869,412	-	-	-	12,039,389
Public Sector Entities (PSEs)	-	105,207	-	860,226	-	3,579,208	-	-	-	4,544,641
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Banks	-	1,008,466	-	2,612,025	-	1,847,238	-	-	-	5,467,729
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	-	55,088	-	585,388	-	10,566,414	16,691	1,569,703	-	12,793,284
Regulatory retail portfolios	-	-	-	-	11,815,925	1,221,471		-	-	13,037,396
Secured by residential property	-	-	8,876,734	-	2,302,030	1,093,038	-	-	-	12,271,802
Secured by commercial real estate	-	-	-	-	-	2,662,151	-	-	-	2,662,151
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	3,002	3,002
Past-due financing	-	-	-	-	-	667,061	81,704	-	-	748,765
Higher-risk categories	-	-	-	-	-	-	-	-	-	-
Other assets	482,881	-	-	-	-	1,243,343	149,857	-	-	1,876,081
Total	**10,800,684**	**1,836,737**	**8,876,734**	**4,241,837**	**14,117,955**	**23,749,336**	**248,252**	**1,569,703**	**3,002**	**65,444,240**

Risk weight composition on banks has improved due to higher quality exposures during the year, coupled with overall increase in exposures across all asset classes.

Counterparty Credit Risk (CCR)

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement. The value of derivative transactions will change with fluctuations in factors such as profit rates, foreign exchange rates, equities, or commodities. The Group is exposed to CCR from its sales and balance sheet management activities. CCR is managed though the Counterparty Credit Risk Policy and methodology framework.

Counterparty Credit Risk Oversight and Management

The Board Credit and Investment Committee (BCIC) is the board level committee with an oversight on counterparty credit risk. The Group Risk Committee (GRC) and Management Credit Committee (MCC) are the management level committees responsible for the same and have an oversight on policy, methodology and limit framework.

Emirates Islamic Market & Treasury Credit Risk (EI MTCR) is a function which is independent from the first line client relationship and product risk taking units. EI MTCR reports directly to the EI Chief Risk Officer (CRO), has second line responsibility for measuring, monitoring and assists with managing counterparty credit risk in the Group.

Identification

Existing credit underwriting process, New Products and Process Approvals (NPPA) and ongoing discussions with business units and customers are the methods adopted by the Group in its CCR management process.

Measurement

Mark-to-Market, Potential Future Exposure, Issuer (Risk) Exposure, Repo Exposure and Settlement (Risk) Exposure are calculated and reported on a daily basis. Approved risk measurement methodology is used to model statistical CCR measures such as the Potential Future Exposure (PFE). For derivative contracts, the total credit exposure of a contract is computed as peak exposure at a specified confidence interval over the remaining term of the contract.

Monitoring, Control and Reporting

Only authorized sales activities for approved products and risk types are used by the Emirates Islamic Markets & Treasury business. Limits are approved to reflect credit exposure amount and tenor appetite. CCR positions are monitored daily against approved and allocated CCR limits. Exceptions, including any temporary breaches, are reported and escalated to senior management. CCR Limits are reviewed annually in accordance with applicable credit policies, processes and approval delegation. Interim reviews are undertaken where necessitated by change in counterparty credit worthiness and/or business plans. Appropriate counterparty credit limits are established for each counterparty based on the Group’s assessment of the counterparty’s creditworthiness. CCR limits are subject to regular review and are approved within the overarching framework of credit risk management. Counterparties are actively monitored and reviewed. Collateral may be taken to partially or fully cover mark-to-market exposures on outstanding positions. The collateral agreement typically includes a minimum threshold amount where additional collateral is to be posted by either party if the mark-to-market exposures exceed the agreed threshold. Master agreements, such as those from the ISDA IIFM Tahawwut Master Agreement (ISDA IIFM TMA) also allow for closeout netting if either counterparty defaults.

Counterparty Credit Risk Limits

The Group’s credit policy focuses on the core credit principles, lending guidelines and parameters, control, monitoring and IFRS 9 reporting requirements, problem financing identification, management of high-risk customers and provisioning. Standard procedures specific to businesses are in place to manage various types of risks across different business segments, products and portfolios.

Counterparty Credit Risk Capital Calculation

For regulatory capital charge purposes of Over the Counter (OTC) Islamic derivatives, the Group calculates pre-settlement capital adequacy requirement using following counterparty credit risk measures:

Counterparty Credit Risk (CCR) (Continued)

- Standardized Approach to Counterparty Credit Risk Capital Calculation (SA-CCR) – Transition from current exposure method from December 2021
- Standardized Credit Valuation Adjustment Capital Charge (CVA) from 30 June 2022

Risk Category	Approach	Application
Islamic Derivatives	Standardized Approach for Counterparty Credit Risk (SA-CCR)	SACCR calculates the exposure at default of Islamic derivatives and "long-settlement transactions" exposed to counterparty credit risk. It builds EAD as (i) a "Replacement Cost", were the counterparty to default today; combined with (ii) an "Add On" with its appropriate multiplier, essentially potential future exposure. The SACCR EAD is an input to the bank's regulatory capital calculation where it is combined with the counterparty's external ratings to derive risk weights.
	Standardized Credit Valuation Adjustment(S-CVA)	Group also provides capital requirement to cover the risk of mark-to-market losses on the expected counterparty risk (such losses being known as CVA) to OTC Islamic derivatives.

Wrong Way Risk (WWR)

WWR arises when there is adverse (positive) correlation between a client's credit worthiness (probability of default) and the Group's credit exposure to that client. Wrong Way Risk is broadly categorized as either general or specific.

General Wrong Way Risk (GWWR) – GWWR arises where there is adverse (positive) correlation between the client's credit worthiness (PD) and the Group's exposure to the client owing to a co-dependency on non-client specific, market driven risk factors such as market levels for Forex, Profit Rates or Commodities. GWWR transactions are strongly discouraged and require pre-approval

Specific Wrong Way Risk (SWWR) - SWWR arises when there is adverse (positive) correlation between the client's credit worthiness (PD) and the Group's exposure to the client owing to the respective counterparty-group specific reasons. These would include trades with direct or indirect reference (including underlying collateral) to the counterparty or related entity's (parent, holding company, subsidiary, group entity) equity price or credit spread. These also include direct or indirect reference to the Group's security issuances. SWWR transactions are not permitted unless pre-approved.

Policy guidelines related to WWR are integrated in the Group's Counterparty Credit Risk Policy Framework. The goal of these guidelines is to provide best practices and guidelines for the identification, approval, reporting and mitigation of specific and general WWR.

Islamic Derivative ISDA IIFM Tahawwut Master Netting Agreements and Margin Agreements

Credit risk from Islamic derivatives is mitigated where possible through netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. The Group policy requires all netting arrangements to be legally documented. ISDA IIFM Tahawwut Master Agreement (ISDA IIFM TMA) are the Group's preferred manner for documenting OTC Islamic derivatives.

The agreements provide the contractual framework within which dealing activities across a full range of OTC products are conducted and contractually bind both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur.

The Group considers the level of legal certainty regarding enforceability of its offsetting rights under master netting agreements and credit support annexes to be an important factor in its risk management process.

In-house legal counsel independently reviews relevant jurisdictions, counterparties and respective master agreements and advise business and risk units on close-out netting and collateral enforceability.

The SACCR and S-CVA capital charge accordingly incorporates the margining impact due to these enforceable netting and margining agreements.

Counterparty Credit Risk (CCR) (Continued)

Impact of the Group's Rating downgrade on Collateral

The liquidity impact of a downgrade on collateral management from the Group's perspective is not material as the collateral agreements are generally not linked to Group's rating.

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

The following table provides a comprehensive view of the methods used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method.

SA-CCR (for derivatives)

		a	b	c	d	e	f
	31 December 2022 AED 000	**Replacement cost**	**Potential future exposure**	**EEPE**	**Alpha used for computing regulatory EAD**	**EAD post-CRM**	**RWA**
1	SA-CCR (for derivatives)	181,946	166,612	-	1.4	487,982	194,748
2	Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5	VaR for SFTs	-	-	-	-	-	-
6	**Total**	**181,946**	**166,612**	**-**		**487,982**	**194,748**

Analysis of counterparty credit risk (CCR) exposure by approach (CCR1) (Continued)

		a	b	c	d	e	f
31 December 2021 AED 000		**Replacement cost**	**Potential future exposure**	**EEPE**	**Alpha used for computing regulatory EAD**	**EAD post-CRM**	**RWA**
1	SA-CCR (for derivatives)	118,378	288,194	-	1.4	569,201	341,154
2	Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5	VaR for SFTs	-	-	-	-	-	-
6	**Total**	**118,378**	**288,194**	**-**		**569,201**	**341,154**

Credit valuation adjustment (CVA) capital charge (CCR2)

	31 December 2022	a	b
		EAD post-CRM	RWA
		AED 000	AED 000
1	All portfolios subject to the Standardised CVA capital charge	487,982	574,747
2	All portfolios subject to the Simple alternative CVA capital charge	-	-

	30 June 2022	a	b
		EAD post-CRM	RWA
		AED 000	AED 000
1	All portfolios subject to the Standardised CVA capital charge	705,474	266,456
2	All portfolios subject to the Simple alternative CVA capital charge	-	-

Standardized approach - CCR exposures by regulatory portfolio and risk weights (CCR3)

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

	a	b	c	d	e	f	g	h
Risk weight Regulatory portfolio 31 December 2022 AED 000	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Sovereigns	25,579	-	-	-	-	-	-	25,579
Public Sector Entities (PSEs)	-	-	-	-	15,882	-	-	15,882
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	322,298	-	-	-	-	-	322,298
Securities firms	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	79,524	-	266	79,790
Regulatory retail portfolios	-	-	-	39,108	5,325	-	-	44,433
Secured by residential property	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
Past-due financing	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**25,579**	**322,298**	**-**	**39,108**	**100,731**	**-**	**266**	**487,982**

Standardized approach - CCR exposures by regulatory portfolio and risk weights (CCR3) (Continued)

	a	b	c	d	e	f	g	h
Risk weight Regulatory portfolio 31 December 2021 AED 000	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Sovereigns	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	12,804	-	-	-	-	-	12,804
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	81,410	252,025	-	-	-	-	333,435
Securities firms	-	-	-	-	-	-	-	-
Corporates	-	-	70,017	-	136,254	16,691	-	222,962
Regulatory retail portfolios	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
Past-due financing	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**-**	**94,214**	**322,042**	**-**	**136,254**	**16,691**	**-**	**569,201**

Market Risk

Market Risk is the risk that the value of financial instruments in the Group's book – with the inclusion of some other financial assets and liabilities could produce a loss because of changes in future market conditions.

The Group takes on market risks in the pursuit of its strategic and business objectives.

The Group predominantly pursues opportunities in the market that exposes itself to the following categories of market risk - which are actively managed and monitored:

- Profit Rate Risk: losses in value due to changes in the level, slope and curvature of yield curves, the volatility of profit rates and changes in credit spreads
- FX Risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of currency rates
- Credit Spread Risk: Losses in the value due to change in credit spreads driven by associated credit risk of the security issuer/underlying
- Commodity Price Risk: losses in value due to exposures to changes in spot prices, forward prices, and volatilities of commodities such as precious metals.

The Group's risk exposures to market risk are segregated into Trading and Banking Books. The Trading Book include those financial instruments held with trading intent arising from market-making, position-taking and other so designated financial instruments accounted for at fair value daily. The Banking Book include financial instruments not held with trading intent that arise from the management of Profit Rate risk and FX risk from the Group's retail and corporate and institutional banking assets and liabilities, and other financial investments designated as either FVOCI or Amortised Cost.

Market risk oversight and management process

As part of the Group's enterprise-wide risk management framework, an extensive governance processes are applied to the market risk taking activities. This governance framework includes, inter alia:

- Approval by the Group's Board Risk Committee (BRC) and Asset-Liability Committee (ALCO) of a set of risk limits with appropriate monitoring, reporting and limits excesses' escalation procedures subject to regular review and consistent with the Bank's approach to strict compliance with Shari'ah rules and principles.
- A comprehensive set of policies, procedures and limits; and
- Monitoring a wide range of risk metrics appropriate for the respective dealing activities - such as risk sensitivities, Gross and Net open positions, Value-at-Risk (VaR) and stop-loss limits.

Respective desk head/ managers are accountable for managing market risk within the approved limits. These managers have extensive knowledge of markets and products, their risk exposures and of the financial instruments available to hedge their exposures.

Oversight by EI Market & Treasury Credit Risk (EI MTCR)

Emirates Islamic MTCR is a risk function which is independent from the first line market risk taking units. EI MTCR reports directly to EI CRO, has second line responsibility for measuring, monitoring and managing market risk in the Bank, in co-operation with other independent and support functions across the bank's global businesses.

Market Risk Capital

The Group calculates market risk capital requirements using Basel III Standardized Approach. The following risk types are covered by Basel III Standardized Approach. Emirates Islamic do not foster Trading mandate and hence provides the capital requirement as applicable.

Market Risk (continued)

Profit rate risk:	Risk arising from fluctuations in the level of profit rates in the market environment and impacts prices of profit rate sensitivities financial instruments.
Equity risk:	Risk arising from fluctuations in equity prices, volatilities and dividend yields.
Foreign exchange risk:	Risk arising from fluctuations in foreign exchange rates and impacts transactions denominated in a currency other than the domestic currency of the Group.
Commodity risk:	Risk arising from fluctuations in the prices of commodities.
Options Risk:	Risk arising from fluctuations in the volatilities and prices/ rates impacts financial instruments with optionality.

Market risk under the standardized approach (MR1)

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

		31 December 2022 AED 000 RWA	31 December 2021 AED 000 RWA
1	General Profit rate risk (General and Specific)	-	-
2	Equity risk (General and Specific)	-	-
3	Foreign exchange risk	84,066	61,961
4	Commodity risk	-	-
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	**Total**	**84,066**	**61,961**

Operational Risk (ORA)

For details of Group’s Operational Risk Management, kindly refer Note 36 (L) in the Financial Statements

Basel II framework outlines three methods for calculating the risk charge for operational risk: Basic Indicator, Standardized Approach and Advanced Measurement Approach. The Group presently follows the Standardized Approach.

The total capital requirement for Operational Risk as at 31 December 2022 is AED 4,197 million (2021: AED 3,919 million). This charge is computed by categorizing the Group’s activities into 8 business lines (as defined by CBUAE guidelines) and multiplying the line’s three-year average gross income by a pre-defined beta factor.

Profit Rate Risk in the Banking Book (PRRBB)

PRRBB Risk Management Objectives and Principles (PRRBBA)

Overview

Profit Rate Risk in the Banking Book (PRRBB) is defined as potential loss of future earnings or economic value due to adverse movement in profit rates, which arises from a mismatch in the repricing profile of assets, liabilities and off-balance sheet items in the banking book.

Management

In order to manage this risk optimally, PRRBB in non-trading portfolios is transferred to Treasury under the supervision of the ALCO, through Funds Transfer Pricing (FTP) framework. Profit rate risk is managed by Treasury under oversight of the ALCO and within the Risk Appetite approved by the Board. The Finance and Risk functions are responsible for measurement, monitoring, formulation of policy framework and provide periodic updates to the ALCO and the BRC. The Internal Audit provides an independent opinion to the Board Audit Committee (BAC) on the adequacy and effectiveness of risk governance and internal controls. The ALCO regularly monitors the profit rate risk positions and if required directs suitable remediation to ensure this remains within Risk Appetite.

Measurement

The Bank uses two key metrics for measuring PRRBB: Net Profit Income (NPI) sensitivity, an income measure which quantifies the potential change in projected net profit income over a one-year horizon for defined movements in profit rates and Economic Value of Equity (EVE), a value measure which estimates the potential change in present value of the Bank's Assets and Liabilities for defined movements in profit rates. These metrics are measured and monitored on periodic basis.

The NPI sensitivity disclosed below is calculated based on a stressed assumption of parallel shifts to the yield curve as recommended by Basel and assessing the corresponding impact on NPI over a one-year horizon. The EVE sensitivity disclosed below is calculated based on a stressed assumption of parallel and non-parallel shifts to the yield curve as recommended by Basel. Further, the EVE computations are based on a gap analysis with a repricing schedule that distributes the principal cash flows into granular time buckets and discounted with the equivalent risk-free rate. For December 2021, the sensitivity analysis performed for down rate shocks includes a floor to the market rates at zero, unless the market rates are already negative. The average repricing maturity of retail, wholesale non-maturity deposits are determined based on historical analysis conducted normally over a period of 5 years. Considering the nature, size, and duration of the portfolio, the profit rate risk on account of early settlement would not be significant relative to the portfolio and is excluded from computation assumptions.

Quantitative Disclosure

1. Average repricing maturity assigned to NMDs – 1.8 years
2. Longest repricing maturity assigned to NMDs – 5 years

PRRBB1 - Quantitative information on PRRBB

AED 000	**∆EVE**		**∆NFI**	
Period	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Parallel up	-	98,869	339,079	285,730
Parallel down	18,316	10,566	(711,149)	(280,129)
Steepener	223,005	174,695	-	-
Flattener	-	-	-	-
Short rate up	-	-	-	-
Short rate down	229,918	43,737	-	-
Maximum	229,918	174,695	-	-
Period	**2022**		**2021**	
Tier 1 capital	**9,427,854**		**8,489,170**	

Liquidity

Overview and Governance

Liquidity Risk refers to the inability of the Group to fund an increase in assets and meet obligations as they become due (Structural Funding Risk), or the inability to convert assets into cash at reasonable prices (Market Liquidity Risk). The risk arises from mismatches in the amount and timings of cash flows.

The Emirates Islamic Board of Directors (BOD), through the Board Risk Committee (BRC), sets out the absolute boundaries of the Bank's Risk Appetite. The ALCO (Asset Liability Committee) is the principal senior management committee supporting the BOD to effectively discharge their oversight function on the Group's liquidity risk. ALCO is responsible for managing the liquidity risk within the internally approved Risk Appetite. The ALCO executes the liquidity risk management strategies through Treasury and Business units. The Finance and Risk functions are responsible for measurement, monitoring, formulation of policy framework and provide periodic updates to the ALCO and the BRC.

Management

The objective of the Group's liquidity and funding management framework is to ensure that all foreseeable funding commitments, under both normal and stressed conditions can be met when due. To this end, the Group maintains a diversified funding base comprising core retail and corporate customer deposits and institutional balances. The funding profile is further augmented with Term funding from Capital Market and Wholesale funding sources. The Group maintains a portfolio of High-Quality Liquid Assets to enable quick and smooth response to unforeseen liquidity requirements. The details of liquidity risk maturity analysis are in the Note 36 of the Financial Statements.

The ALCO through the Funds Transfer Pricing (FTP) framework, incorporates the liquidity costs, benefits and risks in the internal pricing of assets and liabilities to the business lines.

The funding liquidity management process includes:

- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto.
- mis-match analysis between assets and liabilities for different periods with a focus on shorter time frames. These gap reports are based on contractual cash flow with overlays of behavioral assumptions for non-maturing assets and liabilities and potential liquidity demand through undrawn commitments.
- monitoring balance sheet liquidity, advances to deposits ratios, long term funding ratios, Eligible Liquid Asset Ratio (ELAR) and Advances to stable Resource Ratio (ASRR) against internal and regulatory requirements.
- maintaining a diverse range of funding sources with back-up facilities.
- managing the deposit concentration and profile of sukuk maturities.

Stress Testing

Stress Testing is an integral part of the Liquidity Risk Management Framework. The objective of stress testing is to ensure that the Group maintains adequate level of liquidity to be able to withstand a range of severe stress scenario. The Group conducts liquidity stress testing across Systemic, Bank Specific and Combined Scenarios and ensures that the Survival Horizon across these stress scenarios remains within the Board approved appetite. The Stress Tests are conducted on a periodic basis and updated to the ALCO and the BRC.

Contingency Funding Plan

The Contingency Funding Plan (CFP) sets out the Group's strategies to respond to a severe disruption of the bank's liquidity or funding position due to internal or external events. The plan designates the CFP Team, which will be activated in the event of a liquidity crisis and establishes allocation of roles within the Team. The CFP includes a set of early warning triggers consisting of internal and external indicators, which are monitored by the ALCO and updated to the BRC. The plan includes identification, invocation and escalation procedures and details of potential actions, available sources of liquidity, mitigations and specifies a communication plan, which could be implemented based on the severity of the liquidity crisis.

Liquidity (continued)

Eligible Liquid Assets Ratio (ELAR)

The Eligible Liquid Asset Ratio (ELAR) is a regulatory ratio introduced in accordance with Circular No. 33/2015 - Regulations re Liquidity with an objective to promote short term resilience of the liquidity risk profile of the Bank.

The Group measures and reports its ELAR under the Central Bank of the UAE liquidity regulations. ELAR is calculated as a proportion of the stock of eligible liquid assets against the total liabilities.

The eligible liquid assets comprise of the following:

- Highly Liquid Assets made of Cash, Reserves placed with the Central Bank, Central Bank CDs and Federal Government Sukuk Securities.
- Other liquid Assets made of publicly traded sukuk securities of the UAE Local Government and Public Sector Entities having 0% risk weight under Basel III Standardized Approach and rated by recognized rating agencies.
- Other liquid assets in the form of foreign sovereign sukuk instruments issued by their respective central banks which are 0% risk weighted Basel III Standardized Approach.

The total liabilities comprise of total customer deposits, interbank deposits, sukuk payables and other liabilities.

Ratio

The ELAR is calculated based on Central Bank of the UAE regulations which is included in the following table.

1	**High Quality Liquid Assets**	**Nominal Amount** **31 December 2022** **AED 000**	**Eligible Liquid Asset** **31 December 2022** **AED 000**	**Nominal Amount** **31 December 2021** **AED 000**	**Eligible Liquid Asset** **31 December 2021** **AED 000**
1.1	Physical cash in hand at the bank + balances with the CBUAE	10,368,273	-	10,744,666	-
1.2	UAE Federal Government Bonds and Sukuks	-		-	
	Sub Total (1.1 to 1.2)	10,368,273	10,368,273	10,744,666	10,744,666
1.3	UAE local governments publicly traded sukuk securities	114,413	-	114,833	-
1.4	UAE Public sector publicly traded sukuk securities				
	Sub Total (1.3 to 1.4)	114,413	114,413	114,833	114,833
1.5	Foreign Sovereign sukuk instruments or instruments issued by their respective central banks	-	-	-	-
1.6	**Total**	**10,482,686**	**10,482,686**	**10,859,499**	**10,859,499**
2	Total liabilities	-	64,730,268	-	56,611,477
3	**Eligible Liquid Assets Ratio (ELAR)**	**-**	**16.19%**	**-**	**19.18%**

Liquidity (continued)

Eligible Liquid Assets Ratio (ELAR) (continued)

The Group maintained ELAR of 16.19% (calculated on the basis of 90 days simple average). ELAR as of 31 December 2022 was 18.48% over the reporting period, which is in excess of the regulatory minimum of 10%. The ELAR is influenced by the amount of eligible liquid assets over the total liabilities.

The Average Eligible Liquid Assets was AED 10.48 billion which mainly comprised of cash and reserves with Central Bank of the UAE

The Average Total Liabilities was AED 64.73 billion.

Advance to Stable Resources Ratio (ASRR)

The Advance to Stable Resources Ratio (ASRR) is a regulatory ratio introduced in accordance with Circular No. 33/2015 which is a measure that recognizes both the actual uses as well as the likely uses of funds in terms of the contractual maturity and behavioral profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

The Group measures and reports its ASRR under Central Bank of the UAE liquidity regulations.

The ASRR is calculated as a proportion of Total Net financing against the Total Stable Resources. The Total Net Financing is defined as following:

- Include all types of Islamic Financing net of deductions for provisions for bad and doubtful financing (other than general provisions) and profit in suspense
- Plus: financing to non-banking financial institutions
- Plus: financial guarantees and stand-by LCs issued (without netting for margin deposits)
- Less: financial guarantees and stand-by LCs received
- Plus: Interbank placements having remaining maturity of 3 months or more (including residual maturity in roll over cases) whether in the UAE or abroad less matching interbank deposits with remaining maturity of 3 to 6 months. This means that any placements matched by any deposits both maturing within the 3 to 6 months bucket can be offset and are not to be included in "Islamic Financing".

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The Total Stable Resources comprises of the following:
Net Free Capital Funds: These will consist of total capital funds by way of capital and reserves.

Deductions from free capital funds:

- Goodwill, capitalized expenditure and other intangible assets
- Fixed assets
- Unquoted investments
- Investment in unconsolidated subsidiaries and affiliates

If free capital funds after deducting the above show a negative figure, it will be deducted from other stable resources as given below. Positive figure will be added to other stable resources.

Other stable resources

- Non-repayable head office funds
- Inter-bank deposits with remaining maturity life of more than 6 months
- 100% of refinancing of real estate Islamic financing
- Non-banking financial institutions - Stable portion to be estimated as under:
  (a) 100% of all deposits with a remaining life of more than 6 months; and
  (b) 85% of all other deposits
- Customer deposits including margin deposits - Stable portion to be calculated as under:
  (a) 100% of all deposits with a remaining life of more than 6 months; and
  (b) 85% of all other deposits
- Sukuk Payable maturing after 6 months
- Head office financing towards funding of large exposures

Liquidity (continued)

Advance to Stable Resources Ratio (ASRR) (Continued)

Ratio

The ASRR computed based on Central Bank of the UAE regulations is included in the following table.

		Items	31 December 2022	31 December 2021
1		**Computation of Advances**	**AED 000**	**AED 000**
	1.1	Net Financing (gross financing - specific and collective provisions + profit in suspense)	47,870,221	43,283,198
	1.2	Financing to non-banking financial institutions	548,991	576,009
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	492,805	1,136,825
	1.4	Interbank Placements	970,656	614,419
	1.5	**Total Advances**	**49,882,673**	**45,610,451**
2		**Calculation of Net Stable Resources**		
	2.1	Total capital + general provisions	10,378,314	9,415,234
		Deduct:		
	2.1.1	Goodwill and other intangible assets	-	-
	2.1.2	Fixed Assets	301,706	334,019
	2.1.3	Funds allocated to branches abroad	-	-
	2.1.5	Unquoted Investments	170,907	150,582
	2.1.6	Investment in subsidiaries, associates and affiliates	30,000	30,000
	2.1.7	**Total deduction**	**502,613**	**514,601**
	2.2	**Net Free Capital Funds**	**9,875,701**	**8,900,633**
	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	311,191	-
	2.3.3	Refinancing of Home financing	-	-
	2.3.4	Deposits from non-Banking Financial Institutions	654,088	835,385
	2.3.5	Customer Deposits	48,014,445	39,968,574
	2.3.6	Sukuk payable maturing after 6 months from reporting date	3,672,500	3,672,500
	2.3.7	**Total other stable resources**	**52,652,224**	**44,476,459**
	2.4	**Total Stable Resources (2.2+2.3.7)**	**62,527,925**	**53,377,092**
3		**Advances to Stable Resources Ratio (1.5/ 2.4*100)**	**79.78%**	**85.45%**

The Group maintained ASRR of 79.78% in Q4 2022, which is below the regulatory limit of 100%.

Remuneration Policy

ENBD's Remuneration Policy is designed to ensure the implementation of appropriate remuneration policies and practices across ENBD and applies to its entities including Emirates Islamic (EI) Bank PJSC. The policy focuses on promoting sound and effective risk management. The Remuneration Policy incorporates key aspects which include, but are not limited to, the ENBD's Compensation Philosophy, Remuneration Governance framework and Remuneration Structure. The Policy was updated in June 2022 with respect to:

- The criteria for Material Risk Taker (MRT) identification
- The application of deferred compensation as part of variable remuneration
- Performance adjustment associated with malus and clawback.

The EI Board Nomination, Remuneration & ESG Committee (BNRESGC) approved to adopt the ENBD Remuneration Policy.

Composition and functions of the EI Board Nomination, Remuneration and ESG Committee (BNRESGC)

The BNRESGC (formerly the Board Nomination and Remuneration Committee, BN&RC) is the main body that oversees remuneration at the EI, on behalf of the Board of Directors. The BNRESGC has independent oversight and control to review and approve HR policies and strategies endorsed by the EI Executive Committee (ExCo) or EI Chief Executive Officer (CEO).

The BNRESGC consists of three Directors of the Board and assembles on a quarterly basis. Management attendance typically comprises of EI CEO, EI Chief Human Resource Officer (EI CHRO) and other members of executive and senior management who attend by invitation if required.

The BNRESGC guides Management on strategic Human Resources (HR) decisions and reviews and approves changes to HR policies, related to for example executive succession planning, nationalization strategy, reward, workforce planning, EI ExCo compensation and HR governance. The BNRESGC also focuses on HR strategic issues associated with Reward including bonus planning and variable pay policies, to ensure an appropriate balance between risk and financial results.

Identification of EI Senior Managers and Material Risk Takers (MRTs)

From an Emirates Islamic perspective, 13 active Senior Managers have been identified as those responsible and accountable to the BOD for the sound and prudent day-to-day management of EI and as key staff responsible for the oversight of the EI's key business lines. i.e., EI CEO, EI ExCo and the EI Heads of the Control Functions and EI Head of Legal.

In addition to Senior Managers, EI have identified 1 Material Risk Taker based on appropriately set qualitative and quantitative criteria to capture all categories of staff whose professional activities have a material impact on the risk profile of EI and in line with the CBUAE Corporate Governance Regulations (September 2019) and Corporate Governance Standards (September 2019). The qualitative criteria capture staff:

- Whose duties involve the assumption of risk or the taking on of exposure
- Who engage in the design, sales and management of either securities or derivative products
- Who are incentivized to meet certain quotas or targets by payment of variable remuneration
- In Control Functions.

Design and structure of remuneration processes

The ENBD's general remuneration policies and practices aim to provide a Total Reward offering that recognizes and rewards performance aligned to its business strategy, within a sound risk management and governance framework that clearly emphasizes 'how' goals are achieved in addition to 'what' is achieved and has the following set objectives:

- Attract, retain and motivate talent through fair and equitable remuneration, with an offering that is clear and easy to understand and appropriately balanced between fixed and variable compensation.
- Foster a pay-for-performance culture, with appropriate differentiation based on performance and contribution aligned to the achievement of business objectives.
- Support a culture that generates sustainable growth and value over the long term to its stakeholders, customers, employees and communities.
- Align, drive and reinforce its culture, values and desired behaviors that are integral to the attainment of individual and team results and the achievement of organizational goals.

Remuneration Policy (Continued)

Design and structure of remuneration processes (Continued)

- Integrate risk management and compensation, promoting conduct based on prudent decision-making and highest ethical standards and guided by internal controls and regulatory compliance.
- Instill a sense of ownership in its employees by providing them with opportunities to share in the company's success through its competitive total reward offering that is linked to exceptional performance and financial results.

The compensation philosophy is subject to independent oversight and control by ENBD's BNRESGC.

Remuneration - overview of the key risk and their measurement

ENBD has elaborated in its Risk Appetite Statement, its focus on steady/sustainable earnings growth through a good risk-reward balance, appropriate risk management techniques and low cost of funding. In addition, ENBD intends to optimize revenue derived from trading activities in order to moderate earnings volatility. In line with this philosophy the organization by design is geared to:

- Maintain earnings growth with strong Asset Quality through disciplined risk management. This is further emphasized by the independence of the Credit & Market Risk Functions from the Sales /Business/Revenue generation functions.
- Ensure that the appetite for material risks assessed by ENBD will be in line with its level appetite for maintaining high credit ratings.

The Enterprise and Regulatory Risk unit provides an overarching view of emerging risks and facilitates coordination between key risk functions, in order to minimize risks and achieve business objectives cohesively and effectively. ENBD continues to employ an enterprise-wide approach to risk management.

A key element of ENBD's compensation philosophy is the integration of risk management and compensation, promoting conduct based on prudent decision-making and highest ethical standards, guided by internal controls and regulatory compliance. From a governance perspective, the ENBD's BNRESGC oversees ENBD's remuneration policies, focusing on ensuring that the policies are consistent with and promote sound and effective risk management and do not encourage excessive risk taking. Compensation is linked to corporate, entity/business and individual performance objectives including performance against metrics set by control functions, including Risk.

Any variable remuneration to be awarded to employees are intended to be subject to Ex-Post Risk Adjustments covered in detail further below.

Overview of main performance metrics for banks' top-level business lines and individuals

In assessing performance, there is a focus on 'how' goals are achieved in addition to 'what' is achieved and this applies to all levels of ENBD, including business units and at the individual levels, with MRTs being held to a higher standard on the 'how'. The assessment of the 'how' is aligned to employee behaviors including but not limited to living the organizational values and demonstration of good conduct or managing conduct risk in line with the Conduct Risk Policy and Framework.

The EI Scorecard and EI ExCo Scorecards include qualitative and quantitative measures which are set to support the ENBD's vision to be the most innovative bank for its customers, people and communities.

- The qualitative measures in the EI and EI ExCo Scorecards are aligned with the ENBD's vision and set the objectives of the organization that are cascaded to business units and employees.
- From a quantitative perspective, there are metrics in the Scorecard focused on the following areas: Financials, Customer and Communities, Growth, Transformation and Innovation, and People. There are also benchmark metrics which are focused on promoting the right behaviors associated with the organization values and separate metrics set by the Control Functions, setting the minimum level of performance relating to governance, controls and risk management across the organization. Where these metrics have not been met, this has a negative impact on the overall scoring for the EI Scorecard.

At the employee level, there are roles that may have standard objectives and/or KPIs applied as assessed by the business. Where appropriate, specific customer conduct objectives are included within individual performance objectives.

Remuneration Policy (Continued)

Individual remuneration linked to bank-wide and individual performance

ENBD's compensation approach is a critical tool for the success of its vision and purpose. ENBD's compensation philosophy aims to provide a Total Reward offering that recognizes and rewards performance aligned to its business strategy, within a sound risk management and governance framework that clearly emphasizes 'how' goals are achieved in addition to 'what' is achieved.

Fixed remuneration for employees is set to appropriately reflect the level of professional experience, role responsibilities and seniority of the employee.

The ENBD and EI BNRESGC approves the bonus pool taking into account financial and non-financial performance of ENBD and EI and overall compliance with the risk appetite. The pay-for-performance principle is then applied and bonus pools are allocated based on the performance of entity/business units and employees measured against a range of performance metrics as set out in the relevant Scorecards. The pay for performance principle underpins variable remuneration.

Performance objectives are set by EI ExCo and employees at the start of the performance year. The attainment of performance metrics is assessed throughout the year, formally at mid-year and year-end.

The bonus pool allocations to the Risk, Audit and Compliance functions are made irrespective of the overall financial performance of the units they support and are based on the function's performance and overall affordability only.

Employee performance is assessed using performance ratings which are designed to support the pay-for-performance principle and enables the organization to differentiate between varying levels of performance. Individual bonuses are then determined taking into account the bonus pool funding for the relevant entity/business and employee performance rating.

ENBD also applies Ex-Post Risk Adjustment in the form of in-year adjustments as part of the year-end remuneration process or via operation of Malus Adjustment and/or Clawback Adjustment on awards made during periods of material restatement or downturn of financial results for the relevant period.

Variable remuneration

Variable remuneration, by way of the annual discretionary bonus and incentive payments, is awarded in cash which has been aligned to practice in the local market, whilst enabling ENBD to reward employees based ENBD's, the entity/business unit and individual performance. In line with UAE regulatory requirements, variable remuneration to be awarded for the 2022 Performance Year (i.e. in Q1 of 2023), to MRTs identified by EI, will include a deferral element in the form of Deferred Cash.

Different forms of variable remuneration and a description of the factors that determine the mix and their relative importance

ENBD's bonus scheme applies the pay-for-performance principle and operates on a discretionary basis. Bonus allocations to employees are determined based on the overall risk-adjusted performance for ENBD, the entity/business performance and individual performance, the employee's role and responsibilities, and performance assessment based on both financial and non-financial criteria, including conduct and behavior.

Incentives apply to certain businesses and sales roles (or operations roles which support the sales roles) and/or roles responsible for recoveries against outstanding collections. The incentives also operate on the pay-for-performance principle. Incentives are calculated based on value-add, whether it be associated with the effort made by selling products and growing portfolios or volumes of transactions processed. Quantitative targets are set for specific roles and measurement against the quantitative targets are based on a set formulaic approach. Conduct, quality and risk measures apply to the performance assessment of the employee and impact the overall incentive payout to the employee. Employees who are under an incentive scheme are not also entitled to annual bonuses.

EI may award a Guaranteed bonus to new hires, for the first year of employment only. The Guaranteed bonus compensates for the loss of an annual bonus award from a prior employer that will be forfeited solely as a result of joining EI, in addition to the employee's performance at EI for the relevant performance year. In addition to the Guarantee, an employee may also be awarded a discretionary annual bonus subject to their performance at EI and in limited cases. Guaranteed bonuses will only be awarded in exceptional circumstances and in line with regulatory requirements. Guarantees will also be subject to deferral where awarded to MRTs.

Remuneration Policy (Continued)

Different forms of variable remuneration and a description of the factors that determine the mix and their relative importance (Continued)

EI may grant a Buy-out award to new hires to compensate for the loss of unvested deferred compensation awards from a prior employer that will be forfeited solely as a result of the new hire ceasing employment with their prior employer to join ENBD. The applicable Buy-out would also be taken into account at the time the new hire is selected.

Retention awards are awarded in very limited circumstances. Retention awards are granted to select talent, existing employees based on business requirements with the aim of retaining top talent and/or critical resources to the business and taking into account the scarcity of talent both within EI and in the marketplace.

Severance payments are considered to be both fixed and variable pay, where fixed payments are contractual such as Gratuity in line with UAE Labor Law, and variable payments are those payments which are discretionary in nature such as Ex-gratia.

Talent bonuses are awarded in very limited circumstances. Talent bonuses are awarded to select talent employees with the intention of incentivizing and retaining top talent in EI.

Another form of Fixed Remuneration captured is Employer Pension Contributions.

Remuneration related to risk and compliance employees

As Senior Managers of EI, the variable remuneration of the EI Head of Risk and EI Head of Compliance are directly overseen by the BNRESGC.

Remuneration for Risk and Compliance employees is set at a level to attract and retain suitably qualified and experienced employees and is predominantly fixed remuneration (when considering the fixed variable remuneration ratio). Performance is assessed based on the objectives of their respective functions and not on the performance of the business units that they oversee/support.

The bonus pool allocations to the Risk and Compliance functions are made irrespective of the overall financial performance of the business units they support and are based on the function's performance and overall affordability of ENBD. Individual variable remuneration decisions for Control Function employees are determined independently of the business areas that they oversee/support.

Engagement of External professional consultants

External professional consultants are engaged by ENBD's HR Reward team and local Compliance teams on a regular basis to ensure ENBD and EI's remuneration policies, practices and processes are in alignment with the market and compliant with regulatory requirements in each relevant jurisdiction.

Remuneration Policy (Continued)

Remuneration awarded during the financial year (REM1)

The following table includes information on fixed and variable remuneration for the financial year.

	Fixed Remuneration	**31 December 2022 AED 000 Senior Management**	**31 December 2022 AED 000 Other Material Risk-takers**
1	Number of employees	16	1
2	Total fixed remuneration (3 + 5 + 7)	17,869	774
3	Of which: cash-based	17,369	774
4	Of which: deferred	-	-
5	Of which: shares or other share-linked instruments	-	-
6	Of which: deferred	-	-
7	Of which: other forms	500	-
8	Of which: deferred	-	-
	Variable Remuneration		
9	Number of employees	10	1
10	Total variable remuneration (11 + 13 + 15)	10,140	410
11	Of which: cash-based	10,140	410
12	Of which: deferred	-	-
13	Of which: shares or other share-linked instruments	-	-
14	Of which: deferred	-	-
15	Of which: other forms	-	-
16	Of which: deferred	-	-
17	**Total Remuneration (2+10)**	**28,009**	**1,184**

The specific criteria for Ex-Post Risk Adjustment will be reviewed by the BNRESGC annually and applied in each case as determined by the Committee in its sole discretion.

EI will take into account all relevant factors to the proximity of the employees to the failure or risk management in question and employee’s level of responsibility in deciding whether, and to what extent, it is reasonable to seek recovery of any or all of the variable remuneration.

Remuneration Policy (Continued)

Special Payments (REM2)

The following table includes quantitative information on special payments for the financial year.

31 December 2022
AED 000

Special Payments	Guaranteed Bonuses		Sign on Awards		Severance Payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior Management	-	-	-	-	2	3,191
Other Material Risk-takers	-	-	-	-	-	-

Deferred remuneration (REM3)

Deferred remuneration was not applied in 2022.

In line with UAE regulatory requirements, variable remuneration to be awarded for the 2022 Performance Year (i.e. in Q1 of 2023), to MRTs identified by EI, will include a deferral element in the form of Deferred Cash.

Policy and criteria for adjusting variable remuneration, including deferrals before vesting and after vesting through clawback arrangements

The specific criteria for Ex-Post Risk Adjustment will be reviewed by the BNRESGC annually and applied in each case as determined by the Committee in its sole discretion.

EI will take into account all relevant factors (including, where any of the circumstances described above arise, the proximity of the employee to the failure of risk management in question and the employee's level of responsibility) in deciding whether, and to what extent, it is reasonable to seek recovery of any or all of their variable remuneration.

EI intends to apply Ex-Post Risk Adjustment in the form of in-year adjustments as part of the year-end remuneration process or via operation of Malus Adjustment and/or Clawback Adjustment on variable awards made.

Acronyms

ALCO	Asset and Liability Committee	LGD	Loss Given Default
ALM	Asset and Liability Management	MDB	Multilateral Development Banks
ASF	Available stable funding	MR	Market Risk
AT1	Additional Tier 1	MTM	Mark-To-Market
BCBS	Basel Committee on Banking Supervision	NFI	Net Funded Income
BIS	Bank of International Settlements	ASRR	Advances to Stable Resources Ratio
BRC	Board Risk Committee	OTC	Over the counter
CBUAE	Central Bank of the UAE	PD	Probability of Default
CCF	Credit Conversion Factor	PFE	Potential Future Exposure
CCP	Central Counterparty	PIT	Point in Time
CCR	Counterparty Credit Risk	PM	Portfolio Management
CCyB	Countercyclical capital buffer	PVA	Prudent Valuation Adjustment
CET1	Common Equity Tier 1	QCCP	Qualifying Central Counterparty
CRM	Credit Risk Mitigation	RSF	Required stable funding
CRO	Chief Risk Officer	RWAs	Risk-Weighted Assets
CVA	Credit Valuation Adjustment	SA	Standardized Approach
D-SIB	Domestic Systemically Important Bank	SFT	Securities Financing Transactions
DVA	Debit Valuation Adjustment	SME	Small and Medium - sized Enterprise
EAD	Exposure at default	SPE	Special Purpose Entity
ECAI	External Credit Assessment Institutions	T1	Tier 1 capital
ECL	Expected Credit loss	T2	Tier 2 capital
FSB	Financial Stability Board	TC	Total capital
GCC	Gulf Cooperative Council	TESS	Target Economic Support Scheme
GCRO	Group Chief Risk Officer	VaR	Value at Risk
G-SIB	Global Systemically Important Bank	XVA	Credit and Funding Valuation Adjustment
HQLA	High Quality Liquid Asset	T2	Tier 2 capital
IFRS	International Financial Reporting Standards	TC	Total capital
ICAAP	Internal Capital Adequacy Assessment Process	TM	Treasury Markets
PRR	Profit Rate Risk	VaR	Value at Risk
ELAR	Eligible Liquid Asset Ratio	XVA	Credit and Funding Valuation Adjustment
MTCR	Market & Treasury Credit Risk	GRC	Group Risk Committee
ISDA	International Swaps and Derivatives Agreement	GCHRO	Group Chief Human Resource Officer
IIFM	International Islamic Financial Market	CEO	Chief Executive Officer
ExCo	Executive Committee	BCIC	Board Credit and Investment Committee
MCC	Management Credit Committee	BNRESGC	Board Nomination, Remuneration and ESG Committee

Glossary

Capital Conservation Buffer

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

Countercyclical Capital Buffer (CCyB)

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

Counterparty Credit Risk (CCR)

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

Credit Conversion Factor (CCF)

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

Credit Risk Adjustment (CRA)

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

Credit risk mitigation (CRM)

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

Internal Capital Adequacy Assessment Process (ICAAP)

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

Leverage Ratio

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

Eligible Liquid Assets Ratio (ELAR)

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

Advances to Stables Resource Ratio (ASRR)

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

RWA density

The risk-weighted asset as a percentage of exposure at default (EAD).

Securities Financing Transactions (SFT)

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

Standardized Approach (SA)

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

Appendix A : Main features of regulatory capital instruments (CCA)

Sr no	Particulars	Equity Shares
1	Issuer	Emirates Islamic Bank PJSC
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	
3	Governing law(s) of the instrument	CBUAE, SCA, CCL
	Regulatory treatment	
4	Transitional arrangement rules (i.e. grandfathering)	Common Equity Tier I
5	Post-transitional arrangement rules (i.e. grandfathering)	Common Equity Tier I
6	Eligible at solo/group/group and solo	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Common Shares
8	Amount recognized in regulatory capital (**AED in Millions, as of 31 December 2022**)	5,430
9	Nominal amount of instrument	NA
9a	Issue price	
9b	Redemption price	NA
10	Accounting classification	Equity Attributable to Equity Holders
11	Original date of issuance	
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	NA
16	Subsequent call dates, if applicable Coupons / dividends	NA
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step-up or other incentive to redeem	NO
22	Non-cumulative or cumulative	Non- Cumulative
23	Convertible or non-convertible	NA
24	Write-down feature	NA
25	If write down, write down trigger(s)	NA
26	If write down, full or partial	NA
27	If write down, permanent or temporary	NA
28	If temporary write-own, description of writeup mechanism	NA
28a	Type of subordination	NA
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Perpetual Debt Instruments
30	Non-compliant transitioned features	NA
31	If yes, specify non-compliant features	NA