

PILLAR 3 DISCLOSURES

For the period ended 30 June, 2023



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

1. Introduction

On 30th December 2022, the Central Bank of UAE published final Capital Adequacy Standards and Guidance along with Notice 5280/2022 as an update to Notice 4980/2020. This included final Standards and Guidance with respect to Pillar 3 – Market Disclosures. The effective date of these disclosures was prescribed 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explanatory notes and disclosure templates for Pillar 3 on 30th November 2021 as part of Notice 5508/2021 which was superseded by Notice 1887/2022 issued on 9th May 2022.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 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 in line with the Capital Adequacy Standards. 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'23	31 Mar'23	31 Dec'22	30 Sep'22	30 Jun'22
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	9,209,979	8,621,249	8,165,747	8,643,309	8,296,328
1a	Fully loaded ECL accounting model	8,964,164	8,481,042	8,059,100	8,643,309	8,296,328
2	Tier 1	9,209,979	8,621,249	8,165,747	8,643,309	8,296,328
2a	Fully loaded ECL accounting model	8,964,164	8,481,042	8,059,100	8,643,309	8,296,328
3	Total capital	9,815,844	9,230,686	8,766,941	9,248,903	8,888,696
3a	Fully loaded ECL accounting model total capital	9,566,957	9,088,727	8,658,961	9,248,903	8,888,696
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	55,395,219	54,798,525	53,374,252	54,572,396	52,785,360
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	16.6%	15.7%	15.3%	15.8%	15.7%
5a	Fully loaded ECL accounting model CET1 (%)	16.3%	15.5%	15.1%	15.8%	15.7%
6	Tier 1 ratio (%)	16.6%	15.7%	15.3%	15.8%	15.7%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.3%	15.5%	15.1%	15.8%	15.7%
7	Total capital ratio (%)	17.7%	16.8%	16.4%	16.9%	16.8%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.3%	16.6%	16.3%	16.9%	16.8%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Bank D-SIB additional requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total of bank CET1 specific buffer requirements (%)	2.5%	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.2%	6.3%	5.9%	6.4%	6.3%

Leverage Ratio						
13	Total leverage ratio measure	78,310,506	75,825,185	72,486,864	71,902,159	68,335,984
14	Leverage ratio (%)	11.8%	11.4%	11.3%	12.0%	12.1%
14a	Fully loaded ECL accounting model leverage ratio (%)	11.4%	11.2%	11.1%	12.0%	12.1%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.8%	11.4%	11.3%	12.0%	12.1%
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	9,304,586	8,690,885	7,268,037	7,879,888	6,751,440
22	Total liabilities	61,767,080	58,768,508	56,682,456	54,431,931	51,769,205
23	Eligible Liquid Assets Ratio (ELAR) (%)	15.1%	14.8%	12.8%	14.5%	13.0%
ASRR						
24	Total available stable funding	56,987,220	55,500,851	54,036,137	48,731,592	48,167,572
25	Total Advances	45,545,764	45,407,627	42,882,194	41,181,766	39,475,792
26	Advances to Stable Resources Ratio (%)	79.9	81.8	79.4	84.5	82.0

Absolute capital amounts and capital ratios of the Bank have improved against previous quarters as a result of an increase in the Tier 1 capital due to the inclusion of current year profits (for H1 2023). The increase in prudential filter benefit has further driven the increase in capital ratios.

AED'000		a	b	c
		RWA		Minimum capital requirements
		30 Jun 2023	31 Mar 2023	30 Jun 2023
1	Credit risk (excluding counterparty credit risk)	48,004,008	48,317,149	5,040,421
2	Of which: standardised approach (SA)	48,004,008	48,317,149	5,040,421
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)	310,966	263,786	32,651
7	Of which: standardised approach for counterparty credit risk	310,966	263,786	32,651
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	154,265	174,016	16,198
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	2,147,785	1,765,115	225,517
21	Of which: standardised approach (SA)	2,147,785	1,765,115	225,517
22	Of which: internal models approach (IMA)			
23	Operational risk	4,778,195	4,278,459	501,710
24	Amounts below thresholds for deduction (subject to 250% risk weight)			
25	Floor adjustment			
26	Total	55,395,219	54,798,525	5,816,497

The increase in the Risk Weighted Assets for Counterparty Credit Risk against the quarter ended March 2023 is due to an increase in notional amounts of Foreign Exchange Options and Interest Rate Futures.

3. Composition of capital

Amounts in AED'000		a	b
		30 Jun 2023	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	2,011,495	Share Capital
2	Retained earnings	3,672,955	
3	Accumulated other comprehensive income (and other reserves)	3,888,506	
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	9,572,956	
Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	-	
8	Goodwill (net of related tax liability)	(166,386)	
9	Other intangibles including mortgage servicing rights (net of related tax liability)	(196,591)	
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	(362,977)	
25	Common Equity Tier 1 capital (CET1)	9,209,979	
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)	9,209,979
	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	605,865
45	Tier 2 capital before regulatory adjustments	605,865
	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)	605,865
52	Total regulatory capital (TC = T1 + T2)	9,815,844
53	Total risk-weighted assets	55,395,219
	Capital ratios and buffers	
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	16.6%
55	Tier 1 (as a percentage of risk-weighted assets)	16.6%
56	Total capital (as a percentage of risk-weighted assets)	17.7%

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.	7.2%
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	150,858
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)	727,039
70	Cap on inclusion of provisions in Tier 2 under standardised approach	605,865
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>	

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AED'000	a	b	c
	Balance sheet as in published financial statements 30 Jun 2023	Under regulatory scope of consolidation 30 Jun 2023	Reference*
Assets			
Cash and balances with UAE Central Bank	6,883,429	6,883,407	
Due from other banks, net	12,863,742	12,725,048	
Investment securities measured at fair value	5,172,558	5,051,820	
Investment securities measured at amortised cost	6,551,391	6,868,635	
Loans and advances, net	37,630,866	37,630,866	
Insurance contract assets and receivables, net	172,527	-	
Customer acceptances	65,126	65,126	
Other Assets	1,571,379	1,566,792	
Property and equipment	476,657	475,692	
Right-of-use assets	109,343	109,343	
Goodwill and intangible assets	367,714	196,591	
Total assets	71,864,732	71,573,320	
Liabilities			
Due to other banks	6,518,595	6,462,976	
Deposits from customers	48,965,388	49,101,209	
Customer acceptances	65,126	65,126	
Debt securities issued and other long term borrowings	4,392,012	4,392,012	
Insurance contract liabilities and payables	396,006	-	
Other liabilities	2,069,793	2,070,655	
Lease liabilities	102,999	102,999	
Total Liabilities	62,509,919	62,194,977	
Shareholders' equity			
Share capital (which equals amount eligible for CET1)	2,011,495	2,011,495	
Legal reserve	950,431	950,431	
Retained earnings	3,387,814	3,427,140	
Other reserves	2,978,628	2,989,277	
Non-controlling interests	26,445	-	
Total shareholders' equity	9,354,813	9,378,343	

*Refer to consolidated financial statements for the period ended 30th June 2023

		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 and all applicable laws & 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)	Ordinary Shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	AED 2,011
9	Nominal amount of instrument	AED 1
9a	Issue price (original)	AED 1
9b	Redemption price	N/A
10	Accounting classification	Shareholders' Equity
11	Original 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	Dividends
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-own, description of write-up mechanism	N/A
28a	Type of subordination	N/A
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 2023 AED'000
1	Total consolidated assets as per published financial statements	71,864,734
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	(569,454)
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	931,592
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)	4,031,285
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	1,735,105
13	Leverage ratio exposure measure	78,310,506

The difference between the total assets as per consolidated financial statements and the leverage ratio exposure measure is primarily on account of off balance sheet items including derivatives. Other adjustments mainly include adjustments for provisions and suspended interest, amongst others.

Amounts in AED'000		^a 30 Jun 2023	^b 31 Mar 2023
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	73,347,629	70,419,677
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	153,779	177,232
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)	73,501,408	70,596,909
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)	184,382	268,409
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	593,431	530,560
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	777,813	798,969
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	13,698,322	13,996,843
20	(Adjustments for conversion to credit equivalent amounts)	(9,667,037)	(9,567,536)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off-balance sheet items	4,031,285	4,429,307
Capital and total exposures			
23	Tier 1 capital	9,209,979	8,621,249
24	Total exposures	78,310,506	75,825,185
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	11.8%	11.4%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.8%	11.4%
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	6,883,407	
1.2	UAE Federal Government Bonds and Sukuks	1,833,394	
	Subtotal	8,716,801	8,716,801
1.3	UAE local governments publicly traded debt securities	587,785	
1.4	UAE Public sector publicly traded debt securities	-	
	Subtotal	587,785	587,785
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	Total	9,304,586	9,304,586
2	Total liabilities		61,767,080
3	Eligible Liquid Assets Ratio (ELAR)		15.1%

Amounts in AED'000		
	Items	Amount
1	Computation of Advances	
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	37,878,591
1.2	Lending to non-banking financial institutions	224,536
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	254,183
1.4	Interbank Placements	7,188,454
1.5	Total Advances	45,545,764
2	Calculation of Net Stable Resources	
2.1	Total capital + general provisions	10,980,375
	Deduct:	
2.1.1	Goodwill and other intangible assets	196,591
2.1.2	Fixed Assets	475,692
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	261,017
2.1.6	Investment in subsidiaries, associates and affiliates	325,819
2.1.7	Total deduction	1,259,119
2.2	Net Free Capital Funds	9,721,256
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	2,896,123
2.3.3	Refinancing of Housing Loans	-
2.3.4	Borrowing from non-Banking Financial Institutions	1,693,673
2.3.5	Customer Deposits	40,853,949
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	1,822,219
2.3.7	Total other stable resources	47,265,964
2.4	Total Stable Resources	56,987,220
3	Advances To Stable Resources Ratio	79.9%

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 Asset (NPA) when:

- A. 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.
- B. 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).
- C. 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	1,026,664	38,876,064	(2,271,862)	(752,699)	(1,519,164)	37,630,866
2	Debt securities	234,141	11,052,297	(225,713)	(166,079)	(59,634)	11,060,725
3	Off-balance sheet exposures	1,611	5,323,694	(28,149)	(257)	(27,892)	5,297,156
4	Total	1,262,411	55,252,060	(2,525,724)	(919,035)	(1,606,689)	53,988,747

Specific provision includes the Expected Credit Loss (ECL) on Stage 3 exposures within each category while General provision includes the ECL on Stage 1 and Stage 2 exposures.

	a
	AED'000
1	Defaulted loans and debt securities at 31 December 2022
2	Loans and debt securities that have defaulted since the last reporting period
3	Returned to non-default status
4	Amounts written off
5	Other changes
6	Defaulted loans and debt securities at 30 June 2023
	1,422,394
	340,484
	(37,410)
	(308,916)
	(155,747)
	1,260,805

The balance of defaulted loans and debt securities have dropped despite the increase in new defaults since 31st December 2022 is due to higher write-off and closure of defaulted loans and debt securities.

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	34,191,291	4,495,156	1,129,607	1,216,282	1,209,482	-	-
2	Debt securities	11,286,438	-	-	-	-	-	-
3	Total	45,477,729	4,495,156	1,129,607	1,216,282	1,209,482	-	-
4	Of which defaulted	1,231,670	26,342	4,085	2,788	1,449	-	-

AED'000		a	b	c	d	e	f
		Exposures before CCF and CRM	Exposures before CCF and CRM	Exposures post-CCF and CRM	Exposures post-CCF and CRM	RWA and RWA density	RWA and RWA density
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	10,055,596	166,570	10,055,596	152,784	1,304,370	12.8%
2	Public Sector Entities	5,482,888	1,245,421	5,482,888	624,142	5,001,743	81.9%
3	Multilateral development banks	805,648	-	805,648	-	454,694	56.4%
4	Banks	16,539,947	1,431,830	16,539,947	1,283,016	11,971,262	67.2%
5	Securities firms	164,709	64,464	164,709	64,464	50,869	22.2%
6	Corporates	8,342,048	6,908,077	8,355,353	1,679,580	8,399,709	83.7%
7	Regulatory retail portfolios	16,542,657	4,709,981	16,530,801	217,133	12,346,793	73.7%
8	Secured by residential property	8,149,945	-	8,149,945	-	3,063,502	37.6%
9	Secured by commercial real estate	2,614,234	-	2,614,234	-	2,595,808	99.3%
10	Equity Investment in Funds (EIF)	-	-	-	-	-	NA
11	Past-due loans	557,614	176	556,165	176	617,794	111.0%
12	Higher-risk categories	-	-	-	-	-	NA
13	Other assets	3,911,695	17,106	3,911,695	17,106	2,508,430	63.8%
14	Total	73,166,982	14,543,624	73,166,982	4,038,400	48,314,974	62.6%

Movements against year-end 2022 arise on account of the changing mix of Bank's exposures against GREs and other banks as well as other components of Balance Sheet.

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	8,745,163	152,046	-	140,295	-	1,105,001	65,875	-	10,208,380
2	Public Sector Entities	578,894	648,221	-	15,633	-	345,658	-	4,518,624	6,107,030
3	Multilateral development banks	-	91,825	-	554,989	-	158,834	-	-	805,648
4	Banks	61,697	2,751,330	-	6,821,517	-	7,836,072	602	351,746	17,822,964
5	Securities firms	-	212,391	-	16,782	-	-	-	-	229,173
6	Corporates	1,075,039	55,215	-	591,167	-	3,536,534	397,116	4,379,862	10,034,933
7	Regulatory retail portfolios	984,158	-	-	-	13,667,932	2,095,844	-	-	16,747,934
8	Secured by residential property	16,212	-	7,779,298	-	54,749	299,685	-	-	8,149,945
9	Secured by commercial real estate	18,425	-	-	-	-	2,595,808	-	-	2,614,234
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	433,434	122,907	-	556,340
12	Higher-risk categories	-	-	-	-	-	-	-	-	-
13	Other assets	1,564,040	155,342	-	-	-	1,975,251	83,310	150,858	3,928,802
14	Total	13,043,628	4,066,370	7,779,298	8,140,383	13,722,681	20,382,123	669,809	9,401,090	77,205,383

Movements against year-end 2022 arise on account of the changing mix of Bank's exposures against corporates and other banks as well as other components of Balance Sheet.

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)	131,701	472,086		1.4	845,302	310,966
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						310,966

The increase in the Risk Weighted Assets for Counterparty Credit Risk against year-end 2022 is due to an increase in notional amounts of Foreign Exchange Options & Forwards and Interest Rate Futures.

AED'000		<i>a</i>	<i>b</i>
		EAD post-CRM	RWA
1	All portfolios subject to the Standardised CVA capital charge	638,606	154,265
2	All portfolios subject to the Simple alternative CVA capital charge	-	-

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	0%	20%	50%	75%	100%	150%	Others	Total credit exposures
	Sovereigns	43,505	-	-	-	-	-	-	43,505
	Public Sector Entities (PSEs)	-	-	-	-	-	-	1,956	1,956
	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
	Banks	-	141,009	257,569	-	12,132	-	-	410,710
	Securities firms	-	47,682	16,782	-	-	-	-	64,464
	Corporates	-	-	-	-	-	-	324,667	324,667
	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	43,505	188,690	274,351	-	12,132	-	326,623	845,302	

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 Segregated	Fair value of collateral received Unsegregated	Fair value of posted collateral Segregated	Fair value of posted collateral Unsegregated	Fair value of collateral received	Fair value of posted collateral
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	256,506	-	153,779	-	57,359
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	256,506	-	153,779	-	57,359

The increase in collateral against year-end 2022 is due to an improvement in the mark to market valuations of foreign exchange and derivative contracts.

AED'000		a	b
		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)		8,446
	Exposures for trades at QCCPs		
2	(excluding initial margin and default fund contribution); of which:	127,237	5,090
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	127,237	5,090
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	83,912	3,356
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
	Exposures for trades at non-QCCPs		
12	(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	21	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

8. Market risk

		a
		RWA
		AED'000
1	General Interest rate risk (General and Specific)	1,207,826
2	Equity risk (General and Specific)	222,012
3	Foreign exchange risk	717,466
4	Commodity risk	-
	Options	481
5	Simplified approach	481
6	Delta-plus method	-
7	Scenario approach	
8	Securitisation	-
9	Total	2,147,785

The increase in Market Risk Weighted Assets against year-end 2022 is a result of an increase in the notional amounts of derivative contracts subject to interest rate risk.