

# Pillar III Disclosures

30 September 2023

Section	#	Tables and templates	Applicable
1. Overview of Risk Management and RWA	KM1	Key Metrics (at consolidated group level)	Yes
	OVA	Bank risk management approach	
	OV1	Overview of RWA	
2. Linkages Between Financial Statements and Regulatory Exposures	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	
3. Prudential valuation adjustments	PV1	Prudential valuation adjustments	No
4. Composition of Capital	CC1	Composition of regulatory capital	No
	CC2	Reconciliation of regulatory capital to balance sheet	No
	CCA	Main features of regulatory capital instruments	No
5. Macroprudential Supervisory measures	CCyB1	Geographical distribution of credit exposures used in the countercyclical buffer	No
6. Leverage Ratio	LR1	Summary comparison of accounting assets vs leverage ratio exposure	No
	LR2	Leverage ratio common disclosure template	No
7. Liquidity	LIQA	Liquidity risk management	No
	LIQ1	Liquidity Coverage Ratio	No
	LIQ2	Net Stable Funding Ratio	No
	ELAR	Eligible Liquid Assets Ratio	Yes
	ASRR	Advances to Stable Resources Ratio	Yes
	CRA	General qualitative information about credit risk	No
CR1	Credit quality of assets		
CR2	Changes in stock of defaulted financing and sukuk		
CRB	Additional disclosure related to the credit quality of assets		
CRC	Qualitative disclosure requirements related to credit risk mitigation techniques		
CR3	Credit risk mitigation techniques – overview		
CRD	Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk		
CR4	Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects		
CR5	Standardised approach – exposures by asset classes and risk weights		
9. Counterparty Credit Risk	CCRA	Qualitative disclosure related to counterparty credit risk	No
	CCR1	Analysis of counterparty credit risk (CCR) exposure by approach	
	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	
10. Securitisation	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	
11. Market Risk	MRA	General qualitative disclosure requirements related to market risk	No
	MR1	Market risk under standardised approach	No
12. Profit Rate Risk in the Banking Book	PRRBBA	PRRB risk management objective and policies	No
	PRRB1	Quantitative information on PRRBB	No
13. Operational Risk Qualitative Disclosure	OR1	Qualitative disclosure on operational risk	No
14. Remuneration policy	REMA	Remuneration policy	No
	REM1	Remuneration awarded during the 2021	No
	REM2	Special payments	No
	LIQA	Liquidity risk management	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 2023 and onwards, CCB will be required to be maintained at 2.5% (2022: 2.5%) of the Capital base. CCyB is not yet in effect and is not required to be maintained for 2023 (2022: Nil).

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 December 2022, CBUAE issued revised standards and guidelines for Capital Adequacy in UAE via Circular 5280/2022. 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 2023:**

- 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.
- Credit Value Adjustment (CVA) for Pillar 1 and 3.

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.

### Information On Subsidiaries And Significant Investment As On 30 September 2023

	Country of Incorporation	% Ownership	Description	Treatment - Regulatory	Treatment - Accounting
<b>SUBSIDIARIES</b>					
Abu Dhabi Islamic Securities Company LLC	UAE	95	Equity Brokerage Services	Fully consolidated	Fully consolidated
ADIB Invest 1	BVI	100	Equity Brokerage Services	Fully consolidated	Fully consolidated
Burooj Properties LLC **	UAE	100	Real Estate Investments	Not consolidated	Fully consolidated
MPM Properties LLC **	UAE	100	Real Estate Services	Not consolidated	Fully consolidated
Kawader Services LLC **	UAE	100	Manpower Supply	Not consolidated	Fully consolidated
ADIB (UK) Limited	United Kingdom	100	Other services	Fully consolidated	Fully consolidated
ADIB Capital Ltd	UAE	100	Funds Services	Fully consolidated	Fully consolidated
Abu Dhabi Islamic Bank – Egypt (S.A.E.)	Egypt	53	Islamic banking	Fully consolidated	Fully consolidated
ADIB Sukuk Company II Ltd.*	Cayman Islands	-	Special Purpose Vehicle	Fully consolidated	Fully consolidated
ADIB Capital Invest 2 Ltd.*	Cayman Islands	-	Special Purpose Vehicle	Fully consolidated	Fully consolidated
ADIB Capital Invest 3 Ltd.*	Cayman Islands	-	Special Purpose Vehicle	Fully consolidated	Fully consolidated
ADIB Alternatives Ltd.*	Cayman Islands	-	Special Purpose Vehicle	Fully consolidated	Fully consolidated
<b>SIGNIFICANT INVESTMENT</b>					
The Residential REIT (IC) Limited	UAE	29	Real Estate Fund	Deduction treatment	Equity Method
Abu Dhabi National Takaful PJSC	UAE	42	Islamic insurance	Deduction treatment	Equity Method
Bosnia Bank International D.D	Bosnia	27	Islamic banking	Deduction treatment	Equity Method
Saudi Finance Company CSJC	Kingdom of Saudi Arabia	51	Islamic Retail Finance	Deduction treatment	Equity Method
Arab Link Money Transfer PSC (under liquidation)	UAE	51	Currency Exchange	Deduction treatment	Equity Method
Abu Dhabi Islamic Merchant Acquiring Company LLC	UAE	51	Merchant acquiring	Deduction treatment	Equity Method

\* The Bank does not have any direct holding in these entities and they are considered to be a subsidiary by virtue of control.

\*\* In accordance with the Circular No. 52/2017 and the Capital Supply standard, the consolidated entity includes all subsidiaries except commercial entities for the purpose of Basel III calculations and is subject to treatment outlined section 5 of "Tier Capital Supply Standard" related to "Significant investment in commercial entities"

# 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	e
		30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	17,937,470	16,455,669	15,411,562	14,480,430	15,293,743
1a	Fully loaded ECL accounting model	17,803,550	16,315,519	15,293,443	14,332,387	15,251,594
2	Tier 1	22,691,845	21,210,044	20,165,937	19,234,805	20,048,118
2a	Fully loaded accounting model Tier 1	22,557,925	21,069,894	20,047,818	19,086,762	20,005,969
3	Total capital	24,214,200	22,656,200	21,545,362	20,578,904	21,376,398
3a	Fully loaded ECL accounting model total capital	24,080,280	22,516,050	21,427,243	20,430,860	21,334,249
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	134,300,337	128,331,204	122,840,401	119,856,783	119,432,225
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier 1 ratio (%)	13.36%	12.82%	12.55%	12.08%	12.81%
5a	Fully loaded ECL accounting model CET1 (%)	13.26%	12.71%	12.45%	11.96%	12.77%
6	Tier 1 ratio (%)	16.90%	16.53%	16.42%	16.05%	16.79%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.80%	16.42%	16.32%	15.92%	16.75%
7	Total capital ratio (%)	18.03%	17.65%	17.54%	17.17%	17.90%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.93%	17.55%	17.44%	17.05%	17.86%
<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%	2.50%
9	Countercyclical buffer requirement (%)	0.02%	0.02%	0.02%	0.02%	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)	2.52%	2.52%	2.52%	2.52%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	6.36%	5.82%	5.55%	5.08%	5.81%
<b>Leverage Ratio</b>						
13	Total leverage ratio measure	191,671,001	189,331,768	178,510,644	174,424,479	159,742,767
14	Leverage ratio (%) (row 2/row 13)	11.84%	11.20%	11.30%	11.03%	12.55%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	11.77%	11.13%	11.23%	10.94%	12.52%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.84%	11.20%	11.30%	11.03%	12.55%
<b>Liquidity Coverage Ratio</b>						
15	Total HQLA	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflow	N/A	N/A	N/A	N/A	N/A
17	LCR ratio (%)	N/A	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	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR ratio (%)	N/A	N/A	N/A	N/A	N/A
<b>Eligible Liquidity Asset Ratio (ELAR)</b>						
21	Total HQLA	26,660,996	31,076,746	26,454,931	24,386,707	19,889,775
22	Total liabilities	141,684,436	142,316,122	135,038,021	128,797,134	125,002,931
23	Eligible Liquid Assets Ratio (ELAR) (%)	18.82%	21.84%	19.59%	18.93%	15.9%
<b>Advances to Stable Resources Ratio (ASRR)</b>						
24	Total available stable funding	151,199,095	148,647,953	140,972,387	138,871,454	118,338,051
25	Total Advances	118,888,033	115,909,880	113,167,485	113,977,207	101,907,869
26	Advances to Stable Resources Ratio (ASRR) (%)	78.63%	77.98%	80.28%	82.07%	86.1%

## OV1: Overview of RWA

AED '000s		a	b	c
		RWAs		Minimum capital requirements
		30 Sep 2023	30 June 2023	30 Sep 2023
1	Credit risk (excluding counterparty credit risk) (CCR)	121,121,562	115,012,884	12,717,764
2	Of which standardised approach (SA)	121,121,562	115,012,884	12,717,764
3				
4				
5				
6	Counterparty credit risk (CCR)	628,402	647,445	65,982
7	Of which standardised approach for counterparty credit risk	628,402	647,445	65,982
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	38,434	32,209	4,036
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	1,830,069	1,956,796	192,157
21	Of which standardised approach (SA)	1,830,069	1,956,796	192,157
22				
23	Operational risk	10,681,870	10,681,870	1,121,596
24				
25				
26	<b>Total (1+6+10+11+12+13+14+15+16+20+23)</b>	<b>134,300,337</b>	<b>128,331,204</b>	<b>14,101,535</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

Summary comparison of accounting assets versus leverage ratio exposure measure		30 Sep 2023
		a
	Item	AED '000s
1	Total consolidated assets as per published financial statements	184,123,541
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(54,797)
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	1,426,993
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)	7,177,385
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(363,062)
12	Other adjustments	(639,059)
13	<b>Leverage ratio exposure measures</b>	<b>191,671,001</b>

## LR2: Leverage ratio common disclosure template

	AED '000s	a 30 Sep 23	b 30 June 23
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	184,068,744	182,040,055
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)	(363,062)	(487,605)
6	(Asset amounts deducted in determining Tier 1 capital)	(639,059)	(642,779)
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>183,066,623</b>	<b>180,909,671</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)	449,155	488,041
9	Add-on amounts for PFE associated with all derivatives transactions	977,838	1,129,144
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>1,426,993</b>	<b>1,617,155</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>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	14,462,800	13,201,131
20	(Adjustments for conversion to credit equivalent amounts)	(7,285,415)	(6,396,190)
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>7,177,385</b>	<b>6,804,942</b>
<b>Capital and total exposures</b>			
23	Tier 1 capital	<b>22,691,845</b>	<b>21,210,043</b>
24	<b>Total exposures (sum of lines 7, 13, 18 and 22)</b>	<b>191,671,001</b>	<b>189,331,768</b>
<b>Leverage ratio</b>			
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	<b>11.84%</b>	<b>11.20%</b>
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.84%	11.20%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	<b>Applicable leverage buffers</b>	<b>0.00%</b>	<b>0.00%</b>



## 7. Liquidity

**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 Sep 2023	
		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	23,614,883	
1.2	UAE Federal Government Sukuks	-	
	<b>Sub Total (1.1 to 1.2)</b>	23,614,883	23,614,883
1.3	UAE local governments publicly traded debt securities	3,046,113	
1.4	UAE Public sector publicly traded debt securities	-	
	<b>Sub Total (1.3 to 1.4)</b>	3,046,113	3,046,113
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	<b>Total</b>	<b>26,660,996</b>	<b>26,660,996</b>
2	Total liabilities		141,684,436
3	<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>18.82%</b>

*\*as per BRF 8.*

**ASRR: Advances to Stable Resources Ratio\***

AED '000s		30 Sep 2023
		Amount
<b>1</b>	<b>Computation of Advances</b>	
1.1	Net financing (gross financing – specific and profit in suspense)	112,095,757
1.2	Placement with non-banking financial institutions	631,373
1.3	Net Financial Guarantees & Stand-by LC (issued – received)	610,922
1.4	Interbank Placements	5,549,981
1.5	<b>Total Advances</b>	<b>118,888,033</b>
<b>2</b>	<b>Computation of Net Stable Resources</b>	
2.1	Total capital + general provisions	26,098,382
	<b>Deduct:</b>	
2.1.1	Goodwill and other intangible assets	639,059
2.1.2	Fixed Assets	2,735,236
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	119,756
2.1.6	Investment in subsidiaries, associates and affiliates	1,375,694
2.1.7	<b>Total deduction</b>	<b>4,869,745</b>
2.2	<b>Net Free Capital Funds</b>	<b>21,228,637</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	44,063
2.3.3	Refinancing of Housing financing	-
2.3.4	Financing from non-Banking Financial Institutions	1,721,121
2.3.5	Customer Deposits	128,205,274
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>129,970,458</b>
2.4	<b>Total Stable Resources (2.2+2.3.7)</b>	<b>151,199,095</b>
<b>3</b>	<b>Advances TO STABLE RESOURCES RATIO (1.5/ 2.4*100)</b>	<b>78.63</b>

*\*as per BRF 54.*

## 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**