الإمارات الإسلامي
EMIRATES ISLAMIC

Innovation with Integrity

Basel III – Pillar 3 Disclosures
For the year ended 31 December 2023

BASEL III – PILLAR 3 DISCLOSURES
31 DECEMBER 2023

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 2023
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 ("CET"), Additional Tier 1 ("AT") 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.

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 2023 have been reviewed by the Group's Internal and Statutory Auditors.

Implementation of Basel III standards and guidelines
The Group is compliant with Standardised Approach for Credit, Market and Operational Risk (Pillar 1) as applicable in 2023.

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 Shariah 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 P.J.S.C., Dubai (the "Group Holding Company"). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai (the "Ultimate Parent Company"), which is wholly owned by the Government of Dubai. 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 P.J.S.C. 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 securitisation	Cayman Islands	Consolidation	Consolidation
EI Funding Limited	100	SPE for asset securitisation	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 2023 AED 000**	30 September 2023 AED 000	30 June 2023 AED 000	31 March 2023 AED 000	31 December 2022 AED 000
1	Common Equity Tier 1 ("CET1")	**11,726,133**	11,125,123	10,704,851	10,089,598	9,427,854
1a	Fully loaded ECL accounting model[1]	**11,363,654**	10,826,595	10,454,723	9,865,902	9,218,265
2	Tier 1	**11,726,133**	11,125,123	10,704,851	10,089,598	9,427,854
2a	Fully loaded ECL accounting model Tier 1	**11,363,654**	10,826,595	10,454,723	9,865,902	9,218,265
3	Total capital	**12,426,801**	11,800,012	11,355,876	10,717,678	10,033,965
3a	Fully loaded ECL accounting model total capital	**12,064,322**	11,501,484	11,105,748	10,493,982	9,824,376
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets ("RWA")	**61,985,868**	58,293,212	56,367,564	54,532,489	52,769,656
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	**18.92%**	19.08%	18.99%	18.50%	17.87%
5a	Fully loaded ECL accounting model CET1 (%)	**18.33%**	18.57%	18.55%	18.09%	17.47%
6	Tier 1 ratio (%)	**18.92%**	19.08%	18.99%	18.50%	17.87%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	**18.33%**	18.57%	18.55%	18.09%	17.47%
7	Total capital ratio (%)	**20.05%**	20.24%	20.15%	19.65%	19.01%
7a	Fully loaded ECL accounting model total capital ratio (%)	**19.46%**	19.73%	19.70%	19.24%	18.62%
	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 (%)	**9.55%**	9.74%	9.65%	9.15%	8.51%
	Leverage Ratio					
13	Total leverage ratio measure	**93,788,078**	91,624,130	84,477,018	82,611,692	78,907,728
14	Leverage ratio (%) (row 2/row 13)	**12.50%**	12.14%	12.67%	12.21%	11.95%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	**12.12%**	11.82%	12.38%	11.94%	11.68%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	**12.12%**	11.82%	12.38%	12.21%	11.68%
	Liquidity Coverage Ratio					
	ELAR					
15	Total HQLA	**16,857,378**	15,406,242	13,221,521	11,665,920	10,482,687
16	Total Liabilities	**76,155,337**	73,314,045	68,992,098	66,975,426	64,730,268
17	Eligible Liquid Assets Ratio ("ELAR") (%)	**22.14%**	21.01%	19.16%	17.42%	16.19%
	ASRR					
18	Total available stable funding	**70,318,681**	69,445,927	67,036,789	65,145,418	62,527,925
19	Total Advances	**57,499,992**	54,703,611	53,302,573	51,371,509	49,882,673
20	Advances to Stable Resources Ratio (%)	**81.77%**	78.77%	79.51%	78.86%	79.78%

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

CET1 capital increased by AED 2,298 million as compared to last year, mainly driven by profit for the year of AED 2,121 million, reserves of AED 90 million and prudential filter of AED 153 million, offset by appropriation of AED 28 million and regulatory deduction of AED 38 million.

CET1 capital increased by AED 601 million as compared to last quarter, mainly driven by profit for the quarter of AED 474 million, reserves by AED 103 million and prudential filter AED 64 million, offset by appropriation of AED 28 regulatory deduction of AED 12 million.

Total Risk weighted assets ("RWA") increased by AED 9,216 million during the year. Refer OV1 disclosure for further details on RWAs.

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).

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 2023 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	**14,981,141**	**14,981,141**	**14,981,141**	**-**	**-**	**-**	**-**
Due from Banks	**6,131,154**	**6,131,154**	**6,131,154**	**-**	**-**	**-**	**-**
Investment Securities	**10,429,662**	**10,429,662**	**10,429,662**	**-**	**-**	**-**	**-**
Financing Receivables	**53,747,737**	**53,747,737**	**53,747,737**	**-**	**-**	**-**	**-**
Positive Fair Value of Derivatives	**184,173**	**184,173**	**-**	**184,173**	**-**	**184,173**	**-**
Customer Acceptances	**1,036,534**	**1,036,534**	**1,036,534**	**-**	**-**	**-**	**-**
Investment Properties	**184,806**	**184,806**	**184,806**	**-**	**-**	**-**	**-**
Property & Equipment	**270,848**	**270,848**	**190,794**	**-**	**-**	**-**	**80,054**
Other Assets	**845,676**	**845,676**	**845,676**	**-**	**-**	**-**	**-**
Total Assets	**87,811,731**	**87,811,731**	**87,547,504**	**184,173**	**-**	**184,173**	**80,054**
Liabilities							
Due to Banks	**5,792,375**	**5,792,375**	**-**	**-**	**-**	**-**	**5,792,375**
Islamic Customer Deposits	**61,314,915**	**61,314,915**	**-**	**-**	**-**	**-**	**61,314,915**
Sukuk Payable	**4,672,500**	**4,672,500**	**-**	**-**	**-**	**-**	**4,672,500**
Negative Fair Value of Derivatives	**178,396**	**178,396**	**-**	**178,396**	**-**	**178,396**	**-**
Customer Acceptances	**1,036,534**	**1,036,534**	**-**	**-**	**-**	**-**	**1,036,534**
Other Liabilities	**3,373,303**	**3,373,303**	**-**	**-**	**-**	**-**	**3,373,303**
Total Liabilities	**76,368,023**	**76,368,023**	**-**	**178,396**	**-**	**178,396**	**76,189,627**

	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**

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)

		a	b	c	d	e
			Items subject to:			
	31 December 2023 AED 000	**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)	**87,811,731**	**87,547,504**	**–**	**184,173**	**184,173**
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	**178,396**	**–**	**–**	**178,396**	**178,396**
3	**Total net amount under regulatory scope of consolidation**	**87,633,335**	**87,547,504**	**–**	**5,777**	**5,777**
4	Off-balance sheet amounts Excluding Derivatives	**5,647,491**	**5,647,491**	**–**	**–**	**–**
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	**5,130,434**	**5,130,434**	**–**	**–**	**–**
8	Differences due to prudential filters	**–**	**–**	**–**	**–**	**–**
9	Derivatives	**545,272**	**–**	**–**	**545,272**	**–**
10	Assets deducted from CET 1 capital	**(80,054)**	**–**	**–**	**–**	**–**
11	**Exposure amounts considered for regulatory purposes**	**98,876,478**	**98,325,428**	**–**	**551,049**	**5,777**

		a	b	c	d	e
			Items subject to:			
	31 December 2022 AED 000	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)**

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 organisational 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%.

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 2023 AED 000	31 December 2022 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]	**5,075,540**	3,056,903	b
3	Accumulated other comprehensive income (and other reserves)	**1,300,225**	982,606	
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**	**11,806,187**	**9,469,931**	
	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)	**(80,054)**	(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**	**(80,054)**	**(42,077)**	
25	**Common Equity Tier 1 capital ("CET1")**	**11,726,133**	**9,427,854**	
	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)**	**11,726,133**	**9,427,854**	
	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)	**-**	–	

Composition of regulatory capital (CC1) continued

		31 December 2023 AED 000	31 December 2022 AED 000	CC2 Reference
43	Of which: instruments issued by subsidiaries subject to phase-out	-	–	
44	Provisions	**700,668**	606,111	d
45	**Tier 2 capital before regulatory adjustments**	**700,668**	**606,111**	
	Tier 2 capital: regulatory adjustments			
46	Investments in own Tier 2 instruments	-	–	
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	–	
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	–	
49	CBUAE specific regulatory adjustments	-	–	
50	**Total regulatory adjustments to Tier 2 capital**	-	**-**	
51	**Tier 2 capital ("T2")**	**700,668**	**606,111**	
52	**Total regulatory capital (TC = T1 + T2)**	**12,426,801**	**10,033,965**	
53	**Total risk-weighted assets**	**61,985,868**	**52,769,656**	
	Capital ratios and buffers			
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	**18.92%**	17.87%	
55	Tier 1 (as a percentage of risk-weighted assets)	**18.92%**	17.87%	
56	Total capital (as a percentage of risk-weighted assets)	**20.05%**	19.01%	
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.	**9.55%**	8.51%	
	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 standardised approach (prior to application of cap)	**1,734,142**	1,288,635	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	**700,668**	606,111	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	-	–	
	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 2,298 million as compared to last year, mainly driven by profit for the year of AED 2,121 million, reserves of AED 90 million and prudential filter of AED 153 million, offset by appropriation of AED 28 million and regulatory deduction of AED 38 million.

1 Retained Earnings is after the inclusion of IFRS 9 prudential filers as prescribed by the 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 2023 AED 000	Balance sheet as in published financial statements	Under regulatory scope of consolidation	CC1 Reference
Assets			
Cash and Deposits with Central Bank	14,981,141	14,981,141	
Due from Banks	6,131,154	6,131,154	
Investment Securities	10,429,662	10,429,662	
Financing Receivables	53,747,737	53,747,737	
Positive Fair Value of Derivatives	184,173	184,173	
Customer Acceptances	1,036,534	1,036,534	
Investment Properties	184,806	184,806	
Property & Equipment	270,848	270,848	
Other Assets	845,676	845,676	
Total Assets	87,811,731	87,811,731	
Liabilities			
Due to Banks	5,792,375	5,792,375	
Islamic Customer Deposits	61,314,915	61,314,915	
Sukuk Payable	4,672,500	4,672,500	
Negative Fair Value of Derivatives	178,396	178,396	
Customer Acceptances	1,036,534	1,036,534	
Other Liabilities	3,373,303	3,373,303	
Total Liabilities	76,368,023	76,368,023	
Issued Capital	5,430,422	5,430,422	a
Legal and Statutory Reserve	1,027,160	1,027,160	
Other Reserves	543,043	543,043	
Fair Value Reserve	(269,979)	(269,979)	
Retained Earnings[1]	4,713,062	5,075,541	b
Common equity tier 1 capital regulatory deductions	-	(80,054)	c
Provisions eligible for inclusion in Tier 2	-	700,668	d
Total Capital	11,443,708	12,426,801	

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

Reconciliation of regulatory capital to balance sheet (CC2) continued

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**	

1 Retained Earnings is after the inclusion of IFRS 9 prudential filers as prescribed by the 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 2023	a	b	c	d	e	f
		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 (%)
Norway	2.50%	–	–	–	0.00%	0.000%
Hong Kong	1.00%	–	–	–	0.00%	0.000%
Luxembourg	0.50%	–	–	–	0.00%	0.000%
Sweden	2.00%	16	16	2	0.00%	0.000%
United Kingdom	2.00%	110,408	95,616	12,430	0.20%	0.004%
Germany	0.75%	10	10	1	0.00%	0.000%
Australia	1.00%	22	22	3	0.00%	0.000%
France	0.50%	362	284	37	0.00%	0.000%
Netherlands	1.00%	107	106	14	0.00%	0.000%
Croatia (local name: Hrvatska)	1.00%	–	–	–	0.00%	0.000%
Denmark	2.50%	–	–	–	0.00%	0.000%
Romania	1.00%	–	–	–	0.00%	0.000%
Slovakia (Slovak Republic)	1.50%	–	–	–	0.00%	0.000%
Ireland	1.00%	14	14	2	0.00%	0.000%
Estonia	1.50%	–	–	–	0.00%	0.000%
Iceland	2.00%	–	–	–	0.00%	0.000%
Bulgaria	2.00%	–	–	–	0.00%	0.000%
Czech Republic	2.00%	–	–	–	0.00%	0.000%
Lithuania	1.00%	–	–	–	0.00%	0.000%
Slovenia	0.50%	–	–	–	0.00%	0.000%
Others	0.00%	69,923,185	48,417,790	6,294,313	99.80%	0.000%
Sum[1]		**110,939**	**96,068**			
Total[2]		**70,034,124**	**48,513,858**			

31 December 2022	a	b	c	d	e	f
		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 (%)
Norway	2.00%	14	14	2	0.00%	0.00%
Hong Kong	1.00%	367	–	–	0.00%	0.00%
Luxemburg	0.50%	–	–	–	0.00%	0.00%
Sweden	1.00%	26	26	3	0.00%	0.00%
United Kingdom	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**			

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 2023 AED 000	30 September 2023 AED 000	31 December 2022 AED 000
1	Total consolidated assets as per published financial statements	**87,811,731**	85,950,339	74,763,718
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	**408,911**	438,084	306,036
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)	**6,684,024**	6,440,060	4,803,894
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**-**	–	–
12	Other adjustments[1]	**(1,116,588)**	(1,204,353)	(965,920)
13	**Leverage ratio exposure measure**	**93,788,078**	**91,624,130**	**78,907,728**

1 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 2023 AED 000	30 September 2023 AED 000	31 December 2022 AED 000
	On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	**86,587,900**	84,609,083	73,657,929
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	**-**	–	–
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	**-**	–	–
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	**-**	–	–
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	**-**	–	–
6	(Asset amounts deducted in determining Tier 1 capital)	**(80,054)**	(68,480)	(42,077)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**86,507,846**	**84,540,603**	**73,615,852**
	Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**187,297**	205,383	181,946
9	Add-on amounts for PFE associated with all derivatives transactions	**238,566**	254,236	166,612
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**	**596,208**	**643,467**	**487,982**
	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	**11,341,894**	10,933,299	8,523,585
20	(Adjustments for conversion to credit equivalent amounts)	**4,657,870**	(4,493,239)	(3,719,691)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	**-**	–	–
22	**Off-balance sheet items (sum of rows 19 to 21)**	**6,684,024**	**6,440,060**	**4,803,894**
	Capital and total exposures			
23	**Tier 1 capital**	**11,726,133**	**11,125,123**	**9,427,854**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**93,788,078**	**91,624,130**	**78,907,728**
	Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**12.50%**	**12.14%**	**11.95%**
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**12.50%**	12.14%	11.95%
26	CBUAE minimum leverage ratio requirement	**3.00%**	3.00%	3.00%
27	**Applicable leverage buffers**	**9.50%**	**9.14%**	**8.95%**

Overview of risk management and risk weighted assets ("RWAs") (OV1)

Risk management approach

Please refer Note 35 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 2023 AED 000	30 September 2023 AED 000	31 December 2022 AED 000	31 December 2023 AED 000
1	Credit risk (excluding counterparty credit risk)	**55,128,443**	52,982,929	47,717,801	**7,166,698**
2	Of which: standardised approach ("SA")	**55,128,443**	52,982,929	47,717,801	**7,166,698**
3	Counterparty credit risk ("CCR")	**376,369**	381,584	194,748	**48,928**
4	Of which: standardised approach for counterparty credit risk	**376,369**	381,584	194,748	**48,928**
5	Credit valuation adjustment ("CVA")	**548,592**	626,625	574,747	**71,317**
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	**-**
9	Settlement risk	**-**	–	–	**-**
10	Securitisation exposures in the banking book	**-**	–	–	**-**
11	Of which: securitisation external ratings-based approach ("SEC-ERBA")	**-**	–	–	**-**
12	Of which: securitisation standardised approach ("SEC-SA")	**-**	–	–	**-**
13	Market risk	**101,515**	105,353	84,066	**13,197**
14	Of which: standardised approach ("SA")	**101,515**	105,353	84,066	**13,197**
15	Operational risk	**5,830,949**	4,196,721	4,196,721	**758,023**
16	**Total (1+3+5+6+7+8+9+10+13+15)**	**61,985,868**	**58,293,212**	**52,769,656**	**8,058,163**

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 7.56 billion due to overall volume growth in financing receivables, investment securities and contingencies and commitments.

Increase in Market risk weighted assets ("MRWA") was contributed by increase in net overall long USD position over prior year.

Operational risk weighted assets ("ORWAs") increased by AED 1.63 billion compared to prior year due to increase in revenue.

Credit risk

Please refer Note no. 35 in the annual financial statements for criteria, approach, structure, and organisation 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			Of which ECL accounting provisions for credit losses on SA exposures		
	31 December 2023 AED 000	**Defaulted exposures[3]**	**Non-defaulted exposures**	**Allowances/ Impairments**	**Allocated in regulatory category of Specific**	**Allocated in regulatory category of General**	**Net values (a+b-c)**
1	Financing receivables	**3,682,118**	**54,916,765**	**4,851,146**	**3,311,385**	**1,539,761**	**53,747,737**
2	Sukuk[1]	**-**	**10,388,820**	**23,330**	**-**	**23,330**	**10,365,490**
3	**Total**	**3,682,118**	**65,305,585**	**4,874,476**	**3,311,385**	**1,563,091**	**64,113,227**
4	Off-balance sheet exposures[2]	**330,468**	**28,775,336**	**159,289**	**-**	**159,289**	**28,946,515**

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")

		a	b	c	d	e	f
		Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures		
	31 December 2022 AED 000	Defaulted exposures[3]	Non-defaulted exposures	Allowances/ Impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Net values (a+b-c)
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")

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 2023 AED 000	31 December 2022 AED 000
1	Defaulted financing receivables and sukuk at the end of the previous reporting period	**3,692,074**	3,843,720
2	Financing receivables and sukuk that have defaulted since the last reporting period	**930,370**	310,676
3	Returned to non-default status	**(20,213)**	(97,279)
4	Amounts written off	**(934,224)**	(293,701)
5	New financial assets, net of repayments and others	**14,111**	(71,342)
6	**Defaulted financing receivables and sukuk at the end of the reporting period (1+2-3-4±5)**	**3,682,118**	**3,692,074**

Additional disclosure related to the credit quality of assets

Definition of default

Please refer Note no. 5 in the annual financial statements for definition of 'default'.

Past due exposures more than 90+ dpd not impaired

As at 31 December 2023 AED Nil total outstanding (2022: Nil) 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 categorisation of ECL accounting provisions in general and specific categories for standardised approach exposures has been detailed in the annual financial statements Note 6(j).

Restructured financial assets

Please refer note 6(j) of the annual financials 2023 for restructured financial assets.

As at 31 December 2023, restructured financing constituted AED 2,165 million (2022: AED 2,808 million). Out of which impaired exposures constituted AED 1,926 million in December 2023 (2022: AED 2,506 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 2023 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	2,562,314	9,330,908	4,733,009	16,626,231	–	66,275	1,887,229	1,953,504	18,579,735
AED	56,301,834	1,034,582	17,678,757	75,015,173	1,365,079	484,774	3,431,717	5,281,570	80,296,743
Total	**58,864,148**	**10,365,490**	**22,411,766**	**91,641,404**	**1,365,079**	**551,049**	**5,318,946**	**7,235,074**	**98,876,478**

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**

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 2023 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	17,501,091	487,398	12,243,757	30,232,246	337,909	12,028	357,086	707,023	30,939,269
3 months to 1 year	7,079,331	525,153	9,181,948	16,786,432	1,016,662	10,444	4,715,644	5,742,750	22,529,182
1 year to 5 years	16,001,312	6,540,707	-	22,542,019	2,517	246,067	123,381	371,965	22,913,984
Over 5 years	13,166,003	2,812,232	986,061	16,964,296	7,991	282,510	122,835	413,336	17,377,632
Add: Grossing up of profit in suspense and provisions	5,116,411	-	-	5,116,411	-	-	-	-	5,116,411
Total	**58,864,148**	**10,365,490**	**22,411,766**	**91,641,404**	**1,365,079**	**551,049**	**5,318,946**	**7,235,074**	**98,876,478**

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 geography

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

31 December 2023 AED 000	Financing Receivables	Sukuk	Other assets[1]	Total funded	Commitments	Derivatives	Other off-balance sheet exposures[2]	Total non-funded	Grand Total
United Arab Emirates	55,444,520	5,397,546	18,435,760	79,277,826	1,323,376	545,349	4,316,741	6,185,466	85,463,292
GCC excluding UAE[2]	2,410,994	4,152,050	1,470,884	8,033,928	-	-	504,227	504,227	8,538,155
Arab League (excluding GCC)	332,488	-	974,991	1,307,479	2,097	765	55,058	57,920	1,365,399
Asia	146,776	753,880	1,416,624	2,317,280	10,616	410	75,125	86,151	2,403,431
Africa	145	-	575	720	121	3,213	-	3,334	4,054
North America	10,582	62,014	66,768	139,364	-	-	-	-	139,364
South America	-	-	-	-	-	-	-	-	-
Caribbean	107,614	-	-	107,614	-	-	-	-	107,614
Europe	411,007	-	45,523	456,530	28,869	1,312	367,795	397,976	854,506
Australia	22	-	641	663	-	-	-	-	663
Others	-	-	-	-	-	-	-	-	-
Total	**58,864,148**	**10,365,490**	**22,411,766**	**91,641,404**	**1,365,079**	**551,049**	**5,318,946**	**7,235,074**	**98,876,478**

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
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 economic activity

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

31 December 2023 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	76,305	-	-	76,305	-	-	51,208	51,208	127,513
Crude, oil gas, mining & quarrying	-	400,021	-	400,021	-	-	-	-	400,021
Manufacturing	1,968,453	-	-	1,968,453	39,547	10,015	159,912	209,474	2,177,927
Electricity and water	-	767,971	-	767,971	-	-	-	-	767,971
Construction	44,849	-	-	44,849	35,096	924	2,047,842	2,083,862	2,128,711
Trade	4,894,454	184,201	-	5,078,655	20,455	10,207	377,647	408,309	5,486,964
Transport, Storage & Communication	558,170	389,958	-	948,128	27,562	3,422	36,079	67,063	1,015,191
Financial Institutions and investment companies	683,772	3,919,569	6,211,210	10,814,551	3,596	297,795	1,524,588	1,825,979	12,640,530
Real Estate	4,208,806	687,471	-	4,896,277	325,273	2,277	234,017	561,567	5,457,844
Services	5,016,258	833,017	-	5,849,275	62,306	86,142	401,801	550,249	6,399,524
Sovereign	208,337	3,183,282	14,078,153	17,469,772	4,149	-	40	4,189	17,473,961
Add: Grossing up of Profit in suspense and provisions	5,116,411	-	-	5,116,411	-	-	-	-	5,116,411
Total	**58,864,148**	**10,365,490**	**22,411,766**	**91,641,404**	**1,365,079**	**551,049**	**5,318,946**	**7,235,074**	**98,876,478**

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")

Impaired financing by geography

The Group's impaired credit exposure by geography, is detailed below:

31 December 2023 AED 000	Overdue (Gross of Profit in Suspense/Provisions) Less than 90 days	 90 days and above	 Total	Provisions Specific[1]	 General[2]	Adjustments Write-offs	 Write-backs	Profit in Suspense	Total Impaired Assets
United Arab Emirates	–	3,926,308	3,926,308	3,294,654	–	926,098	467,049	264,824	366,830
GCC excluding UAE[3]	–	8,788	8,788	8,594	–	–	–	–	194
Arab League (excluding GCC)	–	5,778	5,778	4,931	–	3,840	13,530	–	847
Asia	–	6,509	6,509	3,206	–	4,286	2,787	441	2,862
Africa	–	–	–	–	–	–	–	–	–
North America	–	–	–	–	–	–	–	–	–
South America	–	–	–	–	–	–	–	–	–
Caribbean	–	–	–	–	–	–	–	–	–
Europe	–	–	–	–	–	–	–	–	–
Australia	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–
Total	**–**	**3,947,383**	**3,947,383**	**3,311,385**	**1,539,761**	**934,224**	**483,366**	**265,265**	**370,733**

31 December 2022 AED 000	Overdue (Gross of Profit in Suspense/Provisions) Less than 90 days	 90 days and above	 Total	Provisions Specific[1]	 General[2]	Adjustments Write-offs	 Write-backs	Profit in Suspense	Total Impaired Assets
United Arab Emirates	–	4,053,357	**4,053,357**	3,442,081	–	293,701	201,601	405,353	**205,923**
GCC excluding UAE[3]	–	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**

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

31 December 2023 AED 000	Overdue (Gross of Profit in Suspense/Provisions) Less than 90 days	90 days and above	Total	Provisions Specific[1]	General[2]	Adjustments Write-offs	Write-backs	Profit in Suspense	Total Impaired Assets
Agriculture, fishing & related activities	–	–	–	–	–	3,068	300	–	–
Crude, oil gas, mining & quarrying	–	–	–	–	–	–	–	–	–
Manufacturing	–	364,259	364,259	355,824	–	27,324	10,468	12,823	(4,388)
Electricity and water	–	–	–		–	–	–	–	–
Construction	–	426,811	426,811	620,263	–	2,881	23,893	18,426	(211,878)
Trade	–	422,903	422,903	353,319	–	68,813	61,936	18,787	50,797
Transport, Storage & Communication	–	414	414	254	–	11,064	113	72	88
Financial Institutions	–	277,475	277,475	279,826	–	42,297	5,448	7,656	(10,007)
Real Estate	–	204,442	204,442	157,713	–	211,589	200,008	8,186	38,543
Services	–	710,506	710,506	511,343	–	2,273	2,367	33,469	165,694
Sovereign	–	–	–		–	–	–	–	–
Personal	–	1,092,509	1,092,509	637,580	–	544,298	50,954	151,580	303,349
All Others	–	448,064	448,064	395,263	–	23,685	128,179	14,266	38,535
Total	–	3,947,383	3,947,383	3,311,385	1,539,761	934,224	483,366	265,265	370,733

31 December 2022 AED 000	Overdue (Gross of Profit in Suspense/Provisions) Less than 90 days	90 days and above	Total	Provisions Specific[1]	General[2]	Adjustments Write-offs	Write-backs	Profit in Suspense	Total Impaired Assets
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**

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

Qualitative disclosure requirements related to credit risk mitigation techniques – CRC

Please refer Note no. 35 in the annual financial statements for criteria, approach, structure, and organisation 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 2023, total eligible collaterals held by the Group amounted to AED 3,986 million (2022: AED 3,427 million). CR3 table below discloses collaterals securing financing and sukuk only. Out of these, AED 698 million (2022: AED 809 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
	31 December 2023 AED 000	**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**
1	Financing receivables	**46,561,945**	**6,790,505**	**3,979,138**	**395,287**	**7,218**	**–**	**–**
2	Sukuk	**10,366,613**	**–**	**–**	**–**	**–**	**–**	**–**
3	**Total**	**56,928,558**	**6,790,505**	**3,979,138**	**395,287**	**7,218**	**–**	**–**
4	Of which defaulted	**287,727**	**83,006**	**13,954**	**–**	**–**	**–**	**–**

		a	b	c	d	e	f	g
	31 December 2022 AED 000	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
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	–	–	–	–

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

Recognition of external credit assessment institutions ("ECAI")

The standardised 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 2023 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	**17,447,050**	**28,793**	**17,447,050**	**26,285**	**1,020,892**	**6%**
Public Sector Entities	**3,839,799**	**428,628**	**3,810,381**	**307,562**	**3,867,862**	**94%**
Multilateral development banks	**238,328**	**–**	**238,328**	**–**	**–**	**–**
Banks	**9,179,744**	**1,624,379**	**8,724,085**	**1,537,587**	**5,763,383**	**56%**
Securities firms	**–**	**–**	**–**	**–**	**–**	**–**
Corporates	**20,628,810**	**7,559,948**	**16,830,408**	**4,045,323**	**19,867,195**	**95%**
Regulatory retail portfolios	**14,887,109**	**334,840**	**14,460,331**	**206,340**	**11,133,195**	**76%**
Secured by residential property	**13,604,425**	**1,294,344**	**13,602,910**	**621,363**	**6,230,824**	**44%**
Secured by commercial real estate	**5,669,948**	**291,543**	**5,266,898**	**160,146**	**5,427,044**	**100%**
Equity Investment in Funds ("EIF")	**–**	**–**	**–**	**–**	**–**	**–**
Past-due financing	**3,947,383**	**330,468**	**347,200**	**330,468**	**868,629**	**128%**
Higher-risk categories	**–**	**–**	**–**	**–**	**–**	**–**
Other assets	**2,198,808**	**–**	**2,198,808**	**–**	**1,325,788**	**60%**
Total	**91,641,404**	**11,892,943**	**82,926,399**	**7,235,074**	**55,504,812**	**62%**

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%**

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 2023 AED 000	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others 85%**	**Others 1250%**	**Total credit exposure**
Sovereigns	**15,247,696**	**1,156,212**	–	**559,554**	–	**509,873**	–	–	–	**17,473,335**
Public Sector Entities ("PSEs")	–	–	–	**500,162**	–	**3,617,781**	–	–	–	**4,117,943**
Multilateral development banks ("MDBs")	**238,328**	–	–	–	–	–	–	–	–	**238,328**
Banks	–	**2,067,649**	–	**5,700,517**	–	**2,481,330**	**12,176**	–	–	**10,261,672**
Securities firms	–	–	–	–	–	–	–	–	–	–
Corporates	–	**730**	–	**1,605,587**	–	**17,901,708**	–	**1,367,706**	–	**20,875,731**
Regulatory retail portfolios	–	–	–	**726**	**14,132,451**	**533,494**	–	–	–	**14,666,671**
Secured by residential property	–	–	**11,327,136**	–	**2,523,244**	**373,893**	–	–	–	**14,224,273**
Secured by commercial real estate	–	–	–	–	–	**5,427,044**	–	–	–	**5,427,044**
Equity Investment in Funds ("EIF")	–	–	–	–	–	–	–	–	–	–
Past-due financing	–	–	–	–	–	**295,748**	**381,920**	–	–	**677,668**
Higher-risk categories	–	–	–	–	–	–	–	–	–	–
Other assets	**902,986**	**1,949**	–	–	–	**1,230,821**	**63,052**	–	–	**2,198,808**
Total	**16,389,010**	**3,226,540**	**11,327,136**	**8,366,546**	**16,655,695**	**32,371,692**	**457,148**	**1,367,706**	**–**	**90,161,473**

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**

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 authorised 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 capital adequacy requirement using following counterparty credit risk measures:

- Standardised Approach to Counterparty Credit Risk Capital Calculation (SA-CCR)
- Standardised Credit Valuation Adjustment Capital Charge (CVA)

Risk Category	Approach	Application
Islamic Derivatives	Standardised 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.
	Standardised 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 categorised 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.

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)

	31 December 2023 AED 000	a Replacement cost	b Potential future exposure	c Effective Expected Positive Exposure	d Alpha used for computing regulatory EAD	e EAD post-CRM	f RWA
1	SA-CCR (for derivatives)	**187,297**	**206,310**	**-**	**1.4**	**551,049**	**376,369**
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**	**187,297**	**206,310**	**-**		**551,049**	**376,369**

	31 December 2022 AED 000	a Replacement cost	b Potential future exposure	c Effective Expected Positive Exposure	d Alpha used for computing regulatory EAD	e EAD post-CRM	f 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**

Credit valuation adjustment ("CVA") capital charge (CCR2)

	31 December 2023	a EAD post-CRM AED 000	b RWA AED 000
1	All portfolios subject to the Standardised CVA capital charge	**551,049**	**548,592**
2	All portfolios subject to the Simple alternative CVA capital charge	**-**	**-**

	31 December 2022	a EAD post-CRM AED 000	b RWA 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	–	–

Standardised approach – CCR exposures by regulatory portfolio and risk weights (CCR3)

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

	a	b	c	d	e	f	g	h
Risk weight Regulatory portfolio 31 December 2023 AED 000	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Sovereigns	**23,778**	**-**	**-**	**-**	**-**	**-**	**-**	**23,778**
Public Sector Entities ("PSEs")	**-**	**-**	**-**	**-**	**17,598**	**-**	**-**	**17,598**
Multilateral development banks ("MDBs")	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Banks	**-**	**11,637**	**283,136**	**-**	**-**	**-**	**-**	**294,773**
Securities firms	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Corporates	**-**	**-**	**-**	**-**	**177,806**	**-**	**167**	**177,973**
Regulatory retail portfolios	**-**	**-**	**-**	**-**	**36,927**	**-**	**-**	**36,927**
Secured by residential property	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Secured by commercial real estate	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity Investment in Funds ("EIF")	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Past-due financing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Higher-risk categories	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**23,778**	**11,637**	**283,136**	**-**	**232,331**	**-**	**167**	**551,049**

	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**

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 continued

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 Shariah 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.

Depending on the exposure and as appropriate, EI MTCR uses appropriate metrics including Profit rate sensitivity, FX sensitivity, Net open/Net Gross outstanding positions, Maximum notional, and Value-at-Risk ("VaR").

Market risk capital

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

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 standardised approach (MR1)

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

		31 December 2023 AED 000 RWA	31 December 2022 AED 000 RWA
1	General Profit rate risk (General and Specific)	**-**	–
2	Equity risk (General and Specific)	**-**	–
3	Foreign exchange risk	**101,515**	84,066
4	Commodity risk	**-**	–
	Options	**-**	–
5	Simplified approach	**-**	–
6	Delta-plus method	**-**	–
7	Scenario approach	**-**	–
8	Securitisation	**-**	–
9	**Total**	**101,515**	**84,066**

Operational risk ("ORA")

For details of Group's Operational Risk Management, kindly refer Note 35 (L) in the Financial Statements

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

The total capital requirement for Operational Risk as of 31 December 2023 is AED 5,831 million (2022: AED 4,197 million). This charge is computed by categorising 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 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 2023, 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 2023**	31 December 2022	**31 December 2023**	31 December 2022
Parallel up	**15,479**	–	**422,878**	339,079
Parallel down	**236,660**	18,316	**(675,278)**	(711,149)
Steepener	**295,952**	223,005	**-**	–
Flattener	**-**	–	**-**	–
Short rate up	**-**	–	**-**	–
Short rate down	**119,390**	229,918	**-**	–
Maximum	**295,952**	229,918	**-**	–
Period	**2023**		**2022**	
Tier 1 capital	**11,726,133**		**9,427,854**	

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 Asset Liability Committee (''ALCO'') 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 behavioural 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.

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 Standardised Approach and rated by recognised 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 Standardised Approach.

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

Liquidity continued

Ratio

The ELAR is calculated in the following table.

		Nominal Amount 31 December 2023 AED 000	Eligible Liquid Asset 31 December 2023 AED 000	Nominal Amount 31 December 2022 AED 000	Eligible Liquid Asset 31 December 2022 AED 000
1	**High Quality Liquid Assets**				
1.1	Physical cash in hand at the bank + balances with the CBUAE	**15,809,882**	**-**	10,368,273	–
1.2	UAE Federal Government Bonds and Sukuks	**841,412**	**-**	–	
	Sub Total (1.1 to 1.2)	**16,651,294**	**16,651,294**	10,368,273	10,368,273
1.3	UAE local governments publicly traded sukuk securities	**206,084**	**-**	114,413	–
1.4	UAE Public sector publicly traded sukuk securities	**-**	**-**		
	Sub Total (1.3 to 1.4)	**206,084**	**206,084**	114,413	114,413
1.5	Foreign Sovereign sukuk instruments or instruments issued by their respective central banks	**-**	**-**	–	–
1.6	**Total**	**16,857,378**	**16,857,378**	**10,482,686**	**10,482,686**
2	Total liabilities	**-**	**76,155,337**	–	64,730,268
3	**Eligible Liquid Assets Ratio ("ELAR")**	**-**	**22.14%**	**-**	**16.19%**

The Group maintained ELAR of 22.14% (calculated on the basis of 90 days simple average). ELAR as of 31 December 2023 was 21.14% 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 16.86 billion which mainly comprised of cash and reserves with Central Bank of the UAE.

The Average Total Liabilities was AED 76.16 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 recognises both the actual uses as well as the likely uses of funds in terms of the contractual maturity and behavioural 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".

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

Liquidity continued

Advance to stable resources ratio (ASRR) continued

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

Ratio

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

	Items	31 December 2023 AED 000	31 December 2022 AED 000
1	**Computation of Advances**		
1.1	Net Financing (gross financing – specific and collective provisions + profit in suspense)	**52,865,562**	47,870,221
1.2	Financing to non-banking financial institutions	**566,396**	548,991
1.3	Net Financial Guarantees & Stand-by LC (issued – received)	**540,352**	492,805
1.4	Interbank Placements	**3,527,682**	970,656
1.5	**Total Advances**	**57,499,992**	**49,882,673**
2	**Calculation of Net Stable Resources**		
2.1	Total capital + general provisions	**13,016,140**	10,378,314
	Deduct:		
2.1.1	Goodwill and other intangible assets	**–**	–
2.1.2	Fixed Assets	**270,855**	301,706
2.1.3	Funds allocated to branches abroad	**–**	–
2.1.5	Unquoted Investments	**63,052**	170,907
2.1.6	Investment in subsidiaries, associates and affiliates	**30,000**	30,000
2.1.7	**Total deduction**	**363,907**	**502,613**
2.2	**Net Free Capital Funds**	**12,652,233**	**9,875,701**
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	**7,491**	311,191
2.3.3	Refinancing of Home financing	**–**	–
2.3.4	Deposits from non-Banking Financial Institutions	**507,744**	654,088
2.3.5	Customer Deposits	**52,478,713**	48,014,445
2.3.6	Sukuk payable maturing after 6 months from reporting date	**4,672,500**	3,672,500
2.3.7	**Total other stable resources**	**57,666,448**	**52,652,224**
2.4	**Total Stable Resources (2.2+2.3.7)**	**70,318,681**	**62,527,925**
3	**Advances to Stable Resources Ratio (1.5/ 2.4*100)**	**81.77%**	**79.78%**

The Group maintained ASRR of 81.77% as of 31 December 2023, 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 P.J.S.C. The Policy focuses on promoting sound and effective risk management. The Remuneration Policy incorporates key aspects which include, but are not limited to, ENBD's Compensation Philosophy, Remuneration Governance framework and Remuneration Structure. The Policy aligns with the UAE remuneration regulatory requirements 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 claw back.

The EI BNRESGC approved to adopt the ENBD Remuneration Policy.

Composition and functions of the EI BNRESGC

The BNRESGC is the main body that oversees remuneration at EI, on behalf of the Board of Directors. The BNRESGC has independent oversight and control to review and approve human resource policies and strategies endorsed by the EI Executive Committee ("ExCo") or the EI Chief Executive Officer ("CEO").

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

The BNRESGC guides Management on strategic human resources decisions and reviews and approves changes to human resource policies, related to for example succession planning, nationalisation strategy, reward, workforce planning, EI ExCo compensation and human resource governance. The BNRESGC also focuses on human resource 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 taker

From an Emirates Islamic perspective, for the 2023 performance year, 14 Senior Managers (including current and former) have been identified as those responsible and accountable to the Board of Directors for the sound and prudent day-to-day management of EI and as key staff responsible for the oversight of EI's key business lines. i.e., EI CEO, EI ExCo, EI Heads of the Control Functions (i.e. Risk, Compliance and Audit) and EI Head of Legal.

In addition to EI Senior Managers, EI has identified 4 Material Risk Takers (MRTs) (including current and former) 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 and 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 incentivised to meet certain quotas or targets by payment of variable remuneration.
- In Control Functions.

Design and structure of remuneration processes

ENBD's general remuneration policies and practices aim to provide a total reward offering that recognises and rewards performance aligned to its business strategy, within a sound risk management and governance framework that clearly emphasises '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 based on the role, 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 behaviours that are integral to the attainment of individual and team results and the achievement of organisational goals.
- 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. ENBD's policies provide a governance framework to promote sound and effective risk management and create, modify and maintain appropriate compensation programs and processes with adequate supervision and control.

Remuneration policy continued

Remuneration – overview of the key risk and their measurement

ENBD has elaborated in its approved Board approved 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 optimise revenue derived from trading activities in order to moderate earnings volatility. In line with this philosophy the organisation by design is geared to:

- Maintain earnings growth with strong asset quality through disciplined risk management. This is further emphasised by the independence of the 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 desirable credit ratings.

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

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. Under the guidance of the ENBD's BNRESGC, ENBD focuses on ensuring alignment of compensation with prudent risk taking. Compensation is linked to corporate, business and individual performance objectives and a full range of risks are considered under ENBD's risk appetite statement.

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 EI's 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 behaviours including but not limited to living the organisational 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 ENBD's vision to be the most innovative bank for its customers, people and communities.

- The qualitative measures in EI and EI ExCo Scorecards are aligned with ENBD's vision and set the objectives of the organisation 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 behaviours associated with the organisation values and separate metrics set by the Control Functions, setting the minimum level of performance relating to governance, controls and risk management across the organisation. Where these metrics have not been met, this has a negative impact on the overall scoring for the EI ExCo on their Scorecards.

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.

Individual remuneration linked to bank-wide and individual performance

Fixed remuneration for employees is set appropriately based on market pay levels for the role, individual's expertise, professional experience, role responsibilities and seniority of the employee and regulatory and governance requirements.

For variable remuneration in the form of bonuses, 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. Employee performance is assessed using performance ratings which are designed to support the pay-for-performance principle and enables the organisation 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.

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.

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 Claw back Adjustment on awards made during periods of material restatement or downturn of financial results for the relevant period.

Remuneration policy continued

Variable remuneration

Variable remuneration, depending on the role is paid as an annual discretionary bonus or incentive payments. Incentive payments are awarded in cash and has been aligned to practice in the local market, whilst enabling ENBD to reward employees based on the entity/business unit and individual performance. The annual discretionary bonus can comprise of both a cash bonus and a deferred award (which is granted and governed under the terms and conditions of the relevant plan rules). In line with UAE regulatory requirements, variable remuneration awarded from the 2022 Performance Year to MRTs 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 behaviour.

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 because of joining EI, in addition to the employee's performance at EI for the relevant performance year. In addition to the guaranteed bonus, an employee may also be awarded a discretionary annual bonus subject to their performance and in limited cases. Guaranteed bonuses will only be awarded in exceptional circumstances and in line with regulatory requirements. Guaranteed bonuses awarded to MRTs will also be subject to deferral.

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 because of the new hire ceasing employment with their prior employer to join EI. Any applicable buy-outs 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 Labour Law, and variable payments are those payments which are discretionary in nature such as ex-gratia. For the purposes of REM2 disclosure below which requires disclosure of severance payments allocated to employees dismissed during the year, EI did not make any payments to Senior Managers or MRTs for involuntary termination of employment excluding death (i.e., dismissal) during the year.

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, EI Head of Audit and EI Head of Compliance are directly overseen by the EI BNRESGC.

Remuneration for Risk, Audit 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, Audit 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 and EI. 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 Human Resources 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.

		31 December 2023 AED 000	
		Senior Management	Other Material Risk-takers
	Fixed Remuneration*		
1	Number of employees**	**14**	**4**
2	Total fixed remuneration (3 + 5 + 7)	**21,262**	**5,345**
3	Of which: cash-based	**20,730**	**5,283**
4	Of which: deferred	**-**	**-**
5	Of which: shares or other share-linked instruments	**-**	**-**
6	Of which: deferred	**-**	**-**
7	Of which: other forms	**532**	**62**
8	Of which: deferred	**-**	**-**
	Variable Remuneration		
9	Number of employees	**13**	**4**
10	Total variable remuneration (11 + 13 + 15)	**12,444**	**2,850**
11	Of which: cash-based	**12,444**	**2,850**
12	Of which: deferred	**3,188**	**90**
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)**	**33,706**	**8,195**

* Fixed Remuneration (which then forms part of Total Remuneration) has been reported on a paid basis and excludes accrued post-employment and long-term benefits.

** The number of employees includes employees who were identified as Senior Management or MRTs at any time during the 2023 performance year, including those who were no longer Senior Management or MRTs as at the end of the year (i.e., former Senior Management / MRTs)

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.

Remuneration policy continued

Special payments (REM2)

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

31 December 2023 AED 000	Guaranteed Bonuses Number of employees	Guaranteed Bonuses Total amount	Sign on Awards Number of employees	Sign on Awards Total amount	Severance Payments Number of employees	Severance Payments Total amount
Special Payments						
Senior Management	-	-	-	-	-	-
Other Material Risk-takers	-	-	-	-	-	-

Deferred remuneration (REM3)

In line with UAE regulatory requirements, variable remuneration awarded to MRTs in Q1 of 2023 for the 2022 performance year included a deferral element in the form of deferred cash.

The proportion of deferrals is based on a set percentage of bonuses and applied consistently across the said population (subject to de minimis provisions) in the relevant jurisdiction.

Policy and criteria for adjusting variable remuneration, including deferrals before vesting and after vesting through claw back arrangements:

The specific criteria for ex-post risk adjustment will be reviewed by the EI BNRESGC annually and applied in each case as determined by the Committee in its sole discretion.

EI will consider 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 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 Claw back Adjustment on variable awards made.

The following table includes quantitative information on senior management remuneration and MRT for the financial year.

December 2023 AED 000	Total amount of outstanding x1deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/ or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Deferred and retained remuneration					
Senior management	**3,086**	**3,086**	-	-	**102**
Cash	**3,086**	**3,086**	-	-	**102**
Shares	-	-	-	-	-
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Other material risk-takers	**90**	**90**	-	-	-
Cash	**90**	**90**	-	-	-
Shares	-	-	-	-	-
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Total	**3,176**	**3,176**	-	-	**102**

Acronyms

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

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., collateralised) 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.

Standardised 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 P.J.S.C.
2	Unique identifier (e.g., 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 recognised in regulatory capital **(AED in Millions, as of 31 December 2023)**	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 write-up 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

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