HSBC Bank Middle East Limited - UAE Operations

Pillar 3 Disclosures at 30 June 2024

HSBC

Contents

Introduction

Legal status and principal activities

HSBC Bank Middle East Limited – United Arab Emirates (‘UAE’) Operations (‘HSBC UAE’) is a branch of HSBC Bank Middle East Limited (‘HBME’). HBME has its place of incorporation and head office in the Dubai International Financial Centre (‘DIFC’), in the United Arab Emirates, under a category 1 license issued by the Dubai Financial Services Authority (‘DFSA’).

The immediate parent company of HBME is HSBC Middle East Holdings BV and the ultimate parent company of the Bank is HSBC Holdings plc ('HSBC Group' or 'HSBC'), which is incorporated in United Kingdom.

HSBC UAE is regulated by the Central Bank of the UAE (‘CBUAE’).

The principal activity of the Bank is to offer a comprehensive range of financial services to personal, commercial, corporate, and institutional clients, which are carried out from its branches.

Pillar 3 disclosures and governance

The Basel Committee on Banking Supervision (‘Basel’) III framework is structured around three ‘pillars’, with Pillar 1 minimum capital requirements and the Pillar 2 supervisory review process complemented by Pillar 3 market discipline. The aim of Pillar 3 is to produce disclosures that allow market participants to assess the scope of application by banks of the Basel framework and the rules in their jurisdiction, their capital resources, risk exposures and risk management processes, and hence their capital adequacy.

Our Pillar 3 disclosures as at 30 June 2024 comprises of quantitative and qualitative information required. These disclosures are in accordance with the disclosure templates introduced by the CBUAE guidelines on disclosure requirements (CBUAE/BSD/N/2020/4980 and CBUAE CBUAE/BSD/N/2021/5508) published in November 2020 and November 2021 respectively.

HSBC UAE has operated within a framework of internal controls and procedures for assessing the appropriateness of pillar 3 disclosures.

Comparatives and references

To give insight into movements during the period, we provide comparative figures and commentary on material variances. The regulatory numbers and ratios presented in this document were accurate as at the date of reporting. Small changes may exist between these numbers and ratios and those submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods. Where disclosures have been enhanced, or are new, we do not generally restate or provide comparatives.

The table below references new disclosures as of 30 June 2024.

Page ref	Table Reference	Activity
9	Geographical distribution of credit exposures used in the countercyclical capital buffer (‘CCyB1’)	Disclosure of CCyB

Applicability of Disclosures

The below listed Pillar 3 disclosure templates are not applicable for HSBC UAE, hence these disclosures have not been reported.

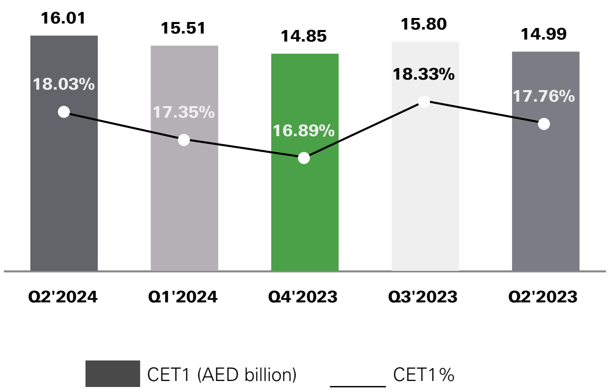
Topic	Table	Information Overview
Composition of capital	CCA	Main features of regulatory capital instruments
Liquidity	LIQ1	Liquidity Coverage Ratio
	LIQ2	Net Stable Funding Ratio
Counterparty credit risk (‘CCR’)	CCR8	Exposures to central counterparties
Securitisation	SECA	Qualitative disclosure requirements related to securitisation exposures
	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 trading book and associated capital requirements – bank acting as investor

Highlights

CET1 capital and ratio

Common Equity Tier 1 ('CET1') capital was AED 16 billion as of 30 June 2024 and our ratio was 18.03%, up 0.68 percentage points compared with 17.35% as at 31 March 2024. This was mainly driven by Q2 2024 profits of AED 484 million, along with a reduction in RWAs.

CET1 capital and ratio

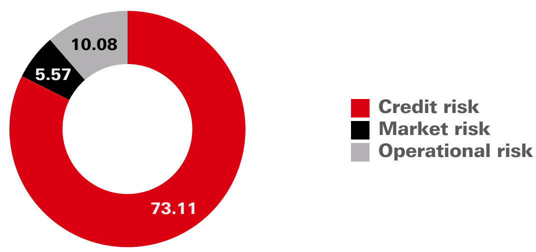


Risk Weighted Assets ('RWAs')

Our RWAs are AED 89 billion, a decrease of AED 612 million compared with 31 March 2024. This was driven by an overall reduction in Market risk RWAs which were lower by AED 2 billion due to lower net unhedged positions coupled with lower FX positions in GCC currencies. This was partially offset by an increase in Credit risk RWAs which were higher by AED 1.5 billion mainly under the Corporate and Banks exposure classes.

RWAs by risk type

AED 88.76 billion (1Q24 – AED 89.38 billion)



Liquidity

The Bank's Eligible Liquid Asset Ratio ('ELAR') was 25.94% as at 30 June 2024 above the minimum regulatory requirement of 10%.

The Bank's Advance to Stable Resources Ratio ('ASRR') was 67.39% as at 30 June 2024, which is below regulatory maximum of 100%.

Liquidity

	Q2 2024	Q1 2024
ELAR (%)	**25.94**	27.30
ASRR (%)	**67.39**	64.84

Overview of risk management, key prudential metrics and RWAs

The table below sets out the key regulatory metrics covering the HSBC UAE's available capital (including buffer requirements and ratios), RWAs, Leverage ratio, ELAR and ASRR. HSBC UAE is not a Domestic Systematically Important Bank ('D-SIB'), therefore Liquidity Coverage Ratio ('LCR') and Net Stable Funding Ratio ('NSFR') are not applicable for HSBC UAE operations.

Key Metrics (KM1)

		30 Jun 2024 AED000	31 Mar 2024 AED000	31 Dec 2023 AED000	30 Sep 2023 AED000	30 Jun 2023 AED000
	Available capital (amounts)					
1	Common Equity Tier 1 ('CET1')	**16,006,068**	15,505,027	14,848,371	15,794,583	14,988,031
1a	Fully loaded ECL accounting model[1]	**16,006,068**	15,505,027	14,848,371	15,794,583	14,988,031
2	Tier 1	**16,006,068**	15,505,027	14,848,371	15,794,583	14,988,031
2a	Fully loaded ECL accounting model Tier 1[1]	**16,006,068**	15,505,027	14,848,371	15,794,583	14,988,031
3	Total capital	**16,919,986**	16,399,185	15,717,942	16,675,476	15,835,747
3a	Fully loaded ECL accounting model total capital[1]	**16,919,986**	16,399,185	15,717,942	16,675,476	15,835,747
	Risk-weighted assets (amounts)					
4	**Total risk-weighted assets ('RWA')**	**88,765,559**	89,377,554	87,918,444	86,173,946	84,392,084
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	**18.03**	17.35	16.89	18.33	17.76
5a	Fully loaded ECL accounting model CET1 (%)[1]	**18.03**	17.35	16.89	18.33	17.76
6	Tier 1 ratio (%)	**18.03**	17.35	16.89	18.33	17.76
6a	Fully loaded ECL accounting model Tier 1 ratio (%)[1]	**18.03**	17.35	16.89	18.33	17.76
7	Total capital ratio (%)	**19.06**	18.35	17.88	19.35	18.76
7a	Fully loaded ECL accounting model total capital ratio (%)[1]	**19.06**	18.35	17.88	19.35	18.76
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (%)	**2.50**	2.50	2.50	2.50	2.50
9	Countercyclical buffer requirement (%)[2]	**0.04**	—	—	—	—
10	Bank D-SIB additional requirements (%)	**—**	—	—	—	—
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	**2.54**	2.50	2.50	2.50	2.50
12	CET1 available after meeting the bank's minimum capital requirements (%)	**8.56**	7.85	7.38	8.85	8.26
	Leverage Ratio[3]					
13	Total leverage ratio measure	**186,868,572**	183,657,209	166,621,558	173,574,773	169,063,640
14	Leverage ratio (%) (row 2/row 13)	**8.57**	8.44	8.91	9.10	8.87
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)[1]	**8.57**	8.44	8.91	9.10	8.87
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	**8.57**	8.44	8.91	9.10	8.87
	Eligible Liquid Assets Ratio ('ELAR')[4]					
21	Total HQLA	**35,612,405**	36,984,207	27,426,797	35,362,215	32,225,381
22	Total liabilities	**137,312,430**	135,492,054	119,994,200	128,802,924	126,072,359
23	Eligible Liquid Assets Ratio ('ELAR') (%)	**25.94**	27.30	22.86	27.45	25.56
	Advances to Stable Resources Ratio ('ASRR')[4]					
24	Total available stable funding	**105,749,366**	108,225,203	100,233,728	99,432,561	99,010,299
25	Total Advances	**71,265,780**	70,168,665	74,965,260	67,511,195	63,641,783
26	Advances to Stable Resources Ratio ('ASRR') (%)	**67.39**	64.84	74.79	67.90	64.28

1 *No transitional arrangement has been applied from Q4 2022 onwards.*
2 *CCyB has been disclosed from 30 June 2024, comparatives have not been restated.*
3 *Leverage ratio – Refer to leverage section for further details.(page 9).*
4 *ELAR and ASRR – Refer to liquidity section for further details.(page 16).*

The quarter-on-quarter movements in the table above are explained by the following.

- *Available capital* - Compared to 31 March 2024, available capital increased by 3.18% mainly due to the inclusion of Q2 2024 profit of AED 484 million.
- *RWAs* - The total RWAs decreased by AED 612 million when compared to 31 March 2024 due to the following;
  - reduction in Market Risk RWAs mainly driven by lower net unhedged positions coupled with lower FX positions in GCC currencies.
  - partially offset by an increase in Credit risk RWAs, mainly under the Corporate and Banks exposure classes.

Risk Weighted Assets ('RWAs')

The table below provides the minimum capital resource requirements for Credit risk, Counterparty Credit risk, Market risk and Operational risk. These requirements are expressed in terms of RWAs and represents the minimum capital charge set at 10.5% of RWAs as per CBUAE capital standard issued in 2022.

Overview of RWA (OV1)

		RWA	**Minimum capital requirements[1]**	RWA	Minimum capital requirements[1]
		30 Jun 2024	**30 Jun 2024**	31 Mar 2024	31 Mar 2024
		AED000	**AED000**	AED000	AED000
1	Credit risk (excluding counterparty credit risk)	**68,424,003**	**7,184,520**	66,551,268	6,987,883
2	– *of which: standardised approach ('SA')*	***68,424,003***	***7,184,520***	*66,551,268*	*6,987,883*
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')	**3,712,275**	**389,789**	3,876,114	406,992
7	– *of which: standardised approach for counterparty credit risk*	***3,712,275***	***389,789***	*3,876,114*	*406,992*
8	– *of which: Internal Model Method ('IMM')*	**—**	**—**	—	—
9	– *of which: other CCR*	**—**	**—**	—	—
10	Credit valuation adjustment ('CVA')	**977,161**	**102,602**	1,099,098	115,405
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	**—**	**—**	6,139	645
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	**5,569,390**	**584,786**	7,762,206	815,032
21	– *of which: standardised approach ('SA')*	***5,569,390***	***584,786***	*7,762,206*	*815,032*
22	– *of which: internal models approach ('IMA')*	**—**	**—**	—	—
23	Operational risk	**10,082,730**	**1,058,687**	10,082,730	1,058,687
24	Amounts below thresholds for deduction (subject to 250% risk weight)	**—**	**—**	—	—
25	Floor adjustment	**—**	**—**	—	—
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**88,765,559**	**9,320,384**	89,377,554	9,384,643

1 *The regulatory minimum capital requirement is calculated at 10.5% of RWAs.*

The quarter-on-quarter RWA movements in the table above are explained by risk type below.

- *Credit risk (excluding CCR)* - The increase in Credit risk RWAs was mainly due to higher exposures under the Corporate and Bank exposure classes (AED 1.5 billion).
- *Counterparty Credit risk* - The reduction is due to lower exposure in derivatives.
- *Market risk* - The decrease in Market risk RWAs was driven mainly by lower net unhedged positions coupled with lower FX positions in GCC currencies.

Composition of capital

The table below provides a breakdown of the elements constituting the Bank's capital. The capital base primarily consists of Head office assigned capital, accumulated reserves,general and other reserves and capital deductions.

Composition of regulatory capital (CC1)

		30 Jun 2024 AED000	31 Dec 2023 AED000	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	**4,495,255**	4,495,255	**Same as (a) from CC2 template**
2	Retained earnings	**10,066,430**	8,912,264	—
3	Accumulated other comprehensive income (and other reserves)	**2,106,368**	2,194,300	—
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	—	—	—
5	Common share capital issued by third parties (amount allowed in group CET1)	—	—	
6	**Common Equity Tier 1 capital before regulatory deductions**	**16,668,053**	15,601,819	—
	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)	**756,020**	753,275	—
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	**(92,076)**	9,304	
12	Securitisation gain on sale	—	—	
13	Gains and losses due to changes in own credit risk on fair valued liabilities	**(1,959)**	(9,131)	—
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**	**661,985**	753,448	—
25	**Common Equity Tier 1 capital (CET1)**	**16,006,068**	14,848,371	—
	Additional Tier 1 capital: instruments			
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	—	—	—
27	– *of which: classified as equity under applicable accounting standards*	—	—	—
28	– *of which: classified as liabilities under applicable accounting standards*	—	—	—
29	Directly issued capital instruments subject to phase-out from additional Tier 1	—	—	—
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	—	—	—
31	– *of which: instruments issued by subsidiaries subject to phase-out*	—	—	—
32	**Additional Tier 1 capital before regulatory adjustments**	**16,006,068**	14,848,371	—
	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)**	**16,006,068**	14,848,371	—
	Tier 2 capital: instruments and provisions			
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	—	—	—
41	Directly issued capital instruments subject to phase-out from Tier 2	—	—	—
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	—	—	—
43	– *of which: instruments issued by subsidiaries subject to phase-out*	—	—	—
44	Provisions	**913,918**	869,571	—

Composition of regulatory capital (CC1) (continued)

		30 Jun 2024 AED000	31 Dec 2023 AED000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
45	**Tier 2 capital before regulatory adjustments**	**913,918**	869,571	—
	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')**	**913,918**	869,571	—
52	**Total regulatory capital (TC = T1 + T2)**	**16,919,986**	15,717,942	—
53	**Total risk-weighted assets**	**88,765,559**	87,918,444	—
	Capital ratios and buffers			
54	Common Equity Tier 1 (as a percentage of risk-weighted assets) (%)	**18.03**	16.89	—
55	Tier 1 (as a percentage of risk-weighted assets) (%)	**18.03**	16.89	—
56	Total capital (as a percentage of risk-weighted assets) (%)	**19.06**	17.88	—
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) (%)	**2.54**	2.50	—
58	*– of which: capital conservation buffer requirement (%)*	***2.50***	*2.50*	—
59	*– of which: bank-specific countercyclical buffer requirement (%)*[1]	***0.04***	—	—
60	*– of which: higher loss absorbency requirement (e.g. DSIB) (%)*	**—**	—	—
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement (%)	**8.56**	7.38	—
	The CBUAE Minimum Capital Requirement			
62	Common Equity Tier 1 minimum ratio (%)	**7.00**	7.00	—
63	Tier 1 minimum ratio (%)	**8.50**	8.50	—
64	Total capital minimum ratio (%)	**10.50**	10.50	—
	Amounts below the thresholds for deduction (before risk weighting)			
65	Non-significant investments in the capital and other TLAC liabilities of other financial entities	**—**	—	—
66	Significant investments in common stock of financial entities	**—**	—	—
67	Mortgage servicing rights (net of related tax liability)	**—**	—	—
68	Deferred tax assets arising from temporary differences (net of related tax liability)		—	—
	Applicable caps on the inclusion of provisions in Tier 2			
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	**1,096,702**	1,043,485	—
70	Cap on inclusion of provisions in Tier 2 under standardised approach	**913,918**	869,571	—
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 2024)			
73	Current cap on CET1 instruments subject to phase-out arrangements	**—**	—	—
74	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	**—**	—	—
75	Current cap on AT1 instruments subject to phase-out arrangements	**—**	—	—
76	Amount excluded from AT1 due to cap (excess after redemptions and maturities)	**—**	—	—
77	Current cap on T2 instruments subject to phase-out arrangements	**—**	—	—
78	Amount excluded from T2 due to cap (excess after redemptions and maturities)	**—**	—	—

1 CCyB has been disclosed from 30 June 2024, comparatives have not been restated.

The period-on-period movements in the table above are explained by the following.

- *Common Equity Tier 1* - Compared to 31 December 2023, capital increased mainly due to the six month profit coupled with the capitalisation of prior years profit, post dividend payment.

The table below provides an overview of the differences between the scope of accounting consolidation and the scope of regulatory consolidation and to show the link between the numbers that are used in the composition of capital disclosure template set out in CC1.

Reconciliation of regulatory capital to balance sheet (CC2)

Assets	**Balance sheet as in financial statements** **30 Jun 2024** **AED000**	**Under regulatory scope of consolidation** **30 Jun 2024** **AED000**	Balance sheet as in published financial statements 31 Dec 2023 AED000	Under regulatory scope of consolidation 31 Dec 2023 AED000	**Reference to CC1**
Cash[1]	**590,375**	**590,375**	897,814	897,814	—
Items in the course of collection from other banks	**215,031**	**215,031**	122,531	122,531	—
Trading assets	**6,842,520**	**6,842,520**	6,090,890	6,090,890	—
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**38,077**	**38,077**	37,146	37,146	—
Derivatives	**3,431,735**	**3,431,735**	4,338,858	4,338,858	—
Loans and advances to banks	**25,584,857**	**25,584,857**	19,734,923	19,734,923	—
Loans and advances to customers	**49,310,316**	**49,310,316**	46,351,320	46,351,320	—
Reverse repurchase agreements – non-trading	**26,303,889**	**26,303,889**	25,960,050	25,960,050	—
Financial investments	**36,237,720**	**36,237,720**	29,602,340	29,602,340	—
Prepayments, accrued income and other assets	**5,922,502**	**5,922,502**	4,087,154	4,087,154	—
Intangible assets	**756,020**	**756,020**	753,276	753,276	—
Deferred tax assets	**255,741**	**255,741**	412,987	412,987	—
Total Assets	**155,488,783**	**155,488,783**	138,389,289	138,389,289	
Liabilities					
Deposits from banks	**4,157,571**	**4,157,571**	3,597,857	3,597,857	—
Items in the course of transmission to other banks	**1,202,341**	**1,202,341**	675,695	675,695	—
Customer accounts	**96,768,674**	**96,768,674**	91,445,335	91,445,335	—
Repurchase agreements – non-trading	**17,575,488**	**17,575,488**	6,666,813	6,666,813	—
Trading liabilities	**2,207,952**	**2,207,952**	3,006,755	3,006,755	—
Financial liabilities designated at fair value	**3,774,827**	**3,774,827**	3,891,876	3,891,876	—
Derivatives	**3,208,354**	**3,208,354**	3,919,936	3,919,936	—
Accruals, deferred income and other liabilities	**8,051,320**	**8,051,320**	6,289,232	6,289,232	—
Current tax liabilities	**365,901**	**365,901**	500,706	500,706	—
Provisions	**527,438**	**527,438**	66,679	66,679	—
Total liabilities	**137,839,866**	**137,839,866**	120,060,884	120,060,884	
Shareholders' equity					
Allocated Capital	**4,495,255**	**4,495,255**	4,495,255	4,495,255	**(a)**
Legal Reserves	**2,247,628**	**2,247,628**	2,247,628	2,247,628	—
Other Reserves	**852,839**	**852,839**	931,524	931,524	—
Unremited Profit	**10,053,195**	**10,053,195**	10,653,998	10,653,998	—
Total shareholders' equity	**17,648,917**	**17,648,917**	18,328,405	18,328,405	—
Total liabilities and Head Office funds	**155,488,783**	**155,488,783**	138,389,289	138,389,289	

1 *Representation: During 2023, the reserves with CBUAE have been reclassified from 'Cash' to 'Loans and advances to banks' in the statement of financial position. This approach enables to differentiate between reserves maintained with CBUAE with certain restrictions and other unrestricted balances. The balances with no restrictions are classified as 'Cash'.*

The period-on-period movements in the table above are explained by the following.

- *Trading assets* - Increase mainly driven by higher exposure in reverse repurchase agreements.
- *Loans and advances to banks* - Increase is driven by higher exposure in reverse repurchase agreement.
- *Loans and advances to customers* - Increase is driven by higher trade bills and term loan exposures.
- *Financial Investments* - Increase is driven by higher exposure in debt securities.
- *Derivatives* - Decrease in derivatives financial assets is due to the reduction in forward and spot contracts.
- *Repurchase agreements – non-trading* - Increase is driven by higher borrowing from Banks.

Countercyclical capital buffer

The table below provide an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the countercyclical buffer.

Geographical distribution of credit exposures used in the countercyclical capital buffer (CCyB1)

	30 June 2024				
	a	b	c	d	e
		Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer			
Geographical breakdown	Countercyclical capital buffer rate (%)	Exposure values	Risk-weighted assets	Bank-specific countercyclical capital buffer rate (%)[3]	Countercyclical buffer amount
Luxembourg	**0.50**	**2,002,751**	**218,724**	**0.0018**	**1,635**
United Kingdom	**2.00**	**1,897,600**	**929,148**	**0.0313**	**27,776**
Germany	**0.75**	**546,958**	**109,016**	**0.0014**	**1,222**
Netherlands	**1.00**	**304,507**	**285,643**	**0.0048**	**4,269**
Cyprus	**0.50**	**202,204**	**201,996**	**0.0017**	**1,510**
France	**1.00**	**91,049**	**89,125**	**0.0015**	**1,332**
Australia	**1.00**	**36,752**	**16,009**	**0.0003**	**239**
Denmark	**2.50**	**27,895**	**27,303**	**0.0011**	**1,020**
Ireland	**1.50**	**13,673**	**17,284**	**0.0004**	**388**
Sweden	**2.00**	**1,795**	**628**	**—**	**19**
Czech Republic	**2.00**	**1,247**	**437**	**—**	**13**
Slovakia	**1.50**	**495**	**173**	**—**	**4**
Estonia	**1.50**	**293**	**102**	**—**	**2**
Sum[1]		**5,127,220**	**1,895,588**	**0.0444**	**39,429**
Total[2]		**77,054,455**	**59,387,374**		

1 Sum of private sector credit exposures and related RWAs in countries with a non-zero countercyclical buffer rate.
2 Total of private sector credit exposures and related RWA across the world.
3 Bank-specific countercyclical capital buffer rate (%) is rounded to four decimal.

Leverage ratio

The risk of excessive leverage is managed as part of HSBC UAE risk appetite framework and monitored using the leverage ratio metric.

The table below reconciles the total assets in the financial statements to the leverage ratio exposure measures.

Summary comparison of accounting assets vs leverage ratio exposure (LR1)

		At	
		30 Jun 2024 AED000	31 Mar 2024 AED000
1	Total consolidated assets as per published financial statements	**155,488,783**	154,437,614
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**—**	—
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	**—**	—
4	Adjustments for temporary exemption of central bank reserves (if applicable)	**—**	—
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	**—**	—
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	**—**	—
7	Adjustments for eligible cash pooling transactions	**—**	—
8	Adjustments for derivative financial instruments	**2,123,321**	1,611,682
9	Adjustment for securities financing transactions (ie repos and similar secured lending)	**484,858**	254,819
10	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	**30,485,085**	28,549,030
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**(1,344,086)**	(1,032,009)
12	Other adjustments[1]	**(369,389)**	(163,927)
13	**Leverage ratio exposure measure**	**186,868,572**	183,657,209

1 Other adjustments consists of Intangible assets asset amounts deducted in determining Tier 1 capital and Interest in Suspense (IIS).

The table below provides a breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements, and buffers.

Leverage ratio common disclosure template (LR2)

		At	
		30 Jun 2024	31 Mar 2024
		AED000	AED000
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'), but including collateral)[1]	**122,624,104**	121,425,445
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)[1]	**(3,119,154)**	(3,361,320)
6	(Asset amounts deducted in determining Tier 1 capital)	**(756,020)**	(748,180)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**118,748,930**	117,315,945
	Derivative exposures		
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**818,056**	933,655
9	Add-on amounts for PFE associated with all derivatives transactions	**4,737,000**	4,813,940
10	(Exempted CCP leg of client-cleared trade exposures)	**—**	—
11	Adjusted effective notional amount of written credit derivatives	**—**	—
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**—**	—
13	**Total derivative exposures (sum of rows 8 to 12)**	**5,555,057**	5,747,595
	Securities financing transactions		
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	**31,594,642**	31,789,820
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**—**	—
16	CCR exposure for SFT assets	**484,858**	254,819
17	Agent transaction exposures	**—**	—
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**32,079,500**	32,044,639
	Other off-balance sheet exposures		
19	Off-balance sheet exposure at gross notional amount	**98,128,636**	94,433,286
20	(Adjustments for conversion to credit equivalent amounts)	**(67,643,551)**	(65,884,255)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	**—**	—
22	**Off-balance sheet items (sum of rows 19 to 21)**	**30,485,085**	28,549,030
	Capital and total exposures		
23	Tier 1 capital	**16,006,068**	15,505,027
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**186,868,572**	183,657,209
	Leverage ratio		
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	**8.57**	8.44
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	**8.57**	8.44
26	CBUAE minimum leverage ratio requirement (%)	**3.00**	3.00
27	Applicable leverage buffers		—

1 *Specific and general provisions which have reduced Tier 1 capital are reported separately.*

The quarter-on-quarter movements in the table above are explained by the following comments.

- *Total exposures* - Increased to AED 187 billion as at 30 June 2024 (AED 184 million as at 31 March 2024) due to the higher On-balance sheet exposures and Other Off-balance sheet exposures during the quarter. This was partially offset by a reduction in Securities Financing Transactions ('SFTs') and derivates.

Credit risk

The below table breaks down the gross carrying amount of the performing and non-performing exposures and related impairments.

Credit quality of assets (CR1)

		Gross carrying values of			of which: ECL accounting provisions for credit losses on SA exposures		
		Defaulted exposures (a)	Non-defaulted exposures (b)	Allowances/ Impairments (c)	*Allocated in regulatory category of Specific*	*Allocated in regulatory category of General*	Net values (a+b-c)
		AED000	AED000	AED000	*AED000*	*AED000*	AED000
		30 Jun 2024					
1	Loans[1]	**2,579,273**	**74,088,588**	**1,772,689**	***1,518,850***	***253,839***	**74,895,173**
2	Debt securities[2]	**—**	**36,240,741**	**3,021**	***—***	***3,021***	**36,237,720**
3	Off-balance sheet exposures[4]	**38,666**	**22,258,967**	**72,839**	***9,656***	***63,183***	**22,224,794**
4	**Total**	**2,617,939**	**132,588,297**	**1,848,549**	***1,528,506***	***320,043***	**133,357,687**
		31 Dec 2023					
1	Loans[1,3]	2,882,805	65,455,127	2,251,689	*2,023,630*	*228,059*	66,086,243
2	Debt securities	—	29,603,624	8,789	—	*8,789*	29,594,835
3	Off-balance sheet exposures[4]	129,801	21,318,618	16,837	*402*	*16,435*	21,431,582
4	Total	3,012,606	116,377,369	2,277,315	*2,024,032*	*253,283*	117,112,660

1 Loans represent loans and advances to customers and Bank's at amortized cost.
2 Debt securities includes financial investments at amortized cost and debt instruments measured at fair value through other comprehensive income.
3 Representation: During 2023, the reserves with CBUAE have been reclassified from 'Cash' to 'Loans and advances to banks' in the statement of financial position. This approach enables to differentiate between reserves maintained with CBUAE with certain restrictions and other unrestricted balances. The balances with no restrictions are classified as 'Cash'.
4 Off-balance sheet exposures include those under the scope of IFRS9.

The below table identifies the changes in the Bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

Changes in stock of defaulted loans and debt securities (CR2)

		At	
		30 Jun 2024	31 Dec 2023
		AED000	AED000
1	Defaulted loans and debt securities at the end of the previous reporting period	**2,882,805**	3,626,945
2	Loans and debt securities that have defaulted since the last reporting period	**356,194**	686,283
3	Returned to non-default status	**(3,837)**	(81,082)
4	Amounts written off	**(439,928)**	(912,030)
5	Other changes[1]	**(215,961)**	(437,311)
6	**Defaulted loans and debt securities at the end of the reporting period**	**2,579,273**	2,882,805

1 Other changes mainly include further lending, repayments and maturities.

The tables below discloses the extent of use of credit risk mitigation ('CRM') techniques. The disclosure includes on-balance sheet loans and advances to banks and customers at amortised cost, split into unsecured and secured by CRM techniques.

Credit risk mitigation techniques – overview (CR3)

		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*
		AED000	AED000	*AED000*	AED000	*AED000*	AED000	*AED000*
		30 Jun 2024						
1	Loans	**67,855,407**	**1,057,369**	***1,057,306***	**6,925,078**	***6,925,078***	**—**	**—**
2	Debt securities	**36,363,295**	**—**	***—***	**189,946**	***189,946***	**—**	**—**
3	**Total**	**104,218,702**	**1,057,369**	***1,057,306***	**7,115,024**	***7,115,024***	**—**	**—**
4	*– of which: defaulted*	***956,722***	***699***	**699**	**—**	**—**	**—**	**—**
		31 Dec 2023						
1	Loans	62,288,502	1,138,109	*869,234*	3,751,354	*3,751,354*	—	—
2	Debt securities	29,784,329	—	—	—	—	—	—
3	Total	92,072,831	1,138,109	*869,234*	3,751,354	*3,751,354*	—	—
4	*– of which: defaulted*	*901,788*	*2,632*	2,632	—	—	—	—

The period-on-period movements in the table above are explained by the following comments.

- *Exposures unsecured: carrying amount* - Increase compared to the prior period mainly due to higher exposures with sovereigns debt securities and higher trade bills and term loan exposures.
- *Exposures secured by financial guarantees* - Exposures secured by financial guarantees increased during the period due to higher application of Insurance guarantees for trade related exposures.

The table below provides the split of Credit risk exposures under the standardised approach, reflecting the EAD before and after the impact of Credit Risk Mitigation ('CRM') techniques and credit conversion factors ('CCF').

Credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

		30 Jun 2024					
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount AED000	Off-balance sheet amount AED000	On-balance sheet amount AED000	Off-balance sheet amount AED000	RWA AED000	RWA density (%)
1	Sovereigns and their central banks	**43,740,927**	**1,196,099**	**43,740,927**	**29,699**	**427,586**	**1**
2	Public Sector Entities	**9,016,822**	**6,344,550**	**9,016,822**	**1,694,294**	**7,251,466**	**68**
3	Multilateral development banks	**4,200,219**	**5,968**	**4,200,219**	**2,984**	**302,479**	**7**
4	Banks	**14,056,635**	**10,654,899**	**14,056,635**	**4,514,351**	**7,564,303**	**41**
5	Securities firms	**—**	**—**	**—**	**—**	**—**	**—**
6	Corporates	**31,180,800**	**69,474,766**	**31,180,800**	**18,051,781**	**42,674,737**	**87**
7	Regulatory retail portfolios	**4,684,755**	**7,710,485**	**4,684,755**	**4,094**	**3,410,349**	**73**
8	Secured by residential property	**7,045,114**	**10,819**	**7,045,114**	**—**	**2,878,009**	**41**
9	Secured by commercial real estate	**—**	**—**	**—**	**—**	**—**	**—**
10	Equity Investment in Funds ('EIF')	**—**	**—**	**—**	**—**	**—**	**—**
11	Past-due loans	**922,008**	**682,536**	**922,008**	**682,536**	**1,822,976**	**114**
12	Higher-risk categories	**—**	**—**	**—**	**—**	**—**	**—**
13	Other assets[1]	**2,507,586**	**—**	**2,507,586**	**—**	**2,092,099**	**83**
14	**Total**	**117,354,865**	**96,080,121**	**117,354,865**	**24,979,737**	**68,424,003**	**48**
		31 Dec 2023					
1	Sovereigns and their central banks	35,141,478	1,146,954	35,141,478	3,084	551,895	2
2	Public Sector Entities	8,427,981	6,481,314	8,427,981	2,130,946	7,373,564	70
3	Multilateral development banks	1,939,702	—	1,939,702	—	—	—
4	Banks	12,663,241	8,480,129	12,663,241	4,296,113	6,988,268	41
5	Securities firms	—	—	—	—	—	—
6	Corporates	27,679,803	71,775,288	27,679,803	16,917,901	39,801,020	89
7	Regulatory retail portfolios	4,683,694	6,745,127	4,683,694	24,897	3,497,671	74
8	Secured by residential property	7,212,199	11,993	7,212,199	—	2,964,260	41
9	Secured by commercial real estate	—	—	—	—	—	—
10	Equity Investment in Funds ('EIF')	—	—	—	—	—	—
11	Past-due loans	711,618	414,155	711,618	414,155	1,159,478	103
12	Higher-risk categories	—	—	—	—	—	—
13	Other assets[1]	2,937,250	—	2,937,250	—	2,560,923	87
14	Total	101,396,966	95,054,960	101,396,966	23,787,096	64,897,079	52

1 *Includes fixed assets and other non financial assets.*

The tables below provides a breakdown of credit risk exposures under the standardised approach by asset class and risk weight.

Exposures by asset classes and risk weights (CR5)

	Risk weight	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
	Asset classes	AED000	AED000	AED000	AED000	AED000	AED000	AED000	AED000	AED000
		30 Jun 2024								
1	Sovereigns and their central banks	**42,610,921**	**902,446**	**—**	**20,325**	**—**	**236,934**	**—**	**—**	**43,770,626**
2	Public Sector Entities	**902,978**	**1,701,409**	**—**	**2,391,086**	**—**	**5,715,641**	**—**	**—**	**10,711,115**
3	Multilateral development banks	**3,598,246**	**—**	**—**	**604,957**	**—**	**—**	**—**	**—**	**4,203,203**
4	Banks	**833**	**6,638,785**	**—**	**11,396,817**	**—**	**527,374**	**7,175**	**—**	**18,570,985**
5	Securities firms	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
6	Corporates	**3,054,994**	**1,890,780**	**—**	**3,512,303**	**—**	**39,213,998**	**—**	**1,560,505**	**49,232,581**
7	Regulatory retail portfolios	**267,517**	**—**	**—**	**—**	**4,043,929**	**377,402**	**—**	**—**	**4,688,848**
8	Secured by residential property	**—**	**—**	**6,334,710**	**—**	**198,175**	**512,229**	**—**	**—**	**7,045,114**
9	Secured by commercial real estate	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
10	Equity Investment in Funds (‘EIF’)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
11	Past-due loans	**44,103**	**—**	**—**	**—**	**—**	**1,035,368**	**525,072**	**—**	**1,604,543**
12	Higher-risk categories	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
13	Other assets[1]	**590,294**	**260,939**	**—**	**—**	**—**	**1,400,647**	**—**	**255,706**	**2,507,586**
14	**Total**	**51,069,887**	**11,394,360**	**6,334,710**	**17,925,488**	**4,242,104**	**49,019,594**	**532,249**	**1,816,209**	**142,334,602**
		31 Dec 2023								
1	Sovereigns and their central banks	32,549,986	2,553,353	—	—	—	41,224	—	—	35,144,563
2	Public Sector Entities	322,955	1,936,770	—	2,625,983	—	5,673,218	—	—	10,558,926
3	Multilateral development banks	1,939,702	—	—	—	—	—	—	—	1,939,702
4	Banks	848	5,849,439	—	10,582,777	—	524,884	1,405	—	16,959,353
5	Securities firms	—	—	—	—	—	—	—	—	—
6	Corporates	2,881,606	635,822	—	2,157,578	—	36,736,915	364	2,185,418	44,597,703
7	Regulatory retail portfolios	186,374	—	—	493	4,097,199	424,525	—	—	4,708,591
8	Secured by residential property	—	—	6,446,221	—	231,579	534,399	—	—	7,212,199
9	Secured by commercial real estate	—	—	—	—	—	—	—	—	—
10	Equity Investment in Funds (‘EIF’)	—	—	—	—	—	—	—	—	—
11	Past-due loans	26,772	—	—	—	—	978,047	120,954	—	1,125,773
12	Higher-risk categories	—	—	—	—	—	—	—	—	—
13	Other assets[1]	897,740	122,521	—	—	—	1,504,036	—	412,953	2,937,250
14	Total	38,805,983	11,097,905	6,446,221	15,366,831	4,328,778	46,417,248	122,723	2,598,371	125,184,060

1 Includes fixed assets and other non-financial assets.

Counterparty Credit risk (CCR)

The tables below analyse Counterparty Credit Risk (‘CCR’) exposures by approach for derivatives and securities financing transactions.

Analysis of counterparty credit risk (CCR) exposure by approach (CCR1)

	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
	AED000	AED000	AED000	AED000	AED000	AED000
	30 Jun 2024					
SA-CCR (for derivatives)	**584,326**	**3,187,791**		**1.4**	**5,280,963**	**2,689,376**
Internal Model Method (for derivatives and SFTs)			**—**	**—**	**—**	**—**
Simple Approach for credit risk mitigation (for SFTs)					**—**	**—**
Comprehensive Approach for credit risk mitigation (for SFTs)					**33,596,301**	**1,022,899**
VaR for SFTs					**—**	**—**
Total						**3,712,275**
	31 Dec 2023					
SA-CCR (for derivatives)	531,713	3,120,795		1.4	5,113,511	2,770,811
Internal Model Method (for derivatives and SFTs)			—	—	—	—
Simple Approach for credit risk mitigation (for SFTs)					—	—
Comprehensive Approach for credit risk mitigation (for SFTs)					31,049,004	762,071
VaR for SFTs					—	—
Total						3,532,882

The period movements in the table above are explained by in the following comments.

- *CCR RWAs* - Higher RWAs mainly driven by higher exposures in SFT's.

The table below sets out exposures and RWAs related to CVA regulatory calculations with the breakdown by standardised approach. CVAs represent the risk of mark-to-market losses on the expected counterparty risk to OTC derivatives and SFTs which are subject to fair-value accounting. Certain qualifying central counterparties are exempt from CVA.

Credit valuation adjustment (CVA) capital charge (CCR2)

		At			
		30 Jun 2024	**30 Jun 2024**	31 Dec 2023	31 Dec 2023
		EAD post-CRM	**RWA**	EAD post-CRM	RWA
		AED000	**AED000**	AED000	AED000
1	All portfolios subject to the Standardised CVA capital charge	**5,765,821**	**977,161**	5,440,715	1,135,737
2	All portfolios subject to the Simple alternative CVA capital charge	**—**	**—**	—	—

The tables below provide information on the risk-weighting of CCR exposures under the standardised approach by regulatory portfolio.

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

	30 Jun 2024							
Risk weight	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposure**
Regulatory portfolio	**AED000**	**AED000**	**AED000**	**AED000**	**AED000**	**AED000**	**AED000**	**AED000**
Sovereigns	**43,643**	**—**	**—**	**—**	**—**	**—**	**—**	**43,643**
Public Sector Entities ('PSEs')	**595,611**	**26,929**	**3,987**	**—**	**203,629**	**—**	**—**	**830,157**
Multilateral development banks ('MDBs')	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Banks	**23,440,570**	**1,941,743**	**3,512,501**	**—**	**260,770**	**—**	**—**	**29,155,583**
Securities firms	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Corporates	**7,576,837**	**58,023**	**257,604**	**—**	**955,268**	**149**	**—**	**8,847,880**
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[1]	**5,009,212**	**—**	**—**	**—**	**—**	**—**	**—**	**5,009,212**
Total	**35,048,302**	**2,026,695**	**5,391,664**	**—**	**1,419,667**	**149**	**—**	**43,886,476**
	31 Dec 2023							
Sovereigns	47,999	—	—	—	—	—	—	47,999
Public Sector Entities ('PSEs')	542,074	25,574	5,626	—	198,810	—	—	772,084
Multilateral development banks ('MDBs')	—	—	—	—	—	—	—	—
Banks	21,380,754	1,046,745	3,527,911	—	345,712	—	—	26,301,122
Securities firms	—	—	—	—	—	—	—	—
Corporates	7,897,140	106,559	103,587	—	934,023	—	—	9,041,309
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[1]	4,847,489	—	—	—	—	—	—	4,847,489
Total	34,715,456	1,178,878	3,637,124	—	1,478,545	—	—	41,010,003

1 *Includes Trading debt securities, netting derivatives OTC and Settlement accounts.*

The table below provides the breakdown of types of collateral posted or received related to derivative transactions.

Composition of collateral for CCR exposure (CCR5)

	30 Jun 2024					
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	AED000	AED000	AED000	AED000	AED000	AED000
Cash – domestic currency	—	—	—	—	—	—
Cash – other currencies	—	**655,926**	—	**34,632**	—	—
Domestic sovereign debt	—	—	—	—	**1,249,791**	—
Government agency debt	—	—	—	—	**14,365,177**	—
Corporate bonds	—	—	—	—	**8,034,450**	—
Equity securities	—	—	—	—	—	—
Other collateral[1]	—	—	—	—	**7,963,601**	—
Total	—	**655,926**	—	**34,632**	**31,613,018**	—
	31 Dec 2023					
Cash – domestic currency	—	—	—	—	—	—
Cash – other currencies	—	1,328,968	—	107,384	—	—
Domestic sovereign debt	—	—	—	—	777,831	—
Government agency debt	—	—	—	—	15,111,889	—
Corporate bonds	—	—	—	—	10,023,879	—
Equity securities	—	—	—	—	—	—
Other collateral[1]	—	—	—	—	3,906,369	—
Total	—	1,328,968	—	107,384	29,819,968	—

1 *Other collateral includes reverse repos with Banks.*

The table below provides break down of the credit derivative exposures.

Credit derivative exposures (CCR6)

	Protection bought	Protection sold	Protection bought	Protection sold
	30 Jun 2024	30 Jun 2024	31 Dec 2023	31 Dec 2023
	AED000	AED000	AED000	AED000
Notionals				
Single-name credit default swaps	**661,050**	**488,443**	459,063	84,468
Index credit default swaps	—	—	—	—
Total return swaps	—	—	—	—
Credit options	—	—	—	—
Other credit derivatives	—	—	—	—
Total notionals	**661,050**	**488,443**	459,063	84,468
Fair values				
Positive fair value (asset)	—	**293**	—	509
Negative fair value (liability)	**(8,295)**	**(1,740)**	(9,033)	—

Market risk

The table below provides the components of RWAs under the Standardised Approach for Market risk.

Market risk under the standardised approach (SA) (MR1)

		30 Jun 2024	31 Dec 2024
		RWA	RWA
		AED000	AED000
1	General Interest rate risk (General and Specific)	**4,510,691**	5,050,667
2	Equity risk (General and Specific)	—	—
3	Foreign exchange risk	**1,058,698**	3,219,348
4	Commodity risk	—	—
6	Options	—	—
5	Simplified approach	—	—
6	Delta-plus method	—	—
7	Scenario approach	—	—
8	Securitisation	—	—
9	**Total**	**5,569,390**	8,270,015

The period-on-period movements in the table above are explained by the following.

- *Foreign Exchange Risk* - Decrease in Market risk RWAs is driven by short position in GCC currencies compared to the previous period.

Liquidity

The table below presents the breakdown of the Bank's available high-quality liquid assets ('HQLA'), as measured and defined according to the CBUAE Liquidity Regulations

Eligible Liquid Assets Ratio (ELAR)

		30 Jun 2024	30 Jun 2024	31 Mar 2024	31 Mar 2024
		Nominal amount	**Eligible Liquid Asset**	Nominal amount	Eligible Liquid Asset
		AED000	**AED000**	AED000	AED000
1	High Quality Liquid Assets				
1.1	Physical cash in hand at the bank + balances with the CBUAE	**12,740,149**		15,486,653	
1.2	UAE Federal Government Bonds and Sukuks	**16,803,500**		15,766,304	
	Sub Total (1.1 to 1.2)	**29,543,649**	**29,543,649**	31,252,957	31,252,957
1.3	UAE local governments publicly traded debt securities	**726,641**		179,078	
1.4	UAE Public sector publicly traded debt securities	**—**		5,169	
	Sub total (1.3 to 1.4)	**726,641**	**726,641**	184,247	184,247
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	**5,343,807**	**5,342,115**	5,547,003	5,547,003
1.6	**Total**	**35,614,097**	**35,612,405**	36,984,207	36,984,207
2	Total liabilities		**137,312,430**		135,492,054
3	Eligible Liquid Assets Ratio ('ELAR') (%)		**25.94**		27.30

The table below presents the breakdown of the Bank's Advances to Stable Resources Ratio ('ASRR'), as per the CBUAE Liquidity Regulations.

Advances to Stables Resource Ratio (ASRR)

		At	
		30 Jun 2024	31 Mar 2024
		AED000	AED000
1	**Computation of Advances**		
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	**49,248,786**	47,971,587
1.2	Lending to non-banking financial institutions	**7,044,961**	5,406,684
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	**903,494**	587,732
1.4	Interbank Placements	**14,068,539**	16,202,662
1.5	**Total Advances**	**71,265,780**	70,168,665
2	**Calculation of Net Stable Resources**		
2.1	Total capital + general provisions	**17,871,959**	19,124,452
	Deduct:		
2.1.1	Goodwill and other intangible assets	**756,020**	748,180
2.1.2	Fixed Assets	**870,724**	876,525
2.1.3	Funds allocated to branches abroad	**—**	—
2.1.5	Unquoted Investments	**546,563**	547,250
2.1.6	Investment in subsidiaries, associates and affiliates	**—**	—
2.1.7	**Total deduction**	**2,173,307**	2,171,955
2.2	**Net Free Capital Funds**	**15,698,652**	16,952,497
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	**5,866,127**	5,314,681
2.3.3	Refinancing of Housing Loans	**—**	—
2.3.4	Borrowing from non-Banking Financial Institutions	**3,642,766**	4,072,162
2.3.5	Customer Deposits	**80,232,536**	81,421,449
2.3.6	Capital market funding/term borrowings maturing after 6 months from reporting date	**309,285**	464,414
2.3.7	**Total other stable resources**	**90,050,714**	91,272,706
2.4	**Total Stable Resources (2.2+2.3.7)**	**105,749,366**	108,225,203
3	**Advances to Stable Resources Ratio (1.5/2.4*100) (%)**	**67.39**	64.84

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