Q2 -2024

Disclosure - Pillar 3

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About This Document

This document is published as a regulatory supplement with an objective of increasing transparency in financial disclosure of Bank Saderat Iran – UAE which is a licensed financial Institution in the United Arab Emirates.

Endorsed by

Head of Risk Management

Chief Financial Officer

Validated by

Head of Compliance

Reviewed by

Head of Internal Audit

BASEL III - PILLAR 3 Disclosure

June 2024 - (2nd Quarter)

Acknowledged by

Risk Management Committee

Regional Manager

Background

The Pillar-3 disclosure document is prepared in line with the CBUAE Regulations on Capital Adequacy Standards and Guidance along with Notice 4980/2020. This included revised Standards and Guidance with respect to Pillar 3 – Market Disclosures. Further to this, Central Bank of the UAE provided explanatory notes and disclosure templates for Pillar 3 on 30th November 2021 as part of Notice 5508/2021 and 9th May 2022 Notice 2022/1887. The Standards prescribed the effective date of these disclosures to be 31st December 2021 and quarterly thereon.

Entity Name	Registered Office Address
Bank Saderat Iran (UAE) Foreign Branch	**UAE Regional Office:** Bank Saderat Iran Building, Al Maktoum Street, Deira , Dubai, U.A.E., P.O. Box 4182
Bank Saderat Iran	**Head Office: Bank Saderat Iran** No. 43 Sepher Tower, Somayeh Str. Tehran, Iran P.O Box 1571838713 Tel: 009821 84761

Bank Saderat Iran -UAE (BSI) operate in the UAE as a branch of a foreign bank, the consolidation is done around Bank Saderat Iran, UAE Branches only. Bank Saderat Iran is an Iranian Private Sector Bank, with majority shareholding of Private constituting 91.28%. Being a branch, capital requirements of the bank's UAE operations are provided by the Head Office (Bank Saderat Iran- Tehran, Iran) by way of capital funds. The UAE capital includes Head Office allocated capital funds, reserves and surplus, retained profits etc.

The internal controls around Pillar 3 reporting are listed below:

- Maker and Checker controls: The pillar 3 disclosure processes undergo four eyes principle (maker and checker control).

- Data reconciliation – Data taken from various sources are compared and reconciled with the financial statements, before using the same for compiling Pillar 3 disclosures.
- Validation and Reviews – Pillar 3 report undergoes several rounds of reviews by Risk, Finance and other relevant functions.
- Assurance Internal audit – Independent and objective assurance of disclosures in Pillar 3 report is provided by Internal Audit.

Overview of Risk Management, Key Prudential Metrics and RWA

Key Prudential Metrics (KM1)

This section describes Key prudential metrics related to regulatory capital, leverage ratio and liquidity standards which are included in this table.

		AED 000s				
		Jun-24	Mar-24	Dec-23	Sep-23	Jun-23
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	478,693	482,375	491,772	495,013	483,644
1a	Fully loaded ECL accounting model	478,693	482,375	491,772	495,013	483,644
2	Tier 1	478,693	482,375	491,772	495,013	483,644
2a	Fully loaded ECL accounting model Tier 1	478,693	482,375	491,772	495,013	483,644
3	Total capital	524,170	528,403	538,225	542,861	534,698
3a	Fully loaded ECL accounting model total capital	524,170	528,403	538,225	542,861	534,698
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	3,673,925	3,717,754	3,726,496	3,838,554	4,094,591
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	13.03%	12.97%	13.20%	12.90%	11.81%
5a	Fully loaded ECL accounting model CET1 (%)	13.03%	12.97%	13.20%	12.90%	11.81%
6	Tier 1 ratio (%)	13.03%	12.97%	13.20%	12.90%	11.81%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	13.03%	12.97%	13.20%	12.90%	11.81%
7	Total capital ratio (%)	14.27%	14.21%	14.44%	14.14%	13.06%
7a	Fully loaded ECL accounting model total capital ratio (%)	14.27%	14.21%	14.44%	14.14%	13.06%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	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)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	3.77%	3.71%	3.94%	3.64%	2.56%
	Leverage Ratio					
13	Total leverage ratio measure	6,305,056	6,373,952	6,200,434	5,985,188	6,605,956

14	Leverage ratio (%) (row 2/row 13)	7.59%	7.57%	7.93%	8.27%	7.32%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	7.59%	7.57%	7.93%	8.27%	7.32%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	7.59%	7.57%	7.93%	8.27%	7.32%
	Liquidity Coverage Ratio					
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
	Net Stable Funding Ratio					
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
	ELAR					
21	Total HQLA	957,999	890,392	741,142	786,988	817,068
22	Total liabilities	4,262,806	4,267,356	4,162,838	4,231,907	4,575,809
23	Eligible Liquid Assets Ratio (ELAR) (%)	22.47%	20.87%	17.80%	18.60%	17.86%
	ASRR					
24	Total available stable funding	4,224,075	4,235,802	4,316,308	4,098,449	4,467,890
25	Total Advances	2,407,934	2,468,246	2,506,235	2,520,412	2,568,858
26	Advances to Stable Resources Ratio (%)	57.01%	58.27%	58.06%	61.50%	57.50%

Overview of RWA (OV1)

The purpose of this metrics is to provide an overview of total risk weighted assets.

		AED 000s		
		RWA		Minimum capital requirements
		Jun-24	Mar-24	Jun-24
1	Credit risk (excluding counterparty credit risk)	3,638,163	3,682,248	382,007
2	Of which: standardised approach (SA)	3,638,163	3,682,248	382,007
3	[redacted]			
4				
5				
6	Counterparty credit risk (CCR)	0	0	0
7	Of which: standardised approach for counterparty credit risk	0	0	0
8	[redacted]			
9	[redacted]			
10				
11				
12	Equity investments in funds - look-through approach	0	0	0
13	Equity investments in funds - mandate-based approach	0	0	0
14	Equity investments in funds - fall-back approach	0	0	0
15	Settlement risk	0	0	0
16	Securitisation exposures in the banking book	0	0	0
17	[redacted]			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	0	0	0
19	Of which: securitisation standardised approach (SEC-SA)	0	0	0
20	Market risk	10,415	10,160	1,094
21	Of which: standardised approach (SA)	10,415	10,160	1,094
22	[redacted]			
23	Operational risk	25,347	25,347	2,661
24	[redacted]			
25				
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**3,673,925**	**3,717,755**	**385,762**

Composition of Capital

This section demonstrates the composition of regulatory capital, along with the reconciliation of regulatory capital to the balance sheet.

Composition of Regulatory Capital (CC1)

		AED 000s
		Amounts
	Common Equity Tier 1 capital: instruments and reserves	
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	2,350,000
2	Retained earnings	(1,022,434)
3	Accumulated other comprehensive income (and other reserves)	573,012
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**	**1,900,578**
	Common Equity Tier 1 capital regulatory adjustments	
7	Prudent valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Other intangibles including mortgage servicing rights (net of related tax liability)	-
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	1,421,885
11	Cash flow hedge reserve	-
12	Securitisation gain on sale	-
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-
14	Defined benefit pension fund net assets	

		-
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
20	Amount exceeding 15% threshold	-
21	Of which: significant investments in the common stock of financials	-
22	Of which: deferred tax assets arising from temporary differences	-
23	CBUAE specific regulatory adjustments	-
24	**Total regulatory adjustments to Common Equity Tier 1**	**1,421,885**
25	**Common Equity Tier 1 capital (CET1)**	**478,693**
	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	**-**
	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)**	**478,693**
	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	45,477
45	**Tier 2 capital before regulatory adjustments**	**45,477**
	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)**	**45,477**
52	**Total regulatory capital (TC = T1 + T2)**	**524,170**
53	**Total risk-weighted assets**	**3,673,925**
	Capital ratios and buffers	
54	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	13.03%
55	**Tier 1 (as a percentage of risk-weighted assets)**	13.03%

56	**Total capital (as a percentage of risk-weighted assets)**	14.27%
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)**	2.50%
58	**Of which: capital conservation buffer requirement**	2.50%
59	**Of which: bank-specific countercyclical buffer requirement**	0.00%
60	**Of which: higher loss absorbency requirement (e.g. DSIB)**	0.00%
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	3.77%
	The CBUAE Minimum Capital Requirement	
62	Common Equity Tier 1 minimum ratio	7.00%
63	Tier 1 minimum ratio	8.50%
64	Total capital minimum ratio	10.50%
	Amounts below the thresholds for deduction (before risk weighting)	
[redacted]		
66	Significant investments in common stock of financial entities	-
[redacted]		
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)	1.25%
70	Cap on inclusion of provisions in Tier 2 under standardised approach	2.00%
[redacted]		
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	
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)*	-

Reconciliation of regulatory capital to balance sheet (CC2)

This table is to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between a bank's balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template set out in Template CC1.

	AED 000s	
	Balance sheet as in published financial statements	**Under regulatory scope of consolidation**
	As at period-end	**As at period-end**
Assets		
Cash and balances with the Central Bank of the UAE	961,116	961,116
Due from Head Office and its branches abroad	185,845	185,845
Due from Other banks	971,590	971,590
Export bills Discounted for Iranian banks abroad	-	-
Loans and Advances	2,542,777	2,542,777
Other Assets	1,496,006	1,496,006
Property, plant and equipment	15,743	15,743
Right to use assets	26,201	26,201
Investment properties	-	-
Goodwill and other intangible assets		
Of which: goodwill		
Of which: intangibles (excluding MSRs)		
Of which: MSRs		
Total assets		

	6,199,278	**6,199,278**
Liabilities		
Due to other banks	1,334,581	1,334,581
Customer deposits	2,402,241	2,402,241
Due to Head Office and its branches abroad	405,522	405,522
Provision for empolyees' end of services indemnity	23,948	23,948
Provision for taxation	15,986	15,986
Other Liability	116,422	116,422
Accruals, deferred income and other liabilities		
Current and deferred tax liabilities		
Of which: DTLs related to goodwill		
Of which: DTLs related to intangible assets (excluding MSRs)		
Of which: DTLs related to MSRs		
Subordinated liabilities		
Provisions		
Retirement benefit liabilities		
Total liabilities	**4,298,700**	**4,298,700**
Shareholders' equity		
Paid-in share capital	2,350,000	2,350,000
Of which: amount eligible for CET1	2,350,000	2,350,000
Of which: amount eligible for AT1	-	-
Retained earnings	(1,022,434)	(1,022,434)
Accumulated other comprehensive income (and Reserves)	573,012	573,012
Total shareholders' equity	**1,900,578**	**1,900,578**

The Bank financials are prepared and disclosed based on the IFRS guidelines whereas the regulatory consolidation is as per the Basel guidelines / Central Bank of the UAE Regulations. Since our UAE operations are branch operations, *no other entity's financials are consolidated and only standalone UAE data is included in this reporting.*

Main features of regulatory capital instruments (CCA)

This table provides detailed description of the main features of a bank's regulatory capital instruments.

		a **Quantitative / qualitative information**
1	Issuer	Not Applicable
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	
3	Governing law(s) of the instrument	
	Regulatory treatment	
4	Transitional arrangement rules (i.e. grandfathering)	
5	Post-transitional arrangement rules (i.e. grandfathering)	
6	Eligible at solo/group/group and solo	
7	Instrument type (types to be specified by each jurisdiction)	
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	
9	Nominal amount of instrument	
9a	Issue price	
9b	Redemption price	
10	Accounting classification	
11	Original date of issuance	
12	Perpetual or dated	
13	Original maturity date	
14	Issuer call subject to prior supervisory approval	
15	Optional call date, contingent call dates and redemption amount	
16	Subsequent call dates, if applicable	
	Coupons / dividends	
17	Fixed or floating dividend/coupon	
18	Coupon rate and any related index	
19	Existence of a dividend stopper	
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	
21	Existence of step-up or other incentive to redeem	
22	Non-cumulative or cumulative	
23	Convertible or non-convertible	
24	Writedown feature	
25	If writedown, writedown trigger(s)	

26	If writedown, full or partial	
27	If writedown, permanent or temporary	
28	If temporary write-own, description of writeup mechanism	
28a	Type of subordination	
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	
30	Non-compliant transitioned features	
31	If yes, specify non-compliant features	

The BSI equity is purely comprised of capital investment from its Head Office and is operated as a foreign branch in the UAE, further the BSI has not issued any debt or equity instruments. Hence, this table requirement is not applicable.

Countercyclical Buffer

This section provides an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the countercyclical buffer.

Geographical distribution of counter cyclical capital buffer (CCyB1)

This table demonstrates geographical distribution of credit exposures used in the countercyclical capital buffer.

<table>
<tr><th rowspan="3">Geographical breakdown</th><th>a</th><th>b</th><th>c</th><th>d</th><th>e</th></tr>
<tr><th rowspan="2">Countercyclical capital buffer rate</th><th colspan="2">Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer</th><th rowspan="2">Bank-specific countercyclical capital buffer rate</th><th rowspan="2">Countercyclical buffer amount</th></tr>
<tr><th>Exposure values</th><th>Risk-weighted assets</th></tr>
<tr><td>Home Country 1</td><td colspan="5" rowspan="7">Not Applicable</td></tr>
<tr><td>Country 2</td></tr>
<tr><td>Country 3</td></tr>
<tr><td>.....</td></tr>
<tr><td>Country N</td></tr>
<tr><td>Sum</td></tr>
<tr><td>Total</td></tr>
</table>

The bank is not required to hold positive counter cyclical capital buffer for any jurisdiction.

Leverage ratio

This section reconciles total assets in the published financial statements to the leverage ratio exposure measure.

Leverage ratio common disclosure (LR2)

This table detailed breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers.

		AED 000s	
		Jun-24	**Mar-24**
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	6,275,819	6,342,747
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)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-	-
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**6,275,819**	**6,342,747**
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
9	Add-on amounts for PFE associated with *all* derivatives transactions	-	-
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)**		

		-	-
Securities financing transactions			
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**-**	**-**
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	61,905	80,657
20	(Adjustments for conversion to credit equivalent amounts)	(32,668)	(49,452)
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)**	**29,237**	**31,205**
Capital and total exposures			
23	**Tier 1 capital**	**478,693**	**482,375**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**6,305,056**	**6,373,952**
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	7.59%	7.57%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	7.59%	7.57%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	**Applicable leverage buffers**	0.00%	0.00%

Liquidity

This section demonstrates the soundness of a bank's liquidity risk management framework and liquidity position.

Liquidity Coverage Ratio (LIQ1)

This table shows breakdown of a bank's cash outflows and cash inflows, as well as its available high-quality liquid assets (HQLA), as measured and defined according to the CBUAE Liquidity standard.

		a	b
		Total unweighted value (average)	**Total weighted value (average)**
High-quality liquid assets			
1	Total HQLA		
Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**		
3	Stable deposits		
4	Less stable deposits		
5	**Unsecured wholesale funding, of which:**		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)		
8	Unsecured debt		
9	**Secured wholesale funding**		
10	**Additional requirements, of which:**		
11	Outflows related to derivative exposures and other collateral requirements		
12	Outflows related to loss of funding of debt products		
13	Credit and liquidity facilities		
14	**Other contractual funding obligations**		
15	**Other contingent funding obligations**		
16	**TOTAL CASH OUTFLOWS**		
Cash inflows			
17	**Secured lending (eg reverse repo)**		
18	**Inflows from fully performing exposures**		

19	**Other cash inflows**		
20	**TOTAL CASH INFLOWS**		
			Total adjusted value
21	**Total HQLA**		
22	**Total net cash outflows**		
23	**Liquidity coverage ratio (%)**		

BSI is measuring liquidity by calculating Eligible Liquid Assets Ratio (ELAR), that is, an alternate simplified approach for measuring liquidity instead of calculating Liquidity Coverage Ratio (LCR) as per Liquidity Risk Regulation of CBUAE 2015

Net Stable Funding Ratio (LIQ2)

This table provides details of a bank's NSFR and selected details of its NSFR components

		a	b	c	d	e
		Unweighted value by residual maturity				**Weighted value**
(In currency amount)		**No maturity***	**<6 months**	**6 months to <1 year**	**≥1 year**	
Available stable funding (ASF) item						
1	Capital:					
2	*Regulatory capital*					
3	*Other capital instruments*					
4	Retail deposits and deposits from small business customers:					
5	*Stable deposits*					
6	*Less stable deposits*					
7	Wholesale funding:					
8	*Operational deposits*					
9	*Other wholesale funding*					
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	*NSFR derivative liabilities*					
13	*All other liabilities and equity not included in the above categories*					
14	**Total ASF**					
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:					
18	*Performing loans to financial institutions secured by Level 1 HQLA*					
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*					

20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*					
21	*With a risk weight of less than or equal to 35% under the standardised approach for credit risk*					
22	*Performing residential mortgages, of which:*					
23	*With a risk weight of less than or equal to 35% under the standardised approach for credit risk*					
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*					
25	Assets with matching interdependent liabilities					
26	Other assets:					
27	*Physical traded commodities, including gold*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*					
30	*NSFR derivative liabilities before deduction of variation margin posted*					
31	*All other assets not included in the above categories*					
32	Off-balance sheet items					
33	***Total RSF***					
34	***Net Stable Funding Ratio (%)***					

* Items to be reported in the "no maturity" time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities and physical traded commodities.

BSI is calculating Advance to Stable Resources Ratio (ASRR), that is, an alternate simplified approach instead of calculating Net Stable Fund Resources (NFSR) as per Liquidity Risk Regulation of CBUAE 2015.

Eligible Liquid Assets Ratio (ELAR)

This table provides the breakdown of a bank's available high-quality liquid assets (HQLA), as measured and defined according to the CBUAE Liquidity Regulations.

		AED 000s	
1	**High Quality Liquid Assets**	**Nominal amount**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	957,999	
1.2	UAE Federal Government Bonds and Sukuks	0	
	Sub Total (1.1 to 1.2)	957,999	957,999
1.3	UAE local governments publicly traded debt securities	0	
1.4	UAE Public sector publicly traded debt securities	0	
	Sub total (1.3 to 1.4)	0	0
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	0	0
1.6	**Total**	**957,999**	**957,999**
2	Total liabilities		4,262,806
3	**Eligible Liquid Assets Ratio (ELAR)**		**22.47%**

Figures presented above are as averages of daily observations over the previous quarter, that is, the average calculated over a period of 90 days.

Advances to Stables Resource Ratio (ASRR)

This table provides breakdown of a bank's advances to Stables Resource ratio as per the Liquidity regulations.

		Items	AED 000s Amount
1		**Computation of Advances**	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	2,562,410
	1.2	Lending to non-banking financial institutions	47,470
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	-201,946
	1.4	Interbank Placements	0
	1.5	**Total Advances**	2,407,934
2		**Calculation of Net Stable Ressources**	
	2.1	Total capital + general provisions	1,967,681
		Deduct:	
	2.1.1	Goodwill and other intangible assets	0
	2.1.2	Fixed Assets	41,944
	2.1.3	Funds allocated to branches abroad	0
	2.1.5	Unquoted Investments	0
	2.1.6	Investment in subsidiaries, associates and affiliates	0
	2.1.7	**Total deduction**	41,944
	2.2	**Net Free Capital Funds**	1,925,737
	2.3	**Other stable resources:**	
	2.3.1	Funds from the head office	0
	2.3.2	Interbank deposits with remaining life of more than 6 months	72,500
	2.3.3	Refinancing of Housing Loans	0
	2.3.4	Borrowing from non-Banking Financial Institutions	82,808
	2.3.5	Customer Deposits	2,143,030
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0
	2.3.7	**Total other stable resources**	2,298,338
	2.4	**Total Stable Resources (2.2+2.3.7)**	4,224,075
3		**Advances TO STABLE RESOURCES RATIO (1.5/ 2.4*100)**	57.01

Credit Risk

This section describes the main characteristics and elements of credit risk management of the Bank Saderat Iran - UAE (BSI).

Credit Quality of Assets (CR1)

This table provides comprehensive picture of the credit quality of a bank's (on- and off-balance sheet) assets.

		a	b	c	d	e	f
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
AED 000s		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	9,618,091	639,173	7,704,878	7,637,775	67,103	2,552,386
2	Debt securities	-	-	-	-	-	-
3	Off-balance sheet exposures	-	61,905	-	-	-	61,905
4	**Total**	**9,618,091**	**701,078**	**7,704,878**	**7,637,775**	**67,103**	**2,614,291**

Defaulted exposures is included the suspended interest thus the same is included in Allowance/Impairment as well in order to measure the precise net value.

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

This table highlights the changes in the 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

	AED 000s	a
1	**Defaulted loans and debt securities at the end of the previous reporting period**	9,682,398
2	Loans and debt securities that have defaulted since the last reporting period	3,797
3	Returned to non-default status	53,327
4	Amounts written off	14,777
5	Other changes	-
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	9,618,091

Credit Risk Exposure and Credit Risk Mitigation effects (CR4)

This table illustrates the effect of CRM (comprehensive and simple approach) on standardized approach capital requirements' calculations and, RWA density provides a synthetic metrics on riskiness of each portfolio.

	AED 000s	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	931,500	-	931,500	-	-	-
2	Public Sector Entities	-	-	-	-	-	0.0%
3	Multilateral development banks	-	-	-	-	-	0.0%
4	Banks	1,157,435	-	1,157,435	-	366,539	31.7%
5	Securities firms	-	-	-	-	-	0.0%
6	Corporates	587,507	32,848	553,315	12,614	565,931	100.0%
7	Regulatory retail portfolios	51,667	29,057	39,702	3,345	39,870	92.6%
8	Secured by residential property	-	-	-	-	-	0.0%
9	Secured by commercial real estate	-	-	-	-	-	0.0%
10	Equity Investment in Funds (EIF)	-	-	-	-		0.0%
11	Past-due loans	1,980,315	-	1,980,315	-	2,559,197	129.2%
12	Higher-risk categories	-	-	-	-	-	0.0%
13	Other assets	1,558,128	-	1,558,128	-	106,627	6.8%
14	**Total**	**6,266,552**	**61,905**	**6,220,395**	**15,959**	**3,638,163**	**58.3%**

Sovereign asset class is consists of only balance with the Central Bank of the UAE.

Major portions of the banks' exposures have contractual maturity within 3 months thus carry applicable risk weight 20%.

Most of off-balance sheet exposures are constitute of unused limits and tender bond/ performance bond/ bid bond guarantees that carry applicable credit conversion factors (CCF) 0% and 50% respectively. Further most of off-balance sheet exposures, carrying applicable 100% CCF, are secured by 100% cash margin.

Major part of other assets consist of Deferred Tax Assets (DTA) which is deducted from Common Equity Tier 1 (CET1) capital as per CBUAE capital supply guideline, thus carry 0% risk weight.

Exposures by Asset Classes and Risk Weights (CR5)

This table presents the breakdown of credit risk exposures under the standardized approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to standardized approach).

		a	b	c	d	e	f	g	h	i
	Assets Classes	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**
1	Sovereigns and their central banks	953,819	-	-	-	-	-	-	-	953,819
2	Public Sector Entities	-	-	-	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-	-	-	-
4	Banks	-	761,310	-	396,884	-	-	-	-	1,158,194
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	194,642	-	-	194,642
7	Regulatory retail portfolios	-	-	-	-	13,182	30,276	-	-	43,458
8	Secured by residential property	-	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	1,321,200	1,134,272	-	2,455,472
12	Higher-risk categories	-	-	-	-	-	-	-	-	-
13	Other assets	1,485,124	-	-	-	-	142,672	-	-	1,627,796
14	**Total**	**2,438,943**	**761,310**	**-**	**396,884**	**13,182**	**1,688,790**	**1,134,272**	**-**	**6,433,381**

Sovereign asset class is consists of only balance with the Central Bank of the UAE.

Major portions of the banks' exposures have contractual maturity within 3 months thus carry applicable risk weight 20%.

Most of off-balance sheet exposures are constitute of unused limits and tender bond/ performance bond/ bid bond guarantees that carry applicable credit conversion factors (CCF) 0% and 50% respectively. Further most of off-balance sheet exposures, carrying applicable 100% CCF, are secured by 100% cash margin.

Major part of other assets consist of Deferred Tax Assets (DTA) which is deducted from Common Equity Tier 1 (CET1) capital as per CBUAE capital supply guideline, thus carry 0% risk weight.

Market Risk

This section provides a description of the risk management objectives and policies for market risk

Market risk under the standardized approach (MR1)

This table provides the components of the capital requirement under the standardized approach for market risk.

		a
	AED 000s	**RWA**
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	10,415
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	[redacted]	
8	Securitisation	-
9	**Total**	10,415

BSI is having minimal currency gap positions and therefore BSI's market risk is limited to foreign currency risk and presently is the only component of market risk capital requirements.

End of Pillar III Disclosure – (Q2 – June 2024)