



البنك العربي المتحد
UNITED ARAB BANK

Basel III Pillar 3 Disclosures

30 SEPTEMBER 2024





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

AED 000s

	Available capital (amounts)	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
1	Common Equity Tier 1 (CET1)	2,005,983	1,844,728	1,775,187	1,731,234	1,597,911
1a	Fully loaded ECL accounting model	2,005,983	1,844,728	1,775,187	1,731,234	1,597,911
2	Tier 1	2,556,858	2,395,603	2,326,062	2,279,460	2,146,194
2a	Fully loaded ECL accounting model Tier 1	2,556,858	2,395,603	2,326,062	2,279,460	2,146,194
3	Total capital	2,726,575	2,562,194	2,483,545	2,428,919	2,280,249
3a	Fully loaded ECL accounting model total capital	2,726,575	2,562,194	2,483,545	2,428,919	2,280,249
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	14,534,310	14,244,382	13,510,113	12,805,366	11,528,288
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	13.8%	13.0%	13.1%	13.5%	13.9%
5a	Fully loaded ECL accounting model CET1 (%)	13.8%	13.0%	13.1%	13.5%	13.9%
6	Tier 1 ratio (%)	17.6%	16.8%	17.2%	17.8%	18.6%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17.6%	16.8%	17.2%	17.8%	18.6%
7	Total capital ratio (%)	18.8%	18.0%	18.4%	19.0%	19.8%
7a	Fully loaded ECL accounting model total capital ratio (%)	18.8%	18.0%	18.4%	19.0%	19.8%
Additional CET1 buffer requirements as a percentage of RWA						
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 (%)	6.8%	6.0%	6.1%	6.5%	6.9%
Leverage Ratio						
13	Total leverage ratio measure	22,405,230	22,189,127	19,696,429	19,507,908	16,636,222
14	Leverage ratio (%) (row 2 / row 13)	11.4%	10.8%	11.8%	11.7%	12.9%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A / row 13)	11.4%	10.8%	11.8%	11.7%	12.9%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.4%	10.8%	11.8%	11.7%	12.9%
Liquidity Coverage Ratio						



AED 000s

15	Total HQLA					
16	Total net cash outflow					
17	LCR ratio (%)					
	Net Stable Funding Ratio					
18	Total available stable funding					
19	Total required stable funding					
20	NSFR ratio (%)					
	ELAR					
21	Total HQLA	2,670,656	3,316,883	2,419,114	3,061,138	2,237,539
22	Total liabilities	17,345,664	17,292,964	15,462,440	15,268,617	12,496,077
23	Eligible Liquid Assets Ratio (ELAR) (%)	15.4%	19.2%	15.6%	20.0%	17.9%
	ASRR					
24	Total available stable funding	14,262,877	13,924,708	12,822,243	12,815,694	10,855,327
25	Total Advances	10,606,907	10,512,129	9,719,848	9,704,860	7,973,813
26	Advances to Stable Resources Ratio (%)	74.4%	75.5%	75.8%	75.7%	73.5%

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.



2. OV1: Overview of Risk Weighted Assets

		Risk Weighted Assets		Minimum Capital Requirements
		30 Sep 2024	30 Jun 2024	30 Sep 2024
1	Credit risk (excluding counterparty credit risk)	13,314,131	12,916,942	1,397,984
2	Of which: standardised approach (SA)	13,314,131	12,916,942	1,397,984
3	Of which: foundation internal ratings-based (F-IRB) approach			
4	Of which: supervisory slotting approach			
5	Of which: advanced internal ratings-based (A-IRB) approach			
6	Counterparty credit risk (CCR)	71,075	119,005	7,463
7	Of which: standardised approach for counterparty credit risk	71,075	119,005	7,463
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	192,154	291,340	20,176
11	Equity positions under the simple risk weight approach			
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	12,387	5,931	1,301
21	Of which: standardised approach (SA)	12,387	5,931	1,301
22	Of which: internal models approach (IMA)			
23	Operational risk	944,564	911,164	99,179
24	Amounts below thresholds for deduction (subject to 250% risk weight)			
25	Floor adjustment			
26	Total (1+6+10+11+12+13+14+15+16+20+23)	14,534,310	14,244,382	1,526,103

*The minimum capital requirements applied is 10.5%

3. 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.

3.1 LR1: Summary Comparison of Accounting Assets Vs Leverage Ratio Exposure

		30 Sep 2024
1	Total consolidated assets as per published financial statements	20,015,707
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	96,642
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	248,349
10	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2,044,531
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	-
13	Leverage ratio exposure measure	22,405,230



3.2 LR2: Leverage Ratio Common Disclosure Template

		AED 000s	
		30 Sep 2024	30 Jun 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	19,984,722	19,750,760
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)	(9,430)	(1,999)
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)	(20,566)	(15,730)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	19,954,725	19,733,031
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and / or with bilateral netting)	23,999	45,047
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	88,590	116,830
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 (1.4 x (rows 8+9) + sum of rows 10 to 12)	157,624	226,629
Securities financing transactions			
14	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	1,712,335	1,659,309
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	1,463,986	1,368,193
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	248,349	291,116
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	4,606,104	4,904,791
20	(Adjustments for conversion to credit equivalent amounts)	(2,561,572)	(2,966,440)
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)	2,044,531	1,938,351
Capital and total exposures			
23	Tier 1 capital	2,556,858	2,395,603
24	Total exposures (sum of rows 7, 13, 18 and 22)	22,405,230	22,189,127
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	11.4%	10.8%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.4%	10.8%
26	CBUAE minimum leverage ratio requirement	3.0%	3.0%
27	Applicable leverage buffers	8.4%	7.8%



4. Liquidity Risk Management

4.1 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.

4.2 ELAR: Eligible Liquid Assets Ratio

30 Sep 2024

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	2,092,178	
1.2	UAE Federal Government Bonds and Sukuks	-	
	Sub Total (1.1 to 1.2)	2,092,178	2,092,178
1.3	UAE local governments publicly traded debt securities	800,214	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub Total (1.3 to 1.4)	800,214	578,478
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	Total	2,892,392	2,670,656
2	Total liabilities		17,345,664
3	Eligible Liquid Assets Ratio (ELAR)		15.4%

30 Jun 2024

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	2,619,613	
1.2	UAE Federal Government Bonds and Sukuks	-	
	Sub Total (1.1 to 1.2)	2,619,613	2,619,613
1.3	UAE local governments publicly traded debt securities	866,737	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub Total (1.3 to 1.4)	866,737	697,270
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	Total	3,486,350	3,316,883
2	Total liabilities		17,292,964
3	Eligible Liquid Assets Ratio (ELAR)		19.2%



4.3 ASRR: Advances to Stable Resources Ratio

		AED 000s	
	Items	30 Sep 2024	30 Jun 2024
1	Computation of Advances		
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	8,847,740	8,653,683
1.2	Lending to non-banking financial institutions	227,423	291,533
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	57,343	47,322
1.4	Interbank Placements	1,474,401	1,519,591
1.5	Total Advances	10,606,907	10,512,129
2	Calculation of Net Stable Resources		
2.1	Total capital + general provisions	2,832,750	2,692,403
	Deduct:		
2.1.1	Goodwill and other intangible assets	-	-
2.1.2	Fixed Assets	238,748	234,608
2.1.3	Funds allocated to branches abroad	-	-
2.1.5	Unquoted Investments	542	542
2.1.6	Investment in subsidiaries, associates and affiliates	-	-
2.1.7	Total deduction	239,290	235,150
2.2	Net Free Capital Funds	2,593,460	2,457,253
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	1,155,600	855,600
2.3.3	Refinancing of Housing Loans	-	-
2.3.4	Borrowing from non-Banking Financial Institutions	940,395	870,904
2.3.5	Customer Deposits	9,573,422	9,740,952
2.3.6	Capital market funding / term borrowings maturing after 6 months from reporting date	-	-
2.3.7	Total other stable resources	11,669,418	11,467,456
2.4	Total Stable Resources (2.2+2.3.7)	14,262,877	13,924,708
3	Advances TO STABLE RESOURCES RATIO (1.6 / 2.4 * 100)	74.4%	75.5%