

PILLAR 3 DISCLOSURES

For the period ended 30 June, 2022



The National Bank of Ras Al-Khaimah (P.S.C.)

1. Introduction

On 12th November 2020, the Central Bank of UAE published final Capital Adequacy Standards and Guidance along with Notice 4980/2020. This included revised Standards and Guidance with respect to Pillar 3 – Market Disclosures. The Standards prescribed the effective date of these disclosures to be 31st December 2021 and quarterly thereon. Further to this, the Central Bank of UAE provided explanatory notes and disclosure templates for Pillar 3 on 30th November 2021 as part of Notice 5508/2021 which was superseded by Notice 1887/2022 issued on 9th May 2022.

The Bank has a formal disclosure policy in place which highlights the roles and responsibilities of the management and Board of Directors with respect to internal controls and procedures for information reported under Pillar 3 disclosures.

The scope of consolidation for Pillar 3 disclosures is different compared to the scope of consolidation for financial reporting. Under the scope of regulatory consolidation, all subsidiaries of the Bank are consolidated with the exception of Ras Al Khaimah National Insurance Company PSC. All sections of the following document have been prepared under the scope of regulatory consolidation unless specifically mentioned.

2. Overview of risk management, key prudential metrics and RWA

Amounts in AED'000		a	b	c	d	e
		30 Jun'22	31 Mar'22	31 Dec'21	30 Sep'21	30 Jun'21
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	8,296,328	8,084,591	7,889,152	8,145,217	7,954,695
1a	Fully loaded ECL accounting model	8,296,328	8,084,591	7,889,152	8,060,377	7,816,080
2	Tier 1	8,296,328	8,084,591	7,889,152	8,145,217	7,954,695
2a	Fully loaded ECL accounting model Tier 1	8,296,328	8,084,591	7,889,152	8,060,377	7,816,080
3	Total capital	8,888,696	8,664,904	8,434,886	8,682,434	8,490,887
3a	Fully loaded ECL accounting model total capital	8,888,696	8,664,904	8,434,886	8,596,534	8,350,540
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	52,785,360	52,543,299	49,523,321	48,854,950	47,731,422
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	15.7%	15.4%	15.9%	16.7%	16.7%
5a	Fully loaded ECL accounting model CET1 (%)	15.7%	15.4%	15.9%	16.5%	16.4%
6	Tier 1 ratio (%)	15.7%	15.4%	15.9%	16.7%	16.7%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.7%	15.4%	15.9%	16.5%	16.4%
7	Total capital ratio (%)	16.8%	16.5%	17.0%	17.8%	17.8%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.8%	16.5%	17.0%	17.6%	17.5%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Bank D-SIB additional requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total of bank CET1 specific buffer requirements (%)	2.5%	2.5%	2.5%	2.5%	2.5%

12	CET1 available after meeting the bank's minimum capital requirements (%)	6.3%	6.0%	6.5%	7.3%	7.3%
Leverage Ratio*						
13	Total leverage ratio measure	68,335,984	65,419,499	62,970,840		
14	Leverage ratio (%)	12.1%	12.4%	12.5%		
14a	Fully loaded ECL accounting model leverage ratio (%)	12.1%	12.4%	12.5%		
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	12.1%	12.4%	12.5%		
Liquidity Coverage Ratio						
15	Total HQLA					
16	Total net cash outflow					
17	LCR ratio (%)					
Net Stable Funding Ratio						
18	Total available stable funding					
19	Total required stable funding					
20	NSFR ratio (%)					
ELAR						
21	Total HQLA	6,751,440	5,949,025	5,476,267	4,750,558	4,404,492
22	Total liabilities	51,769,205	49,892,014	47,259,760	45,720,359	45,749,164
23	Eligible Liquid Assets Ratio (ELAR) (%)	13.0%	11.9%	11.6%	10.4%	9.6%
ASRR						
24	Total available stable funding	48,167,572	47,129,654	45,274,400	44,291,396	43,697,981
25	Total Advances	39,475,792	40,980,578	37,500,815	37,145,903	36,570,176
26	Advances to Stable Resources Ratio (%)	82.0	87.0	82.8	83.9	83.7

*Leverage Ratio went live starting 31st December 2021 and hence, columns for previous periods have been left blank

Capital Adequacy Ratio has improved compared to the previous quarter due to an increase in capital from additional profits earned during the quarter. The increase in Credit RWA compared to 31st March 2022 comes from Loans & Advances, Irrevocable commitments to extend credit and newly implemented Standards for Credit Valuation Adjustments (CVA). The increase in Credit RWA is offset to a great extent by a reduction in Market RWA thus, leading to an overall improvement in Capital Adequacy Ratio.

The increase in leverage ratio exposure measure is due to an increase in overall balance sheet size as well as from an increase in off balance sheet exposure. The increase in capital was not in line with increase in exposure and hence, the leverage ratio has reduced compared to 31st March 2022.

Higher increase in High Quality Liquid Assets (HQLA) compared to total liabilities has led to the overall improvement in ELAR.

Total eligible advances have reduced compared to 31st March 2022 primarily due to a reduction in interbank placements. On the other hand, total stable resources have increased due to an increase in customer deposits. This has led to the overall reduction in ASRR.

AED'000		<i>a</i>	<i>b</i>	<i>c</i>
		RWA		Minimum capital requirements
		30 Jun 2022	31 Mar 2022	30 Jun 2022
1	Credit risk (excluding counterparty credit risk)	46,821,626	46,103,315	4,916,271
2	Of which: standardised approach (SA)	46,821,626	46,103,315	4,916,271
3	Of which: foundation internal ratings-based (F-IRB) approach			
4	Of which: supervisory slotting approach			
5	Of which: advanced internal ratings-based (A-IRB) approach			
6	Counterparty credit risk (CCR)	308,615	321,744	32,405
7	Of which: standardised approach for counterparty credit risk	308,615	321,744	32,405
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	259,192		27,215
11	Equity positions under the simple risk weight approach			
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	1,717,478	2,439,790	180,335
21	Of which: standardised approach (SA)	1,717,478	2,439,790	180,335
22	Of which: internal models approach (IMA)			
23	Operational risk	3,678,449	3,678,449	386,237
24	Amounts below thresholds for deduction (subject to 250% risk weight)			
25	Floor adjustment			
26	Total	52,785,360	52,543,298	5,542,463

3. Composition of capital

Amounts in AED'000		a	b
		30 Jun 2022	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	1,676,245	Share Capital
2	Retained earnings	2,779,265	
3	Accumulated other comprehensive income (and other reserves)	3,844,933	
4	<i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>	-	
5	Common share capital issued by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory deductions	8,300,443	
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)	-	
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	(4,115)	
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	(4,115)	
25	Common Equity Tier 1 capital (CET1)	8,296,328	
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	<i>Directly issued capital instruments subject to phase-out from additional Tier 1</i>	-
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	-
31	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-
32	Additional Tier 1 capital before regulatory adjustments	-
	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)	8,296,328
	Tier 2 capital: instruments and provisions	
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
41	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>	-
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
43	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-
44	Provisions	592,368
45	Tier 2 capital before regulatory adjustments	592,368
	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)	592,368
52	Total regulatory capital (TC = T1 + T2)	8,888,696
53	Total risk-weighted assets	52,785,360
	Capital ratios and buffers	
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	15.7%
55	Tier 1 (as a percentage of risk-weighted assets)	15.7%
56	Total capital (as a percentage of risk-weighted assets)	16.8%

57	Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	2.5%
58	Of which: capital conservation buffer requirement	2.5%
59	Of which: bank-specific countercyclical buffer requirement	0.0%
60	Of which: higher loss absorbency requirement (e.g. DSIB)	0.0%
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	6.3%
The CBUAE Minimum Capital Requirement		
62	Common Equity Tier 1 minimum ratio	7.0%
63	Tier 1 minimum ratio	8.5%
64	Total capital minimum ratio	10.5%
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	317,244
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)	710,841
70	Cap on inclusion of provisions in Tier 2 under standardised approach	592,368
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	<i>Current cap on CET1 instruments subject to phase-out arrangements</i>	
74	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	
75	<i>Current cap on AT1 instruments subject to phase-out arrangements</i>	
76	<i>Amount excluded from AT1 due to cap (excess after redemptions and maturities)</i>	
77	<i>Current cap on T2 instruments subject to phase-out arrangements</i>	
78	<i>Amount excluded from T2 due to cap (excess after redemptions and maturities)</i>	

AED'000	<i>a</i>	<i>b</i>	<i>c</i>
	Balance sheet as in published financial statements 30 Jun 2022	Under regulatory scope of consolidation 30 Jun 2022	Reference*
Assets			
Cash and balances with UAE Central Bank	5,166,689	5,166,668	
Due from other banks, net	9,335,732	9,185,299	
Investment securities measured at fair value	4,783,652	4,687,560	
Investment securities measured at amortised cost	4,946,390	5,263,634	
Loans and advances, net	33,981,337	34,014,394	
Insurance contract assets and receivables, net	313,379	-	
Customer acceptances	90,306	90,306	
Other Assets	1,159,451	1,133,777	
Property and equipment	666,489	658,979	
Right-of-use assets	148,528	148,528	
Goodwill	166,386	-	
Total assets	60,758,339	60,349,145	
Liabilities			
Due to other banks	6,106,772	6,106,772	
Deposits from customers	39,552,337	39,663,575	
Customer acceptances	90,306	90,306	
Debt securities issued and other long term borrowings	4,495,018	4,495,018	
Insurance contract liabilities and payables	477,365	-	
Other liabilities	1,557,525	1,513,893	
Lease liabilities	141,770	141,770	
Total Liabilities	52,421,093	52,011,334	
Shareholders' equity			
Share capital (which equals amount eligible for CET1)	1,676,245	1,676,245	
Legal reserve	950,431	950,431	
Retained earnings	2,756,377	2,779,265	
Other reserves	2,922,980	2,931,868	
Non-controlling interests	31,213	-	
Total shareholders' equity	8,337,246	8,337,809	

*Refer to consolidated financial statements for the period ended 30th June 2022

		<i>a</i> Quantitative / Qualitative information
1	Issuer	The National Bank of Ras Al Khaimah (P.J.S.C)
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	AEN000601015
3	Governing law(s) of the instrument	CBUAE & SCA Regulations
	Regulatory treatment	Common Equity Tier 1
4	Transitional arrangement rules (i.e. grandfathering)	N/A
5	Post-transitional arrangement rules (i.e. grandfathering)	N/A
6	Eligible at solo/group/group and solo	Solo & Group
7	Instrument type (types to be specified by each jurisdiction)	N/A
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	AED 1,676
9	Nominal amount of instrument	AED 1
9a	Issue price (original)	AED 1
9b	Redemption price	N/A
10	Accounting classification	Shareholders' Equity
11	Date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	N/A
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	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	Non-convertible
24	Write-down feature	No
25	If write-down, write-down trigger(s)	N/A
26	If write-down, full or partial	N/A
27	If write-down, permanent or temporary	N/A
28	If temporary write-down, description of write-up mechanism	N/A
28a	Type of subordination	Structural
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A
30	Non-compliant transitioned features	No
31	If yes, specify non-compliant features	N/A

4. Leverage ratio

		<i>a</i> 30 Jun 2022 AED'000
1	Total consolidated assets as per published financial statements	60,758,340
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	317,244
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	964,522
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	4,886,248
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	1,409,629
13	Leverage ratio exposure measure	68,335,983

Amounts in AED'000		<i>a</i> 30 Jun 2022	<i>b</i> 31 Mar 2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	62,485,213	60,262,136
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	117,285	95,926
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)	-	-
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	62,602,498	60,358,062
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	160,257	123,600
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	686,980	676,541
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	847,237	800,141
Securities financing transactions			
14	Gross SFT <i>assets</i> (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	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	15,091,508	13,696,437
20	(Adjustments for conversion to credit equivalent amounts)	(10,205,259)	(9,435,141)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off-balance sheet items	4,886,249	4,261,296
Capital and total exposures			
23	Tier 1 capital	8,296,328	8,084,592
24	Total exposures	68,335,984	65,419,499
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	12.1%	12.4%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.1%	12.4%
26	CBUAE minimum leverage ratio requirement	3.0%	3.0%
27	Applicable leverage buffers	0.0%	0.0%

5. Liquidity

Amounts in AED'000			
1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	5,166,668	
1.2	UAE Federal Government Bonds and Sukuks	589,718	
	Subtotal	5,756,386	5,756,386
1.3	UAE local governments publicly traded debt securities	605,743	
1.4	UAE Public sector publicly traded debt securities	-	
	Subtotal	605,743	605,743
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	389,311	389,311
1.6	Total	6,751,440	6,751,440
2	Total liabilities		51,769,205
3	Eligible Liquid Assets Ratio (ELAR)		13.0%

Items		Amounts in AED'000
1	Computation of Advances	
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	32,737,194
1.2	Lending to non-banking financial institutions	161,729
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	323,902
1.4	Interbank Placements	6,252,967
1.5	Total Advances	39,475,792
2	Calculation of Net Stable Resources	
2.1	Total capital + general provisions	9,359,155
	Deduct:	
2.1.1	Goodwill and other intangible assets	-
2.1.2	Fixed Assets	658,979
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	611,660
2.1.6	Investment in subsidiaries, associates and affiliates	322,819
2.1.7	Total deduction	1,593,458
2.2	Net Free Capital Funds	7,765,697
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	3,145,318
2.3.3	Refinancing of Housing Loans	-
2.3.4	Borrowing from non-Banking Financial Institutions	849,142
2.3.5	Customer Deposits	33,501,261
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	2,906,154
2.3.7	Total other stable resources	40,401,875
2.4	Total Stable Resources	48,167,572
3	Advances To Stable Resources Ratio	82.0%

6. Credit Risk

Group defines a non-retail, retail and investment instrument as in default, which is largely aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is 90 (or more) days past due on its contractual payments.

Qualitative criteria:

The bank classifies the loans as Non-performing (NPA) when:

- Such loans, which may lead to incurring of some loss due to adverse factors (financial, economic, legal, political or managerial) which may hinder repayment, or due to weakening of security.
- Loans whose full recovery seems doubtful on the basis of information available, leading, generally, to a loss of part of these loans (when the financial position of the customer and securities are not sufficient).
- Loans where bank has exhausted all courses of action available but failed to recover anything, or where there is a possibility that nothing shall be recovered.

AED'000		a	b	c	d	e	f
		Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures		
		Defaulted exposures	Non-defaulted exposures	Allowances/ Impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	Net values
1	Loans	1,285,809	34,540,429	1,811,844	790,497	1,021,347	34,014,394
2	Debt securities	187,877	9,044,271	153,206	47,933	105,273	9,078,942
3	Off-balance sheet exposures	2,849	7,738,218	16,564	-	16,564	7,724,503
4	Total	1,476,535	51,322,918	1,981,614	838,430	1,143,184	50,817,839

		a
		AED'000
1	Defaulted loans and debt securities at 31 December 2021	1,454,757
2	Loans and debt securities that have defaulted since the last reporting period	498,039
3	Returned to non-default status	(185,428)
4	Amounts written off	(293,682)
5	Other changes	-
6	Defaulted loans and debt securities at 30 June 2022	1,473,686

AED'000		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	31,577,503	4,015,887	871,685	232,848	232,773	-	-
2	Debt securities	9,232,148	-	-	-	-	-	-
3	Total	40,809,651	4,015,887	871,685	232,848	232,773	-	-
4	Of which defaulted	1,451,886	21,800	461	-	-	-	-

AED'000		a	b	c	d	e	f
Asset classes		Exposures before CCF and CRM On-balance sheet amount	Exposures before CCF and CRM Off-balance sheet amount	Exposures post-CCF and CRM On-balance sheet amount	Exposures post-CCF and CRM Off-balance sheet amount	RWA and RWA density RWA	RWA density RWA density
1	Sovereigns and their central banks	7,577,652	117,984	7,577,652	69,317	1,723,924	22.5%
2	Public Sector Entities	4,252,445	1,550,123	4,252,445	765,030	4,568,356	91.0%
3	Multilateral development banks	810,861	12,736	810,861	2,547	456,093	56.1%
4	Banks	13,214,995	1,679,630	13,214,995	1,177,899	11,709,824	81.4%
5	Securities firms	-	-	-	-	-	NA
6	Corporates	6,291,102	6,602,889	6,890,724	2,091,618	7,394,471	82.3%
7	Regulatory retail portfolios	16,334,324	4,430,736	15,734,702	60,458	12,387,141	78.4%
8	Secured by residential property	5,602,214	1,435,068	5,602,214	717,534	2,634,477	41.7%
9	Secured by commercial real estate	2,886,641	17,684	2,886,641	8,842	2,869,366	99.1%
10	Equity Investment in Funds (EIF)	-	-	-	-	-	NA
11	Past-due loans	484,879	459	484,879	459	523,886	107.9%
12	Higher-risk categories	-	-	-	-	-	NA
13	Other assets	3,976,031	30,979	3,976,030	29,424	2,862,703	71.5%
14	Total	61,431,144	15,878,288	61,431,144	4,923,128	47,130,241	71.0%

AED'000		<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>
Asset Class	Risk Weight	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	5,766,482	103,065	-	215,151	-	1,495,342	66,929	-	7,646,969
2	Public Sector Entities	88,612	440,764	-	15,791	-	240,462	-	4,231,846	5,017,475
3	Multilateral development banks	-	91,825	-	567,711	-	153,872	-	-	813,408
4	Banks	-	1,551,223	-	2,780,330	-	9,830,159	64,168	167,013	14,392,893
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	1,241,489	22,232	-	231,515	-	2,078,908	157,710	5,250,488	8,982,342
7	Regulatory retail portfolios	160,162	-	-	-	12,991,427	2,643,571	-	-	15,795,160
8	Secured by residential property	13,171	-	5,548,888	-	261,293	496,396	-	-	6,319,748
9	Secured by commercial real estate	26,118	-	-	-	-	2,869,366	-	-	2,895,484
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	408,243	77,095	-	485,338
12	Higher-risk categories	-	-	-	-	-	-	-	-	-
13	Other assets	1,580,674	50,704	-	-	-	2,051,593	5,240	317,244	4,005,454
14	Total	8,876,708	2,259,813	5,548,888	3,810,498	13,252,720	22,267,912	371,142	9,966,591	66,354,271

7. Counterparty Credit Risk

AED'000		<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	114,469	447,517		1.4	786,781	308,615
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						308,615

The EAD, and consequently, the RWA for Counterparty Credit Risk has increased compared to 31st December 2021 primarily due to an increase in interest rate & commodity derivatives, as well as an increase in derivative dealings with customers.

AED'000		<i>a</i>	<i>b</i>
		EAD post-CRM	RWA
1	All portfolios subject to the Standardised CVA capital charge	674,626	259,192
2	All portfolios subject to the Simple alternative CVA capital charge	-	-

Credit Valuation Adjustment (CVA) Standards and Guidance came into effect starting 30th June 2022.

AED'000	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>
Regulatory Portfolio	Risk Weight							Total credit exposures
	0%	20%	50%	75%	100%	150%	Others	
Sovereigns	53,707	-	-	-	-	-	-	53,707
Public Sector Entities (PSEs)	-	-	-	-	-	-	6,358	6,358
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	175,800	354,563	-	19,448	2,263	-	552,074
Securities firms	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	174,642	174,642
Regulatory retail portfolios	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	53,707	175,800	354,563	-	19,448	2,263	181,000	786,781

AED'000	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of	Fair value of posted
	Segregated	Unsegregated	Segregated	Unsegregated	collateral received	collateral
Cash - domestic currency	-	97,979	-	117,285	-	47,317
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	97,979	-	117,285	-	47,317

	<i>a</i> EAD (post-CRM)	<i>b</i> RWA
1 Exposures to QCCPs (total)		4,486
2 Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:	112,155	4,486
3 (i) OTC derivatives	-	-
4 (ii) Exchange-traded derivatives	112,155	4,486
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	
8 Non-segregated initial margin	7,248	-
9 Pre-funded default fund contributions	-	-
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)		-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
13 (i) OTC derivatives	-	-
14 (ii) Exchange-traded derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	
18 Non-segregated initial margin	20	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

The EAD, and consequently, the RWA for exchange traded derivatives has increased compared to 31st December 2021 due to an increase in the swap and futures deals settled via QCCPs.

8. Market Risk

	<i>a</i> RWA AED'000
1 General Interest rate risk (General and Specific)	1,276,254
2 Equity risk (General and Specific)	287,895
3 Foreign exchange risk	151,200
4 Commodity risk	-
Options	2,129
5 Simplified approach	2,129
6 Delta-plus method	-
7 Scenario approach	
8 Securitisation	-
9 Total	1,717,478

The Market RWA from Foreign Exchange Risk has reduced compared to 31st December 2021 due to a reduction in net open positions of foreign currencies (excluding USD). The impact of this has been partially offset by an increase in Market RWA from Interest Rate Risk which has increased due to an increase in interest rate sensitive derivative deals.