



البنك العربي المتحد  
UNITED ARAB BANK

# Basel III Pillar 3 Disclosures

30 JUNE 2025





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## 1. Introduction

This document provides Pillar 3 disclosures for United Arab Bank PJSC ("UAB" or "the Bank") as at 30 June 2025 with the objective of allowing market participants to assess key information on the Bank's capital, risk exposures and risk assessment process.

The Bank is regulated by the Central Bank of UAE ("CBUAE") and follows the Pillar 3 disclosure requirements as stated in the CBUAE guidelines on the implementation of Basel III standards, issued in November 2020 with subsequent updates in December 2022. The Pillar 3 disclosures contain both quantitative and qualitative information and are to be read in conjunction with the Audited Financial Statements as at 30 June 2025.

The Basel Committee on Banking Supervision (BCBS) Basel III Capital Adequacy Framework consists of three pillars. Pillar 1 provides a framework for measuring minimum capital requirements for credit, market and operational risks faced by banks. Pillar 2 allows banks and supervisors to take a view on whether the bank should hold additional capital to cover the three Pillar 1 risks and additionally to cover other material risks, where required. Pillar 3 requires banks to publish a range of disclosures, mainly covering risk, capital, leverage, liquidity and remuneration.

The capital requirements are computed using the Basel III framework of the Basel Committee on Banking Supervision, after applying the amendments advised by the CBUAE, within national discretion.

The report is prepared as per the enhanced Pillar 3 Disclosure requirements guidelines issued by CBUAE in November 2020 with subsequent updates in December 2022 and are effective for the year ended 31 December 2022. The enhanced Pillar 3 disclosures focus on regulatory measures required under Pillar 1 of the Basel framework for measuring credit, market and operational risks and their associated resulting risk-weighted assets (RWA) and capital requirements. In some instances, Pillar 3 also requires supplementary information to be disclosed to improve the understanding of underlying risks.

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 include Capital Conservation Buffer and Countercyclical Capital Buffer, with a maximum up to 2.5% for each buffer, over and above the minimum CET1 requirement of 7.0% and minimum Total Capital Ratio of 10.5%.

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

The purpose of Pillar 3, Market Discipline, is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The CBUAE supports the enhanced market discipline through a set of disclosure requirements which will allow market participants to assess key information regarding capital adequacy of the Bank through various views such as the scope of application, capital, risk exposure and risk assessment process.

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



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In compliance with the CBUAE Basel III standards and guidelines, these disclosures include qualitative and quantitative information on the Bank's risk management objectives and policies, risk assessment processes, capital management and capital adequacy.

The Pillar 3 Disclosures for H1 2025 have been appropriately reviewed by the management and internal audit.



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## 2. About the Bank

United Arab Bank P.J.S.C. (the “Bank”) was incorporated in 1975 as a Private Joint Stock Company in the Emirate of Sharjah. The legal form of the Bank was converted to a public company with limited liability in 1982 by a decree of His Highness The Ruler of Sharjah and has been registered as a Public Joint Stock Company under the UAE Commercial Companies Law No. (8) of 1984 (as amended). The Bank’s registered office is located in the Emirate of Sharjah, United Arab Emirates.

The address of the registered office is PO Box 25022, Sharjah, United Arab Emirates. The Bank carries out the business of commercial banking through its offices and branches in the United Arab Emirates. The Bank also carries out Islamic banking operations through Islamic banking windows at selected branches. The Bank does not have any subsidiaries and accordingly there is no consolidation.

### 3. OVA: Overview of Risk Management and Risk Weighted Assets (RWA)

UAB recognizes the importance of effective risk management in achieving its strategic goals and maintaining its stability and resilience. Risk is inherent in all the Bank's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and everyone within the Bank is accountable for the risk exposures relating to their responsibilities.

Risk Management covers all risks including strategic, capital, credit, market & liquidity, operational, fraud, information technology and information security, reputation risks, etc., and processes from origination and assessment of risks to ongoing monitoring, control, review, maintenance, and reporting of risks. It also covers roles and responsibilities of Board and Management level committees, and authorities and processes relating to risk management, internal controls, compliance, and internal audit functions.

The Bank's Risk Management Strategy includes comprehensive Enterprise-wide Risk and Compliance Risk Frameworks, which are fully aligned with our Bank's Vision to drive consistent value for all stakeholders. The key strategic imperatives that drive Bank's vision include the following:

- **Sound fundamentals and strong risk bearing capacity with efficient risk-reward considered deployment:** Sound financial fundamentals and a strong capacity to bear risk underpin the Bank's risk management philosophy. This encompasses capital adequacy, liquidity, interest rate, asset quality, and enterprise resilience, with a focus on balancing risk and reward effectively.
- **Strategic Alignment and Enduring Partnership with Business Lines:** A risk management approach that is strategically aligned with business goals ensures a close partnership between risk management and business units to effectively manage risks.
- **Regulatory and Market Expectations Fulfilment:** UAB is committed to fulfilling regulatory requirements and market expectations, including those related to credit ratings and investor relations. Risk management at the Bank involves an adaptive stance, ensuring compliance with the latest regulatory directives and market dynamics, and integrating these into the Bank's risk framework.
- **Comprehensive and Integrated Corporate & Risk Governance Framework:** A robust corporate and risk governance framework ensures effective risk management, independent oversight, and accountability.
- **Resilient Risk Infrastructure and Strong Risk Culture:** A strong risk infrastructure and culture promotes transparency, accountability, and a proactive approach to risk management.

#### Strong and Robust Governance

UAB has a strong and robust governance framework in place to ensure that its risk management framework is effective and that risks are managed in a controlled and transparent manner. This is achieved through the different Governance levers in the Bank that includes committees at Board and Management levels, clear rules and directions, policies and procedures, regular reporting and monitoring, and independent oversight from internal and external stakeholders

#### Corporate Governance Framework

Corporate Governance framework is a set rules, processes, policies and practices by which an organization is managed and controlled by its Board of Directors (BoD) and Senior Management.



Implementation and maintenance of good corporate governance helps robust decision-making and improves Strategy, Performance, Compliance and Accountability supported by ongoing monitoring and assessment. Sound corporate governance plays a fundamental role in the culture and business practices of the Bank. The Bank's corporate governance framework relates to the way the business activities of the Bank are directed and managed considering all stakeholders and role of the bank in the community. The Bank has a well-considered and established corporate governance framework which facilitates effective decision making and builds a strong relationship with stakeholders through a transparent structure that supports high quality and timely disclosures.

### 3.1. Risk Management Framework (Three Lines of Defence)

The Bank's risk management framework is built on three lines of defence, which work together to ensure that risks are effectively identified, assessed, monitored, and controlled:

- The **First line of defence** is the business unit, which is responsible for identifying, assessing, and managing risks in its day-to-day activities.
- The **Second line of defence** provides oversight and support to the business units in managing risks.
- The **Third line of defence** is the internal audit function, which independently assesses the effectiveness of the Bank's risk management framework and provides recommendations for improvement.

As part of the three lines of defence, the Board and Management committees are further supplemented by functions who are responsible for day-to-day monitoring of risk.

#### 3.1.1. First Line of Defence

The first line of defence is responsible for identifying risks as part of their day-to-day business operations. This includes assessing the risks associated with each of the Bank's business lines and implementing policies and procedures to manage those risks.

#### 3.1.2. Second Line of Defence

The second line of defence serves as a crucial support system for business units, helping them identify, assess, and manage risks effectively while ensuring compliance with relevant laws, regulations, and internal policies. Their oversight and guidance contribute to the overall resilience and sustainability of the organization in the face of various risks and challenges.

##### 3.1.2.1. Risk Management Department

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process. It works closely with the First Line to support their activities, while safeguarding the risk profile of the Bank. It institutes prudent risk monitoring and control mechanisms (processes and systems) to ensure compliance of individual risk assets and portfolios to agreed terms and policy parameters.

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#### **3.1.2.2. Credit Department**

The Credit Department is responsible for spearheading overall credit strategy of the Bank, reviewing and approving credit proposals, ensuring compliance with credit policies and procedures, and providing assistance in ongoing monitoring of credit risk.

#### **3.1.2.3. Compliance Department**

The Compliance Department is responsible for implementing and maintaining financial crime compliance, regulatory compliance and compliance assurance related policies and procedures to ensure an independent oversight, monitoring and control processes are embedded. It works closely with all three lines of defence to support their activities, while safeguarding the compliance profile of the Bank. It institutes prudent compliance monitoring and control mechanisms (processes and systems) to ensure compliance with the applicable laws and regulations and Global best practices.

#### **3.1.2.4. Finance Department**

Finance Department's key responsibilities as part of Second Line of Defence include monitoring and controlling financial risks, ensuring regulatory compliance, and facilitating effective risk reporting. The finance function supports a strong risk management culture within the organization by proactively identifying, measuring, and managing risks.

#### **3.1.3. Third Line of Defence - Internal Audit**

Risk management processes throughout the Bank are audited annually by the internal audit function that examines both the adequacy of, and the Bank's compliance with, its procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Board Audit Committee.

### **3.2. Role of the Board and the Executive Management**

The Board of Directors is responsible for the stewardship of the Bank and providing effective leadership to supervise the Management of the bank to grow value in a profitable and sustainable manner. The Board is collectively responsible for the short term and long-term success of the Bank and delivery of sustainable value to the shareholders and wider stakeholders. It sets the strategy and the risk appetite for the Bank and approves capital and operating plans presented by Management for the achievement of strategic objectives set by the Board. The Board of Directors also define the risk tolerance of the Bank, its primary business activities and its overall strategy and plan.

#### **3.2.1. Board Level Committees**

The Board of Directors are ultimately responsible for identifying and controlling risks; however, there are separate board sub-committees responsible for managing and monitoring risks.

#### **3.2.2. Board Credit Committee (BCC)**

The Board Credit Committee (BCC) has the responsibility to establish credit strategy and monitor the overall credit process within the Bank for maintaining a diversified portfolio, avoiding undesired risk concentrations, improving the overall asset quality of the portfolio, and complying with Credit Policy and regulatory guidelines.



### **3.2.3. Governance & Remuneration Committee (GRC)**

The Governance & Remuneration Committee (GRC) acts on behalf of the Board on all matters related to governance, remuneration, nomination and strategic plans, except for those powers and actions that are restricted to the Board on the basis of legal provisions or the Articles. The GRC is responsible for supporting the Board in overseeing the remuneration scheme, in order to ensure that the subject remuneration is appropriate and consistent with the Bank's culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirement.

### **3.2.4. Board Risk & Compliance Committee (BRCC)**

The Board Risk & Compliance Committee (BRCC) has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, and policies for enhancing the Bank's risk and compliance management framework to best practices standards. This includes, but is not limited to, ensuring effective control structures and the monitoring of aggregate risk exposures (including but not limited to credit, market, liquidity, operational, and legal). Additionally, the BRCC is accountable for fostering a culture of compliance, including financial crime compliance matters and overseeing adherence to relevant regulatory requirements, ethical standards, and internal policies.

### **3.2.5. Board Audit Committee (BAC)**

The Board Audit Committee (BAC) is responsible for monitoring, reviewing and reporting to the Board on the formal arrangements relating to the financial and narrative reporting of the Bank, internal controls, compliance and internal / external audit processes.

### **3.3. Internal Shari'ah Supervision Committee (ISSC)**

The ISSC is the central independent committee which is responsible for the overall monitoring of and compliance by the Islamic Financial Institution with Islamic Shari'ah and resolutions, fatwas, regulations and standards issued by HSA. The ISSC, accordingly, is responsible for supervising and approving all businesses, activities, products, services, contracts, documents and codes of conduct of the Bank pertaining to Islamic activities. ISSC must monitor, through internal Shari'ah control division or section and internal Shari'ah audit, the Bank's compliance with Islamic Shari'ah.

### **3.4. Management Level Committees**

The Board level committees are further supplemented by key management committees to ensure comprehensive risk management and governance. These committees include:

#### **3.4.1. Management Committee (MANCOM)**

Management Committee (ManCom) assists the Board, Board committees and CEO in fulfilling its responsibilities towards setting and execution of overall strategy of the Bank and ensuring that the Bank's values are embedded in its day-to-day activities to ensure sustained growth, profitability and commensurate returns for its stakeholders.

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#### **3.4.2. Asset Liability Committee (ALCO)**

Asset Liability Committee (ALCO) assists the Board in fulfilling its responsibility towards ensuring a strong and stable balance sheet and to oversee Bank's Asset and Liability Management (ALM) strategies. The objective of ALCO will also be to maintain vigilant oversight of liquidity risk and interest rate risk with the primary goal of achieving optimal return while ensuring adequate levels of liquidity within an effective risk control framework.

#### **3.4.3. Credit Portfolio Committee (CPC)**

The Credit Portfolio Committee (CPC) is responsible for developing and establishing credit strategy, credit policies, setting risk acceptance criteria for underwriting and monitoring the portfolio to ensure it remains within acceptable risk levels and address any emerging credit issues or trends. The CPC works in conjunction with and assists the Board and BCC to manage credit strategy, policies, and procedures.

#### **3.4.4. Credit Committee (CC)**

The Credit Committee (CC) is responsible for making credit-related decisions. The CC is charged with:

- Reviewing and approving loan proposals, taking into account factors such as the borrower's creditworthiness, repayment capacity, and collateral.
- Ensuring compliance with credit policies and procedures as part of ongoing underwriting process.

#### **3.4.5. Risk Committee (RC)**

The Risk Committee (RC) assists the Board and Board Risk and Compliance Committee ("BRCC") towards ensuring a sound risk profile of the Bank and instilling a culture of risk optimized decision making through implementation of comprehensive and integrated risk framework, embedding a strong internal control mechanism and ensuring compliance with all applicable regulatory requirements (including Higher Shari'ah Authority regulations).

#### **3.4.6. Compliance Committee**

The Compliance Committee assists the Board and the BRCC towards ensuring a strong compliance culture and adherence to all applicable compliance requirements.

#### **3.4.7. Business Technology Steering Committee (BTSC)**

The Business Technology Steering Committee (BTSC) assists the Board in fulfilling its responsibilities pertaining to outlining and execution of overall IT strategy and managing IT related and projects, related budgets, expenditures and service operation status.

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#### 3.4.8. Human Capital Committee (HCC)

The Human Capital Committee (HCC) assists the Governance and Remuneration Committee (GRC) in fulfilling its responsibilities relating to the outline and monitor matters related to the Bank's people strategy which includes Emiratisation strategy, performance and rewards, talent acquisition, management and succession planning, learning & development, HCM policies & procedures, people risk, corporate governance and statutory matters etc.

#### 3.5. Charity Committee

The Charity Committee assists the Board and Internal Shari'ah Supervisory Control (ISSC) in fulfilling its responsibilities in managing activities pertaining to Charity.

#### 3.6. Management Subcommittees

UAB has following management subcommittees to assist management committees and senior management in discharging their duties and responsibilities:

##### 3.6.1. Client Experience Forum (CEF)

The Customer Experience Forum (CEF) supports the ManCom towards ensuring achievement of Bank's desired customer experience levels and fulfilment of related regulatory norms. The CEF is responsible for:

- Overseeing the Bank's customer service policies and procedures, including the measurement and monitoring of customer satisfaction levels.
- Monitoring customer feedback and using this information to make recommendations for improvements to the Bank's products and services.
- Ensuring that the Bank's customer service standards are met and addressing any customer complaints in a timely and effective manner.

##### 3.6.2. Investment Committee (IMCO)

The Investment Committee (IMCO) supports the Asset Liability Committee (ALCO) and is responsible for overseeing Bank's investment strategy and execution. The IMCO is charged with:

- Reviewing and approving investment proposals, ensuring that they align with the Bank's overall investment strategy and risk tolerance.
- Monitoring the performance of the Bank's investments, including returns, market conditions, and economic indicators.
- Ensuring that the Bank's investment policies and procedures are in compliance with all applicable regulations and are regularly updated to reflect changes in the market or regulatory environment.
- Overseeing the management of investment risks, including interest rate, credit, and market risks, and ensuring that the Bank's investment portfolio is well-diversified.

### 3.6.3. ERM Committee (ERMC)

The ERM Committee (ERMC) supports the Risk Committee (RC) by implementing and overseeing the Bank's enterprise risk management framework. The ERMC is charged with:

- Overseeing the Bank's risk management framework, including the identification, assessment, and management of risks across the Bank.
- Reviewing and approving risk limits for various types of risks, including credit, capital, market & liquidity, strategic & reputational risk etc.
- Monitoring the Bank's risk exposure and ensuring that it remains within acceptable levels, considering economic conditions, market trends, and internal controls.
- Ensuring that the Bank's risk management policies and procedures are in compliance with all applicable regulations and are regularly updated to reflect changes in the market or regulatory environment.

### 3.6.4. Provisioning Committee (PC)

The Provisioning Committee supports the Risk Committee (RC) and Credit Portfolio Committee (CPC) by reviewing and approving the provisions based on SICR criteria, transition of ratings, necessary overlays and over-rides, macro-economic variables as per IFRS 9 etc. in compliance with regulatory guidelines and credit / IFRS 9 policy. The Provisioning Committee also recommends the accounts proposed for write off as applicable, in compliance with regulatory guidelines and credit policy.

### 3.6.5. Operational Risk Management Committee (ORMC)

The Operational Risk Management Committee (ORMC) supports the Risk Committee (RC) and assists the RC in fulfilling its objectives of overseeing Bank's operational and fraud risk management strategy, initiatives, profile and ensuring sound business continuity. The ORMC is responsible for:

- Monitoring operational and fraud risks to ensure they are within acceptable levels.
- Overseeing the implementation of operational and fraud risk management policies and procedures.
- Ensuring that operational and fraud risks are identified and addressed in a timely manner.
- Ensuring that Bank's business continuity strategy and plans are conducted in an effective manner.

### 3.6.6. IT Risk and Information Security Committee

The IT Risk and Information Security Committee supports the Risk Committee (RC) and assists the RC towards ensuring that Bank's information technology systems and data are secure. This includes:

- Overseeing the Bank's information security policies and procedures to ensure they are effective.
- Monitoring cyber threats and ensuring the Bank's systems are protected against them.
- Ensuring that the Bank's information technology systems are secure and operate effectively.

### 3.6.7. Model Risk Management Committee (MRMC)

The Model Risk Management Committee supports the Risk Committee (RC) and assists the RC in overseeing Bank's model risk management framework. This includes:

- Responsible for defining and implementing the Model Risk Management framework for the Bank.
- Review and approve the methodology, processes and governance framework for the development, implementation, use and maintenance of models.
- Ensure models are developed, validated, and used in compliance with the regulatory and internal standards.
- Monitor and report on the effectiveness of model risk management and provide recommendations for improvement.

### 3.6.8. Sustainability Committee

The Sustainability Committee is under formation. The Sustainability Committee will support the Management Committee (ManCom) and UAB Board of Directors (the Board) by overseeing and advising on sustainability-related strategies, practices, and policies. The Committee is committed to:

- Advancing UAB's sustainability objectives,
- Ensuring that the Bank operates in an environmentally responsible and socially conscious manner while considering the governance aspects that align with UAB's corporate strategy and risk management framework.

### 3.6.9. Disciplinary Committee (DC)

The Disciplinary Committee (DC) supports the Human Capital Committee (HCC) towards dealing with employee misconduct and violations of Bank's policies and procedures. The DC reviews the investigation findings, evaluates employee misconduct, and approves commensurate disciplinary action as per HR policy. The DC ensures that the disciplinary process is fair, transparent, and consistent and provides guidance and support to the HCM department on disciplinary matters. The DC ensures that the Bank's disciplinary policies and procedures are followed and that employees are held accountable for their actions.

## 3.7. Risk Measurement and Reporting Systems

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect both the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition, the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to identify, analyze and control at an early stage. The Board receives a comprehensive credit risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the credit related risks of the Bank. The report includes aggregate credit exposure, hold limit exceptions, liquidity ratios

and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a quarterly basis.

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure all business divisions have access to extensive, necessary and up-to-date information.

Regular briefings are given to the Chief Executive Officer, Risk Committee and all other relevant members of management on all aspects of risk taken by the Bank including the utilization of limits, proprietary investments and liquidity, plus any other risk developments.

### **3.8. Risk Mitigation**

The Bank has implemented a comprehensive risk mitigation framework that aims to minimize the impact of potential risks on its operations, financial performance, and reputation. This includes identifying and evaluating risk, implementing risk mitigation strategies, and regularly monitoring the effectiveness of these strategies.

The Bank actively uses collateral to reduce its credit risks. Also, as part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

### **3.9. Risk Appetite Framework**

The Bank has established a risk appetite framework to ensure that its risk-taking activities are aligned with its strategic goals and risk tolerance. The framework includes clear definitions of the Bank's risk appetite and limits for various types of risks, as well as regular monitoring and reporting to ensure that these limits are not exceeded.

#### **Monitoring and Management of Breaches**

Compliance with the Risk Appetite Framework is reported to RC and BRCC along with management action plans for exceptions. The risk appetite metrics and thresholds are reviewed periodically to align with the bank's business and regulatory landscape.

### **3.10. Robust Business Continuity Framework**

The Bank's well-structured Business Continuity Framework and Policy, along with our comprehensive Crisis Management Framework and supplementary emergency plans and incident response protocols, provide a strong foundation of organizational resilience against major disruptions or unexpected events, such as the recent COVID-19 pandemic. These frameworks and procedures are subjected to regular testing, with a minimum frequency of annual assessments, to guarantee their effectiveness and readiness in such scenarios.

### **3.11. Stress Testing**

UAB conducts regular stress tests and scenario analyses based on a comprehensive stress testing policy, governed by the ICAAP Policy and the Stress Testing Methodology, approved by the BRCC. The stress test exercises consider various macroeconomic and idiosyncratic stress to assess impact of adverse market conditions under stress scenarios on the capital adequacy. Stress tests and scenario analyses cover the entire asset book to project capital needs and capital levels under various stress



scenarios by considering key risks such as credit risk, market risk, operational risk, liquidity risk, interest rate risk, concentration risk, etc.

The bank conducts stress testing exercises mandated by the Financial Stability Unit (FSU) of the Central Bank of UAE. Stress tests are also conducted as part of the ICAAP on an annual basis along with internal stress testing conducted on a quarterly basis and on ad-hoc basis based on requirements from management.

### 3.12. Business Segments

The Bank is organised into three segments:

**Wholesale Banking** - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers. This segment also includes Financial Markets which is principally involved in providing money market, trading and treasury services, as well as the management of the Bank's funding operations; and

**Retail Banking** - principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit card facilities and funds transfer facilities as well as Islamic banking services

**Treasury & Capital Markets** - actively manages investments in debt securities held in the banking book. Investments are distributed across Held to Maturity (HTM) and Available for Sale (AFS) category. Investments are selectively hedged to manage interest rate risks using Interest Rate derivative instruments.

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged / credited to business segments based on a pool rate which approximates the marginal cost of funds.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in period under consideration.

The Bank operates in only one geographic area, the Middle East and hence, no geographical analysis is given.

### 3.13. UAB's Approach to Pillar 1

Pillar 1 Risks	Pillar 1 Approach
Credit Risk	The Bank uses the Standardized Approach for calculating regulatory capital requirements for Credit Risk. This approach allows the use of external ratings from designated credit-rating agencies wherever available in determining the appropriate risk weights. The risk weights are determined by the asset class and the external rating of the counterparty. The net exposure incorporates off balance sheet exposures after applying the credit conversion (CCF) and credit risk mitigation (CRM) factors.
Market Risk	The Bank uses the Standardized Approach for calculating regulatory capital requirements for Market Risk.
Operational Risk	The Bank uses the Basic Indicator Approach for calculating regulatory capital requirements for Operational Risk.

#### 4. KM1: Overview of Risk Management, Key Prudential Metrics and RWA

30 June 2025		AED 000s				
	Available capital (amounts)	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024
1	Common Equity Tier 1 (CET1)	2,179,720	2,079,277	1,976,037	2,005,983	1,844,728
1a	Fully loaded ECL accounting model	2,179,720	2,079,277	1,976,037	2,005,983	1,844,728
2	Tier 1	2,730,595	2,630,152	2,526,912	2,556,858	2,395,603
2a	Fully loaded ECL accounting model Tier 1	2,730,595	2,630,152	2,526,912	2,556,858	2,395,603
3	Total capital	2,942,583	2,824,348	2,708,957	2,726,575	2,562,194
3a	Fully loaded ECL accounting model total capital	2,942,583	2,824,348	2,708,957	2,726,575	2,562,194
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	18,039,656	16,556,700	15,556,994	14,534,310	14,244,382
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier 1 ratio (%)	12.1%	12.6%	12.7%	13.8%	13.0%
5a	Fully loaded ECL accounting model CET1 (%)	12.1%	12.6%	12.7%	13.8%	13.0%
6	Tier 1 ratio (%)	15.1%	15.9%	16.2%	17.6%	16.8%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.1%	15.9%	16.2%	17.6%	16.8%
7	Total capital ratio (%)	16.3%	17.1%	17.4%	18.8%	18.0%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.3%	17.1%	17.4%	18.8%	18.0%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Bank D-SIB additional requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.5%	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	5.1%	5.6%	5.7%	6.8%	6.0%
<b>Leverage Ratio</b>						
13	Total leverage ratio measure	26,563,647	25,953,480	23,764,086	22,405,230	22,189,127
14	Leverage ratio (%) (row 2 / row 13)	10.3%	10.1%	10.6%	11.4%	10.8%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A / row 13)	10.3%	10.1%	10.6%	11.4%	10.8%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	10.3%	10.1%	10.6%	11.4%	10.8%

	<b>Liquidity Coverage Ratio</b>					
15	Total HQLA					
16	Total net cash outflow					
17	LCR ratio (%)					
	<b>Net Stable Funding Ratio</b>					
18	Total available stable funding					
19	Total required stable funding					
20	NSFR ratio (%)					
	<b>ELAR</b>					
21	Total HQLA	3,523,721	3,717,380	3,196,278	2,670,656	3,316,883
22	Total liabilities	21,048,537	20,681,815	18,809,842	17,345,664	17,292,964
23	Eligible Liquid Assets Ratio (ELAR) (%)	16.7%	18.0%	17.0%	15.4%	19.2%
	<b>ASRR</b>					
24	Total available stable funding	16,620,048	16,485,661	15,315,813	14,262,877	13,924,708
25	Total Advances	13,224,810	12,148,985	11,562,136	10,606,907	10,512,129
26	Advances to Stable Resources Ratio (%)	79.6%	73.7%	75.5%	74.4%	75.5%

Note 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". UAB has not used the transitional arrangement.

## 5. OV1: Overview of Risk Weighted Assets

		Risk Weighted Assets		Minimum Capital Requirements
		30 Jun 2025	31 Mar 2025	30 Jun 2025
1	Credit risk (excluding counterparty credit risk)	16,356,595	15,408,620	1,717,442
2	Of which: standardised approach (SA)	16,356,595	15,408,620	1,717,442
3				
4				
5				
6	Counterparty credit risk (CCR)	65,283	77,064	6,855
7	Of which: standardised approach for counterparty credit risk	65,283	77,064	6,855
8				
9				
10	Credit valuation adjustment (CVA)	537,178	49,973	56,404
11				
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17				
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	12,167	8,748	1,278
21	Of which: standardised approach (SA)	12,167	8,748	1,278
22				
23	Operational risk	1,068,434	1,012,296	112,186
24				
25				
26	<b>Total (1+6+10+11+12+13+14+15+16+20+23)</b>	<b>18,039,656</b>	<b>16,556,700</b>	<b>1,894,164</b>

\*The minimum capital requirements applied is 10.5%

## 6. CC1: Composition of Capital

30 June 2025

AED 000s

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	2,062,550	CC2 (f)
2	Retained earnings	30,423	CC2(g)
3	Accumulated other comprehensive income (and other reserves)	139,540	CC2 (h)+(i)+(j)+(k)
4	<i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>	-	
5	Common share capital issued by third parties (amount allowed in group CET1)	-	
6	<b>Common Equity Tier 1 capital before regulatory deductions</b>	<b>2,232,513</b>	
<b>Common Equity Tier 1 capital regulatory adjustments</b>			
7	Prudent valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles including mortgage servicing rights (net of related tax liability)	50,394	
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)	2,399	
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	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>52,793</b>	
25	<b>Common Equity Tier 1 capital (CET1)</b>	<b>2,179,720</b>	
<b>Additional Tier 1 capital: instruments</b>			
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	550,875	CC2 (l)





27	<i>Of which: classified as equity under applicable accounting standards</i>	550,875	
28	<i>Of which: classified as liabilities under applicable accounting standards</i>	-	
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	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	
32	Additional Tier 1 capital before regulatory adjustments	550,875	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
33	Investments in own additional Tier 1 instruments	-	
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
36	CBUAE specific regulatory adjustments	-	
37	Total regulatory adjustments to additional Tier 1 capital	-	
38	<b>Additional Tier 1 capital (AT1)</b>	<b>550,875</b>	
39	<b>Tier 1 capital (T1= CET1 + AT1)</b>	<b>2,730,595</b>	
<b>Tier 2 capital: instruments and provisions</b>			
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
41	Directly issued capital instruments subject to phase-out from Tier 2	-	
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
43	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	
44	Provisions	211,988	
45	<b>Tier 2 capital before regulatory adjustments</b>	<b>211,988</b>	
<b>Tier 2 capital: regulatory adjustments</b>			
46	Investments in own Tier 2 instruments	-	
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
49	CBUAE specific regulatory adjustments	-	
50	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	
51	<b>Tier 2 capital (T2)</b>	<b>211,988</b>	
52	<b>Total regulatory capital (TC = T1 + T2)</b>	<b>2,942,583</b>	
53	<b>Total risk-weighted assets</b>	<b>18,039,656</b>	
<b>Capital ratios and buffers</b>			
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	12.1%	
55	Tier 1 (as a percentage of risk-weighted assets)	15.1%	
56	Total capital (as a percentage of risk-weighted assets)	16.3%	
57	Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss	2.5%	



	absorbency requirement, expressed as a percentage of risk-weighted assets)		
58	Of which: capital conservation buffer requirement	2.5%	
59	Of which: bank-specific countercyclical buffer requirement	0.0%	
60	Of which: higher loss absorbency requirement (e.g. DSIB)	0.0%	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	5.1%	
<b>The CBUAE Minimum Capital Requirement</b>			
62	Common Equity Tier 1 minimum ratio	7.0%	
63	Tier 1 minimum ratio	8.5%	
64	Total capital minimum ratio	10.5%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
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)	-	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	276,484	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	211,988	
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	-	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2023)</b>			
cr 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)	-	

## 7. CC2: Reconciliation of regulatory capital to balance sheet

The following table enables users to identify the differences between the scope of accounting balance sheet and the scope of regulatory balance sheet, 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 balance sheets are consistent with LI1 disclosure.

30 June 2025

AED 000s

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference (CC1)
<b>Assets</b>			
Cash and balances at central banks	2,411,019	2,411,019	
Items in the course of collection from other banks	-	-	
Trading portfolio assets	-	-	
Loans and advances to banks	531,637	531,637	
Loans and advances to customers	13,418,384	13,418,384	
Financial investments designated at amortised cost	2,520,230	2,520,230	
Reverse repurchase agreements and other similar secured lending	-	-	
Available for sale financial investments (Includes FVOCI)	4,092,870	4,092,870	
Derivative financial instruments	32,697	32,697	
Current and deferred tax assets	-	-	(a)
Prepayments, accrued income and other assets	387,593	387,593	(b)
Investments in associates and joint ventures	-	-	(c)
Goodwill and other intangible assets	-	-	
Of which: goodwill	-	-	
Of which: intangibles (excluding MSRs)	50,394	50,394	
Of which: MSRs	-	-	
Customer Acceptances	303,335	303,335	
Property, plant and equipment	173,192	173,192	
<b>Total assets</b>	<b>23,921,351</b>	<b>23,921,351</b>	
<b>Liabilities</b>			
Deposits from banks	2,233,273	2,233,273	
Items in the course of collection due to other banks	-	-	
Customer accounts	15,601,418	15,601,418	
Repurchase agreements and other similar secured borrowing	1,764,024	1,764,024	
Medium Term Borrowing	734,600	734,600	
Financial liabilities designated at fair value	-	-	
Derivative financial instruments	13,526	13,526	
Debt securities in issue	-	-	
Accruals, deferred income and other liabilities	303,726	303,726	
Current and deferred tax liabilities	56,799	56,799	
Subordinated liabilities	-	-	
Customer Acceptances	303,335	303,335	
Provisions	105,994	105,994	
Retirement benefit liabilities	23,668	23,668	
<b>Total liabilities</b>	<b>21,140,363</b>	<b>21,140,363</b>	
<b>Shareholders' equity</b>			
Paid-in share capital	2,062,550	2,062,550	(f)
Treasury Shares	(2,399)	(2,399)	
Tier 1 instrument	550,875	550,875	(l)
Special Reserve	78,118	78,118	(i)
Statutory Reserve	107,042	107,042	(j)
General Reserve	9,311	9,311	(k)
Accumulated other comprehensive income	(54,931)	(54,931)	(h)
Accumulated Losses	30,422	30,422	(g)
<b>Total shareholders' equity</b>	<b>2,780,988</b>	<b>2,780,988</b>	

## 7.1. CCA: Main features of regulatory capital instruments

The authorized paid-up share capital of the Bank is 2,750,067,532 (2024: 2,750,067,532) shares of AED 1 each. The issued and fully paid-up share capital of the Bank comprises 2,062,550,649 (2024: 2,062,550,649) shares of AED 1 each.

30 June 2025		AED 000s	
1	Issuer	United Arab Bank PJSC	United Arab Bank PJSC
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	AEU000601010	XS2575866699
3	Governing law(s) of the instrument	United Arab Emirates	English Law
<b>Regulatory treatment</b>			
4	Transitional arrangement rules (i.e. grandfathering)	N/A	N/A
5	Post-transitional arrangement rules (i.e. grandfathering)	N/A	N/A
6	Eligible at solo/group/group and solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Equity
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	AED 2,062	USD 150
9	Nominal amount of instrument	N/A	USD 150
9a	Issue price	N/A	USD 150
9b	Redemption price	As per Market Value	USD 150
10	Accounting classification	Shareholder's Equity	Additional Tier 1 Capital
11	Original date of issuance	N/A	30-Mar-2023
12	Perpetual or dated	N/A	Perpetual
13	Original maturity date	N/A	N/A
14	Issuer call subject to prior supervisory approval	N/A	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	30-Mar-2028
16	Subsequent call dates, if applicable	N/A	N/A
<b>Coupons / dividends</b>			
17	Fixed or floating dividend/coupon	N/A	Fixed for first 5 years
18	Coupon rate and any related index	N/A	8.060%
19	Existence of a dividend stopper	N/A	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretionary	Full discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full discretionary	Full discretionary
21	Existence of step-up or other incentive to redeem	N/A	N/A
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	N/A	Non-convertible
24	Writedown feature	N/A	Yes
25	If writedown, writedown trigger(s)	N/A	Non viability event
26	If writedown, full or partial	N/A	Full
27	If writedown, permanent or temporary	N/A	Full
28	If temporary write-own, description of writeup mechanism	N/A	N/A
28a	Type of subordination	N/A	Junior Subordinated
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A	Junior to all senior obligations
30	Non-compliant transitioned features	N/A	N/A
31	If yes, specify non-compliant features	N/A	N/A

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## 8. Macro Prudential

### CCyB1: Geographical distribution of credit exposures used in the countercyclical buffer

Counter-cyclical capital buffer (CCyB) requirement is determined based on country-specific CCyB rates to the Bank's qualifying credit exposures on a weighted average basis. Majority of the bank's exposures are in the UAE with limited exposures outside the UAE contributing to CCyB requirement.

## 9. Leverage Ratio

The Basel 3 leverage ratio is calculated by dividing the tier 1 capital by the leverage ratio exposure. The Leverage Ratio Exposure consists of IFRS on-balance sheet assets and off-balance sheet items. Derivative exposures are calculated by including replacement value, Potential Future Exposures (PFE) and eligible cash variation margin netting, the current exposure method add-on and net notional amounts for written credit derivatives. The table on the next page shows the difference between total IFRS assets per IFRS consolidation scope and the BCBS total on balance sheet exposures. Those exposures are the starting point for calculating the BCBS Leverage Ratio Exposure, as shown in the LR2 table. The difference is due to the application of the regulatory scope of consolidation for the purpose of the BCBS calculation. In addition, carrying amounts for derivative financial instruments and securities financing transactions (SFTs) are deducted from IFRS total assets. They are measured differently under BCBS leverage ratio rules and are therefore added back in separate exposure line items in the LR2 table.

### 9.1. LR1: Summary Comparison of Accounting Assets Vs Leverage Ratio Exposure

AED 000s

		30 Jun 2025	31 Mar 2025
1	Total consolidated assets as per published financial statements	23,921,351	23,428,896
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustments for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	25,896	88,249
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	200,583	204,346
10	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2,415,817	2,231,988
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12	Other adjustments	-	-
13	<b>Leverage ratio exposure measure</b>	<b>26,563,647</b>	<b>25,953,480</b>



## 9.2. LR2: Leverage Ratio Common Disclosure Template

		AED 000s	
		30 Jun 2025	31 Mar 2025
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	23,888,654	23,394,119
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)	(771)	(1,212)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(52,793)	(29,268)
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>23,835,090</b>	<b>23,363,639</b>
<b>Derivative exposures</b>			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and / or with bilateral netting)	13,453	14,542
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	66,659	95,106
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	<b>Total derivative exposures (1.4 x (rows 8+9) + sum of rows 10 to 12)</b>	<b>112,156</b>	<b>153,507</b>
<b>Securities financing transactions</b>			
14	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	1,964,394	1,960,191
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,763,811)	(1,755,844)
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	<b>200,583</b>	<b>204,346</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	5,148,485	4,859,939
20	(Adjustments for conversion to credit equivalent amounts)	(2,732,668)	(2,627,951)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>2,415,817</b>	<b>2,231,988</b>
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>2,730,595</b>	<b>2,630,152</b>
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>26,563,647</b>	<b>25,953,480</b>
<b>Leverage ratio</b>			
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	<b>10.3%</b>	<b>10.1%</b>
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	10.3%	10.1%
26	CBUAE minimum leverage ratio requirement	3.0%	3.0%
27	<b>Applicable leverage buffers</b>	<b>7.3%</b>	<b>7.1%</b>

## 10. Liquidity Risk Management

### 10.1. LIQ1: Liquidity Coverage Ratio (LCR)

We are not subject to the Liquidity Coverage Ratio (LCR) reporting requirements mandated by CBUAE. The LCR is a regulatory measure designed to ensure that financial institutions maintain sufficient liquid assets to cover short-term liquidity needs during times of financial stress. However, due to our status as a small bank, we are exempt from this requirement. However, we remain committed to maintaining prudent liquidity management practices to safeguard the stability and resilience of our operations.

### 10.2. LIQ2: Net Stable Funding Ratio (NSFR)

The NSFR is a measure implemented to ensure that banks maintain a stable funding profile over the longer term relative to the liquidity of their assets and off-balance-sheet activities. However, given our status as a small bank, we are exempt from this reporting obligation by CBUAE.

### 10.3. ELAR: Eligible Liquid Assets Ratio

30 Jun 2025

AED 000s

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,415,188	
1.2	UAE Federal Government Bonds and Sukuks	388,323	
	Sub Total (1.1 to 1.2)	2,803,511	2,803,511
1.3	UAE local governments publicly traded debt securities	797,542	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub Total (1.3 to 1.4)	797,542	720,211
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	<b>Total</b>	<b>3,601,053</b>	<b>3,523,721</b>
2	Total liabilities		21,048,537
3	<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>16.7%</b>

31 Mar 2025

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,472,847	
1.2	UAE Federal Government Bonds and Sukuks	493,429	
	Sub Total (1.1 to 1.2)	2,966,276	2,966,276
1.3	UAE local governments publicly traded debt securities	789,245	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub Total (1.3 to 1.4)	789,245	751,104
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	<b>Total</b>	<b>3,755,521</b>	<b>3,717,380</b>
2	Total liabilities		20,681,815
3	<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>18.0%</b>

#### 10.4. ASRR: Advances to Stable Resources Ratio

30 June 2025		AED 000s	
	Items	30 Jun 2025	31 Mar 2025
<b>1</b>	<b>Computation of Advances</b>		
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	10,775,795	9,887,262
1.2	Lending to non-banking financial institutions	198,514	264,196
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	45,558	45,518
1.4	Interbank Placements	2,204,943	1,952,009
<b>1.5</b>	<b>Total Advances</b>	<b>13,224,810</b>	<b>12,148,985</b>
<b>2</b>	<b>Calculation of Net Stable Resources</b>		
2.1	Total capital + general provisions	3,138,580	2,990,229
	<b>Deduct:</b>		
2.1.1	Goodwill and other intangible assets	-	-
2.1.2	Fixed Assets	366,748	361,867
2.1.3	Funds allocated to branches abroad	-	-
2.1.5	Unquoted Investments	1,301	924
2.1.6	Investment in subsidiaries, associates and affiliates	-	-
<b>2.1.7</b>	<b>Total deduction</b>	<b>368,049</b>	<b>362,791</b>
<b>2.2</b>	<b>Net Free Capital Funds</b>	<b>2,770,531</b>	<b>2,627,438</b>
<b>2.3</b>	<b>Other stable resources:</b>		
2.3.1	Funds from the head office	-	-
2.3.2	Interbank deposits with remaining life of more than 6 months	129,909	734,600
2.3.3	Refinancing of Housing Loans	-	-
2.3.4	Borrowing from non-Banking Financial Institutions	1,187,001	1,214,045
2.3.5	Customer Deposits	12,532,606	11,909,579
2.3.6	Capital market funding / term borrowings maturing after 6 months from reporting date	-	-
<b>2.3.7</b>	<b>Total other stable resources</b>	<b>13,849,517</b>	<b>13,858,224</b>
<b>2.4</b>	<b>Total Stable Resources (2.2+2.3.7)</b>	<b>16,620,048</b>	<b>16,485,661</b>
<b>3</b>	<b>Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)</b>	<b>79.6%</b>	<b>73.7%</b>

## 11. Credit Risk

### 11.1. CR1: Credit quality of assets

31 June 2025

AED 000s

		Gross carrying values of		Allowances / Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a + b - c)
		Defaulted exposures	Non- defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	300,006	13,562,272	443,894	205,994	237,900	13,418,384
2	Debt securities	-	6,629,719	21,490	-	21,490	6,608,229
3	Off-balance sheet exposures	97,908	3,182,598	105,994	88,900	17,094	3,174,513
4	<b>Total</b>	<b>397,914</b>	<b>23,374,590</b>	<b>571,378</b>	<b>294,894</b>	<b>276,484</b>	<b>23,201,126</b>

### 11.2. CR2: Changes in stock of defaulted loans and debt securities

30 June 2025

AED 000s

1	<b>Defaulted loans and debt securities at the end of the previous reporting period</b>	465,234
2	Loans and debt securities that have defaulted since the last reporting period	10,520
3	Returned to non-default status	(4)
4	Amounts written off	(59,802)
5	Other changes	(115,942)
6	<b>Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)</b>	<b>300,006</b>

### 11.3. CR3: Credit risk mitigation techniques – overview

30 June 2025

AED 000s

		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	12,097,651	1,300,394	587,961	20,339	20,339	-	-
2	Debt securities	6,608,229	-	-	-	-	-	-
3	<b>Total</b>	<b>18,705,880</b>	<b>1,300,394</b>	<b>587,961</b>	<b>20,339</b>	<b>20,339</b>	-	-
4	Of which defaulted	93,874	138	138	-	-	-	-

#### 11.4. CR4: Standardized approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

30 June 2025

AED 000s

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	6,559,071	18,615	6,559,071	18,615	2,135,408	32%
2	Public Sector Entities	1,907,860	0	1,880,029	0	1,174,169	62%
3	Multilateral development banks	603,733	0	603,733	0	401,008	66%
4	Banks	4,565,740	2,114,676	4,565,740	348,237	3,126,033	64%
5	Securities firms	0	4,723	0	4,723	2,362	50%
6	Corporates	5,238,705	5,015,054	4,632,804	1,746,309	5,836,545	91%
7	Regulatory retail portfolios	509,998	0	509,998	0	382,499	75%
8	Secured by residential property	2,342,934	0	2,342,934	0	1,067,797	46%
9	Secured by commercial real estate	1,502,450	113	1,490,899	3	1,490,902	100%
10	Equity Investment in Funds (EIF)	0	0	0	0	0	0%
11	Past-due loans	537,850	97,908	293,237	350	395,302	135%
12	Higher-risk categories	52,362	0	30,090	0	45,135	150%
13	Other assets	713,006	889	622,206	876	364,718	59%
14	<b>Total</b>	<b>24,533,710</b>	<b>7,251,977</b>	<b>23,530,741</b>	<b>2,119,112</b>	<b>16,421,877</b>	<b>64%</b>



## 11.5. CR5: Standardized approach - exposures by asset classes and risk weights

30 June 2025

AED 000s

	Risk Weight Asset Class	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post- CRM)
1	Sovereigns and their central banks	4,034,269	341,967	-	306,776	-	1,856,765	37,907	-	6,577,685
2	Public Sector Entities	-	623,238	-	414,538	-	842,252	-	-	1,880,029
3	Multilateral development banks	-	-	-	442,330	-	124,523	36,880	-	603,733
4	Banks	-	836,936	-	2,237,247	-	1,839,335	458	-	4,913,976
5	Securities firms	-	-	-	4,723	-	-	-	-	4,723
6	Corporates	-	633,294	-	221,710	-	5,125,455	185,402	213,253	6,379,113
7	Regulatory retail portfolios	-	-	-	-	509,998	-	-	-	509,998
8	Secured by residential property	-	-	1,961,749	-	-	381,185	-	-	2,342,934
9	Secured by commercial real estate	-	-	-	-	-	1,490,902	-	-	1,490,902
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	90,156	203,431	-	293,587
12	Higher-risk categories	-	-	-	-	-	-	30,090	-	30,090
13	Other assets	159,132	124,853	-	-	-	337,796	1,301	-	623,082
14	<b>Total</b>	<b>4,193,401</b>	<b>2,560,288</b>	<b>1,961,749</b>	<b>3,627,325</b>	<b>509,998</b>	<b>12,088,369</b>	<b>495,470</b>	<b>213,253</b>	<b>25,649,853</b>

## 12. Counterparty Credit Risk

### 12.1. CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

30 June 2025

AED 000s

		Replacement Cost	Potential Future Exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	32,697	66,659		1.4	139,098	65,283
2							
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	<b>Total</b>						<b>65,283</b>

### 12.2. CCR2: Credit Valuation Adjustment (CVA) capital charge

30 June 2025

AED 000s

		EAD post-CRM	RWA
1	All portfolios subject to the Standardised CVA capital charge*	277,804	537,178
2	All portfolios subject to the Simple alternative CVA capital charge	-	-

### 12.3. CCR3: Standardized approach - CCR exposures by regulatory portfolio and risk weights

30 June 2025

AED 000s

Risk weight	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
<b>Regulatory Portfolio</b>								
Sovereigns	18,615	-	-	-	-	-	-	18,615
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-	-	-	-
Banks	-	-	105,678	-	9,231	-	-	114,909
Securities firms	-	-	4,723	-	-	-	-	4,723
Corporates	-	-	-	-	851	-	-	851
Regulatory retail portfolios	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-
Secured by Commercial Real Estate	-	-	-	-	-	-	-	-
Equity Investment in Funds	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>18,615</b>	<b>-</b>	<b>110,401</b>	<b>-</b>	<b>10,082</b>	<b>-</b>	<b>-</b>	<b>139,098</b>

#### 12.4. CCR5: Composition of collateral for CCR exposure

30 June 2025

AED 000s

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	20,456	-	771	-	-	-
Domestic sovereign debt	-	-	-	-	-	21,180
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>20,456</b>	<b>-</b>	<b>771</b>	<b>-</b>	<b>-</b>	<b>21,180</b>

#### 12.5. CCR6: Credit derivative exposures

This disclosure is not applicable as the Bank does not have any exposure to credit derivatives.

#### 12.6. CCR8: Exposures to central counterparties

This disclosure is not applicable as the Bank does not have any exposure to central counterparties.



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### 13. Securitization

This disclosure is not applicable as the Bank does not hold any securitisation positions.



## 14. Market Risk

### 14.1. MR1: Market risk under the Standardized approach (SA)

30 June 2025		AED 000s
		RWA
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	12,167
4	Commodity risk	-
	<b>Options</b>	-
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>12,167</b>