

# Pillar III Disclosures

30 September 2022

Section	#	Tables and templates	Applicable	
<b>1. Overview of Risk Management and RWA</b>	KM1	Key Metrics (at consolidated group level)	Yes	
	OVA	Bank risk management approach	No	
	OV1	Overview of RWA	Yes	
<b>2. Linkages Between Financial Statements and Regulatory Exposures</b>	LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories	No	
	LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements		
	LIA	Explanations of differences between accounting and regulatory exposure amounts		
<b>3. Prudential valuation adjustments</b>	PV1	Prudential valuation adjustments	No	
<b>4. Composition of Capital</b>	CC1	Composition of regulatory capital	No	
	CC2	Reconciliation of regulatory capital to balance sheet		
	CCA	Main features of regulatory capital instruments		
<b>5. Macroprudential Supervisory measures</b>	CCyB1	Geographical distribution of credit exposures used in the countercyclical buffer	No	
<b>6. Leverage Ratio</b>	LR1	Summary comparison of accounting assets vs leverage ratio exposure	Yes	
	LR2	Leverage ratio common disclosure template	Yes	
<b>7. Liquidity</b>	LIQA	Liquidity risk management	No	
	LIQ1	Liquidity Coverage Ratio	Yes	
	LIQ2	Net Stable Funding Ratio	No	
	ELAR	Eligible Liquid Assets Ratio	Yes	
	ASRR	Advances to Stable Resources Ratio	Yes	
	CR1	General qualitative information about credit risk	No	
<b>8. Credit Risk</b>	CR1	Credit quality of assets	No	
	CR2	Changes in stock of defaulted financing and sukuk	No	
	CRB	Additional disclosure related to the credit quality of assets	No	
	CRC	Qualitative disclosure requirements related to credit risk mitigation techniques	No	
	CR3	Credit risk mitigation techniques – overview	No	
	CRD	Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk	No	
	CR4	Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	No	
	CR5	Standardised approach – exposures by asset classes and risk weights	No	
	CCRA	Qualitative disclosure related to counterparty credit risk	No	
	<b>9. Counterparty Credit Risk</b>	CCR1	Analysis of counterparty credit risk (CCR) exposure by approach	No
CCR1		Credit valuation adjustment capital charge		
CCR3		Standardised approach of CCR exposures by regulatory portfolio and risk weights		
CCR5		Composition of collateral for CCR exposure		
CCR6		Credit derivatives exposures		
CCR8		Exposures to central counterparties		
SECA		Qualitative disclosure requirements related to securitisation exposures	No	
SEC1		Securitisation exposures in the Banking book		
SEC2	Securitisation exposures in the trading book			
SEC3	Securitisation exposures in the Banking book and associated regulatory capital requirements – Bank acting as originator or as sponsor			
SEC4	Securitisation exposures in the Banking book and associated capital requirements – Bank acting as investor			
<b>11. Market Risk</b>	MRA	General qualitative disclosure requirements related to market risk	No	
	MR1	Market risk under standardised approach	No	
<b>12. Profit Rate Risk in the Banking Book</b>	PRRBBA	PRRB risk management objective and policies	No	
	PRRB1	Quantitative information on PRRBB	No	
<b>13. Operational Risk Qualitative Disclosure</b>	OR1	Qualitative disclosure on operational risk	No	
<b>14. Remuneration policy</b>	REMA	Remuneration policy	No	
	REM1	Remuneration awarded during the 2022	No	
	REM2	Special payments	No	

## Introduction

The Central Bank of the UAE sets and monitors capital requirements for the Group as a whole. The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (“CET1”), Additional Tier 1 (“AT1”) and Total Capital.

The additional capital buffers (Capital Conservation Buffer (“CCB”) and Countercyclical Capital Buffer (“CCyB”) maximum up to 2.5% for each buffer) introduced are over and above the minimum CET1 requirement of 7%.

For 2021 and onwards, CCB will be required to be maintained at 2.5% of the Capital base. CCyB is not yet in effect and is not required to be maintained for 2021.

The Basel III framework is based on three pillars:

- Pillar I – Minimum capital requirements: defines rules for the calculation of minimum capital for credit, market and operational risk. The framework allows for different approaches, which can be selected depending on size, sophistication and other considerations. These comprise for Credit Risk: Standardised, Foundation Internal Rating Based (FIRB), Advanced Internal Rating Based (AIRB); for Market Risk: Standardised and Internal Models Approach; and for Operational Risk: Basic Indicator Approach and Standardised Approach.
- Pillar II – Provides the framework for an enhanced supervisory review process with the objective of assessing the adequacy of the Bank’s capital to cover not only the three primary risks (Credit, Market and Operational), but in addition a series of other risks that the Bank may be exposed to; for example, concentration risk, residual risk, business risk, liquidity risk etc. It includes the requirement for banks to undertake an Internal Capital Adequacy Assessment Process (ICAAP) on an annual basis, which is subject to the Central Bank review and inspection.
- Pillar III – Market discipline: requires expanded disclosures, which allow regulators, investors and other market participants to more fully understand the risk profiles of individual banks. The requirements of Pillar III in the case of ADIB are fulfilled in this annual report.

The requirements of the Central Bank of the UAE act as the framework for the implementation of the Basel III Accord in the UAE. In November 2020, CBUAE issued revised standards and guidelines for Capital Adequacy in UAE via Circular 4980/2020. The revised version of the Standards also includes additional Guidance on the topics of Credit Risk, Market Risk, and Operational Risk.

**Following are the changes in the revised standards which have been adopted either prior to or during 2021:**

- The Tier Capital Supply Standard
- Tier Capital Instruments Standard
- Pillar 2 Standard: Internal Capital Adequacy Assessment Process (ICAAP)
- Credit Risk, Market Risk and Operational Risk
- Equity Investment in Funds, Securitisation, Counterparty Credit Risk, Leverage Ratio

In addition, Credit Value Adjustment (CVA) for Pillar 1 and 3 has been effective from 30 June 2022.

The purpose of Pillar 3 - Market Discipline is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The CBUAE supports the enhanced market discipline by developing a set of disclosure requirements which will allow market participants to assess key information on the scope of application, capital, risk exposure, risk assessment process and hence the capital adequacy of the Group. 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.

# 1. Overview of Risk Management and RWA

## KM1: Key metrics (at consolidated group level): Overview of risk management, key prudential metrics and RWA categories

AED '000s		a	b	c	d
		30 Sept 2022	30 June 2022	31 March 2022	31 December 2021
<b>Available capital (amounts)</b>					
1	Common Equity Tier 1 (CET1)	15,293,743	14,590,177	13,937,230	13,500,957
1a	Fully loaded ECL accounting model	15,251,594	14,517,360	13,928,094	13,414,700
2	Tier 1	20,048,118	19,344,552	18,691,605	18,255,332
2a	Fully loaded accounting model Tier 1	20,005,969	19,271,735	18,682,469	18,169,075
3	Total capital	21,376,398	20,609,589	19,896,772	19,393,282
3a	Fully loaded ECL accounting model total capital	21,334,249	20,536,571	19,887,610	19,306,779
<b>Risk-weighted assets (amounts)</b>					
4	Total risk-weighted assets (RWA)	119,432,225	114,227,651	110,084,229	104,443,131
<b>Risk-based capital ratios as a percentage of RWA</b>					
5	Common Equity Tier 1 ratio (%)	12.81%	12.77%	12.66%	12.93%
5a	Fully loaded ECL accounting model CET1 (%)	12.77%	12.71%	12.65%	12.85%
6	Tier 1 ratio (%)	16.79%	16.94%	16.98%	17.48%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.75%	16.87%	16.97%	17.40%
7	Total capital ratio (%)	17.90%	18.04%	18.07%	18.57%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.86%	17.98%	18.07%	18.49%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	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%
12	CET1 available after meeting the bank's minimum capital requirements (%)	5.81%	5.77%	5.66%	5.93%
<b>Leverage Ratio</b>					
13	Total leverage ratio measure	159,742,767	152,037,410	146,608,100	141,905,698
14	Leverage ratio (%) (row 2/row 13)	12.55%	12.72%	12.75%	12.86%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	12.52%	12.68%	12.74%	12.80%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	12.55%	12.72%	12.75%	12.86%
<b>Liquidity Coverage Ratio</b>					
15	Total HQLA	N/A	N/A	N/A	N/A
16	Total net cash outflow	N/A	N/A	N/A	N/A
17	LCR ratio (%)	N/A	N/A	N/A	N/A
<b>Net Stable Funding Ratio</b>					
18	Total available stable funding	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A
20	NSFR ratio (%)	N/A	N/A	N/A	N/A
<b>Eligible Liquidity Asset Ratio (ELAR)</b>					
21	Total HQLA	19,889,775	20,916,061	18,803,666	22,623,159
22	Total liabilities	125,002,931	120,241,024	117,444,454	114,755,556
23	Eligible Liquid Assets Ratio (ELAR) (%)	15.9%	17.4%	16.0%	19.7%
<b>Advances to Stable Resources Ratio (ASRR)</b>					
24	Total available stable funding	118,338,051	113,578,670	107,719,287	107,236,387
25	Total Advances	101,907,869	96,704,956	94,311,967	93,071,118
26	Advances to Stable Resources Ratio (ASRR) (%)	86.1%	85.1%	87.6%	86.8%

## OVA: Bank risk management approach – Required Annually

### OV1: Overview of RWA

AED '000s		a	b	c	d	e
		RWA				Minimum capital requirements
		30 Sept 2022	30 June 2022	31 March 2022	31 December 2021	30 Sept 2022
1	Credit risk (excluding counterparty credit risk) (CCR)	105,680,129	100,505,239	95,491,373	90,416,878	11,096,414
2	Of which standardised approach (SA)	105,680,129	100,505,239	95,491,373	90,416,878	11,096,414
3						
4						
5						
6	Counterparty credit risk (CCR)	559,570	682,878	913,762	617,238	58,755
7	Of which standardised approach for counterparty credit risk	559,570	682,878	913,762	617,238	58,755
8						
9						
10						
11						
12	Equity investments in funds – look-through approach	-	-	-	-	-
13	Equity investments in funds – mandate-based approach	-	-	-	-	-
14	Equity investments in funds – fallback approach	22,672	14,878	8,248	1,900	2,381
15	Settlement risk	-	-	-	-	-
16	Securitisation exposures in banking book	-	-	-	-	-
17						
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-	-
20	Market risk	2,775,723	2,630,525	3,276,716	2,893,484	291,451
21	Of which standardised approach (SA)	2,775,723	2,630,525	3,276,716	2,893,484	291,451
22						
23	Operational risk	10,394,131	10,394,131	10,394,131	10,513,631	1,091,384
24						
25						
26	Total (1+6+10+11+12+13+14+15+16+20+23)	<b>119,432,225</b>	<b>114,227,651</b>	<b>110,084,230</b>	<b>104,443,131</b>	<b>12,540,384</b>

- The minimum capital requirements applied in column C is 10.5%.

## 2. Linkages between Financial Statements and Regulatory Exposures

**Required Annually**

## 3. Prudential Valuation Adjustments

**PV1: Prudential valuation adjustments (PVAs)**

**Not applicable**

## 4. Composition of Capital

**Required Semi-Annually**

## 5. Macroprudential Supervisory measures

**Required Semi-Annually**

## 6. Leverage Ratio

### LR1: Summary comparison of accounting assets vs leverage ratio exposure

		30 Sept 2022	30 June 2022	31 March 2022
Summary comparison of accounting assets versus leverage ratio exposure measure		a	b	c
Item		AED '000s	AED '000s	AED '000s
1	Total consolidated assets as per published financial statements	15,134,711	140,742,375	136,868,349
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	(134,408)	(297,049)
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 recognized 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	1,340,200	1,831,285	1,260,771
9	Adjustment for securities financing transactions (i.e. repos and similar secured financing)	-	-	-
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	5,269,959	5,071,135	4,860,706
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(867,921)	(765,205)	(654,244)
12	Other adjustments	(134,181)	(137,083)	(132,835)
13	<b>Leverage ratio exposure measures</b>	<b>159,742,767</b>	<b>146,608,100</b>	<b>141,905,698</b>

## LR2: Leverage ratio common disclosure template

AED '000s		a	b	c
		Sept 22	June 22	Mar 22
<b>On-balance sheet exposures</b>				
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	154,134,711	146,236,828	140,742,375
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)	(867,921)	(786,925)	(765,205)
6	(Asset amounts deducted in determining Tier 1 capital)	(134,181)	(174,554)	(271,491)
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>153,132,609</b>	<b>145,275,349</b>	<b>139,705,679</b>
<b>Derivative Exposures</b>				
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	376,372	302,794	603,250
9	Add-on amounts for PFE associated with all derivatives transactions	963,828	1,201,289	1,228,035
10	(Exempted CCP leg of client-cleared trade exposures)	-	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-
13	<b>Total derivative exposures (sum of rows 8 to 12)</b>	<b>1,340,200</b>	<b>1,504,084</b>	<b>1,831,285</b>
<b>Securities financing transaction exposures</b>				
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-
16	Credit Conversion Factor (CCR) exposure for Security Financing Transaction (SFT) assets	-	-	-
17	Agent transaction exposures	-	-	-
18	<b>Total securities financing transaction exposures (sum of lines 14 to 17)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>				
19	Off-balance sheet exposure at gross notional amount	11,071,391	11,849,714	10,789,387
20	(Adjustments for conversion to credit equivalent amounts)	(5,801,433)	(6,591,735)	(5,718,252)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-	-
22	<b>Off-balance sheet items (sum of lines 19 to 21)</b>	<b>5,269,959</b>	<b>5,257,978</b>	<b>5,071,135</b>
<b>Capital and total exposures</b>				
23	Tier 1 capital	<b>20,048,118</b>	<b>19,344,552</b>	<b>18,691,605</b>
24	<b>Total exposures (sum of lines 7, 13, 18 and 22)</b>	<b>159,742,767</b>	<b>152,037,410</b>	<b>146,608,100</b>
<b>Leverage ratio</b>				
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	<b>12.55%</b>	<b>12.72%</b>	<b>12.75%</b>
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.55%	12.72%	12.75%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%	3.00%
27	<b>Applicable leverage buffers</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

## 7. Liquidity

**LIQA: Liquidity risk management – Required Annually**

**LIQ1: Liquidity Coverage Ratio (LCR) – Not applicable for ADIB Group**

**LIQ2: Net Stable Funding Ratio (NSFR) – Not applicable for ADIB Group**

**ELAR: Eligible Liquid Assets Ratio\* (UAE operation only)**

AED '000s		30 September 2022	
		Nominal amount	Eligible Liquid Asset
<b>1</b>	<b>High Quality Liquid Assets</b>		
1.1	Physical cash in hand at the bank + balances with the CBUAE	16,818,115	
1.2	UAE Federal Government Sukuks	-	
	<b>Sub Total (1.1 to 1.2)</b>	16,818,115	16,818,115
1.3	UAE local governments publicly traded debt securities	3,071,660	
1.4	UAE Public sector publicly traded debt securities	-	
	<b>Sub Total (1.3 to 1.4)</b>	3,071,660	3,071,660
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	<b>Total</b>	<b>19,889,775</b>	<b>19,889,775</b>
2	Total liabilities		125,002,931
3	<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>15.9%</b>

\*as per BRF 8.

## ASRR: Advances to Stable Resources Ratio

AED '000s		30 September 2022
		Amount
<b>1</b>	<b>Computation of Advances</b>	
1.1	Net financing (gross financing - specific and profit in suspense)	96,233,377
1.2	Placement with non-banking financial institutions	1,733,780
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	735,584
1.4	Interbank Placements	3,205,128
1.5	<b>Total Advances</b>	<b>101,907,869</b>
<b>2</b>	<b>Computation of Net Stable Resources</b>	
2.1	Total capital + general provisions	21,877,090
	<b>Deduct:</b>	
2.1.1	Goodwill and other intangible assets	109,888
2.1.2	Fixed Assets	2,307,029
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	77,135
2.1.6	Investment in subsidiaries, associates and affiliates	2,272,061
2.1.7	<b>Total deduction</b>	<b>4,766,113</b>
2.2	<b>Net Free Capital Funds</b>	<b>17,110,977</b>
2.3	<b>Other Stable resources:</b>	
2.3.1	Funds from the head office	-
2.3.2	Interbank deposits with remaining life of more than 6 months	-
2.3.3	Refinancing of Housing financing	-
2.3.4	Financing from non-Banking Financial Institutions	1,145,398
2.3.5	Customer Deposits	100,081,676
2.3.6	Capital market funding/ term financing maturing after 6 months from reporting date	-
2.3.7	<b>Total other stable resources</b>	<b>101,227,074</b>
2.4	<b>Total Stable Resources (2.2+2.3.7)</b>	<b>118,338,051</b>
<b>3</b>	<b>Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)</b>	<b>86.1%</b>



## 8. Credit Risk

**Required Semi-annually**

## 9. Counterparty Credit Risk

**Required Semi-annually**

## 10. Securitisation

**SECA: Qualitative disclosure requirements related to securitisation exposures**

*Not applicable*

**SEC1: Securitisation exposures in the banking book**

*Not applicable*

**SEC2: Securitisation exposures in the trading book**

*Not applicable*

**SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor**

*Not applicable*

**SEC4: Securitisation exposures in the banking book and associated capital requirements - bank acting as investor**

*Not applicable*

## 11. Market Risk

**Required Semi-Annually**

## 12. Profit Rate Risk in the Banking Book (PRRBB)

**Required Annually**

## 13. Operational Risk

**Required Annually**

## 14. Remuneration Policy

**Required Annually**