KEB Hana Bank – Abu Dhabi

Pillar 3 Disclosures

For the Quarter Ended 30 June 2022

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Overview

KEB Hana Bank - Abu Dhabi Branch (the "Branch") was incorporated in the Emirate of Abu Dhabi as a foreign bank branch through License No.13/1651/2013 from the Central Bank of the UAE in compliance with Union Law No. 10 of 1980 concerning the Central Bank, The Monetary System and Organisation of Banking (as amended). The Bank is a branch of Korea Exchange Bank, Seoul, South Korea (the "Head Office"), which is incorporated in South Korea as a limited liability.

During the year ended 31 December 2015, the Head Office, namely Korea Exchange Bank, merged with a local Korean bank and its name was changed to KEB Hana Bank. Accordingly, the name of the Branch was also changed from Korea Exchange Bank - Abu Dhabi Branch to KEB Hana Bank - Abu Dhabi Branch. The address of the Branch's registered office is: KEB Hana Bank-Abu Dhabi Branch, Unit M1, Mezzanine Floor, CI Tower, 32 street, Al Bateen, W10, PO Box 45636, Abu Dhabi, United Arab Emirates.

The Branch is engaged in wholesale banking activities including lending and trade finance and carries out its operations in the United Arab Emirates through its single branch in Abu Dhabi.

Reporting Framework

This 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, the Central Bank of UAE provided explanatory notes and disclosure templates for Pillar 3 on 30th November 2021 and updates on 9th May 2022 as part of Notice 1887/2022. The Standards prescribed the effective date of these disclosures to be 30 June 2022 and quarterly thereon.

Since the UAE operations is a branch, no other entity is considered for the consolidation purpose and details around KEB Hana Bank – Abu Dhabi Branch only is included.

Period of Reporting

This report is in respect of the quarter ended 30 June 2022.

Overview of Risk Management & RWA

Capital Adequacy (KM1)

The Branch's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirements set by the Central Bank of UAE;
- To safeguard the Branch's ability to continue as a going concern and increase the returns for the shareholders; and
- To maintain a strong capital base to support the development of its business.

The Branch's regulatory capital is analysed into two tiers:

- CET1 capital is the highest quality form of capital, comprising share capital, legal, statutory and other reserves, fair value reserve, retained earnings, after deductions for intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under 'CBUAE' guidelines.
- Tier 2 capital comprises of collective provision which shall not exceed 1.25% of total credit risk weighted assets

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2020 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital. The minimum capital adequacy requirements as set out by the Central Bank are as follows:

- Minimum Common Equity Tier 1 (CET 1) Ratio of 7% of Risk Weighted Assets (RWAs)
- Minimum Tier 1 Ratio of 8.5% of RWAs
- Total Capital Adequacy Ratio of 10.5% of RWAs
- Capital Conservation Buffer (CBB) of 2.5%

The assets of the Branch are risk weighted as to their relative Credit, Market, and Operational risk.
Credit risk includes both On and Off-balance sheet risks.
Market risk is the risk that value of equity, the results or the continuity in the trading book is threatened by movements in the level and/or volatility of market prices to which the UAE banking operations are exposed. It also comprises the impact from foreign exchange risk on positions in the whole balance sheet.
Operational risk is the risk of direct or indirect losses due to inadequate or deficient internal processes, from inadequate systems, human error and internal- and external incidents of fraud, or from other external events.
The Branch follows the standardized approach for Credit, Market and Operational risk, as permitted by the Central Bank of UAE and as per Pillar 1 of Basel III.

		30-Jun-22 AED '000	31-Mar-22 AED '000	31-Dec-21 AED '000
	Available capital (amounts)			
1	Common Equity Tier 1 (CET1)	198,343	195,003	190,895
1a	Fully loaded ECL accounting model	198,343	195,003	190,895
2	Tier 1	198,343	195,003	190,895
2a	Fully loaded ECL accounting model Tier 1	198,343	195,003	190,895
3	Total capital	210,475	207,039	204,384
3a	Fully loaded ECL accounting model total capital	210,475	207,039	204,384
	Risk-weighted assets (amounts)			
4	Total risk-weighted assets (RWA)	1,021,960	1,014,320	1,131,888
	Risk-based capital ratios as a percentage of RWA			
5	Common Equity Tier 1 ratio (%)	19.41%	19.22%	16.87%
5a	Fully loaded ECL accounting model CET1 (%)	19.41%	19.22%	16.87%
6	Tier 1 ratio (%)	19.41%	19.22%	16.87%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	19.41%	19.22%	16.87%
7	Total capital ratio (%)	20.60%	20.41%	18.06%
7a	Fully loaded ECL accounting model total capital ratio (%)	20.60%	20.41%	18.06%
	Additional CET1 buffer requirements as a percentage of RWA			
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	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%
12	CET1 available after meeting the bank's minimum capital requirements (%)	10.10%	9.91%	7.56%
	Leverage Ratio			
13	Total leverage ratio measure	1,519,038	1,663,505	1,746,082
14	Leverage ratio (%) (row 2/row 13)	13.06%	11.72%	10.93%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	13.06%	11.72%	10.93%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	13.06%	11.72%	10.93%
	Liquidity Coverage Ratio			
15	Total HQLA	N/A	N/A	N/A
16	Total net cash outflow	N/A	N/A	N/A
17	LCR ratio (%)	N/A	N/A	N/A
	Net Stable Funding Ratio			
18	Total available stable funding	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A
20	NSFR ratio (%)	N/A	N/A	N/A
	ELAR			
21	Total HQLA	215,957	203,666	182,790
22	Total liabilities	1,002,849	1,150,429	1,215,872
23	Eligible Liquid Assets Ratio (ELAR) (%)	21.53%	17.70%	15.03%
	ASRR			
24	Total available stable funding	1,053,133	1,232,401	1,290,588
25	Total Advances	955,699	861,797	922,680
26	Advances to Stable Resources Ratio (%)	90.75%	69.93%	71.49%

As per CBUAE, the branch is not required to report LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio).

Key Prudential Metrics and RWA (OV1)

Following metrics and RWA is calculated based on latest applicable CBUAE Capital Adequacy regulations for Banks operating in the UAE.

				AED '000
		RWA		Minimum capital requirements
		30-Jun-22	31-Mar-22	30-Jun-22
1	Credit risk (excluding counterparty credit risk)	970,532	962,876	101,906
2	Of which: standardised approach (SA)	970,532	962,876	101,906
3	[redacted]			
4				
5				
6	Counterparty credit risk (CCR)	-	-	-
7	Of which: standardised approach for counterparty credit risk	-	-	-
8	[redacted]			
9				
10				
11				
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	[redacted]			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	8	24	1
21	Of which: standardised approach (SA)	8	24	1
22	[redacted]			
23	Operational risk	51,420	51,420	5,399
24	[redacted]			
25				
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**1,021,960**	**1,014,320**	**107,306**

Composition of Regulatory Capital (CC1)

The following table provides a breakdown of the branch's regulatory capital, in-line with the CBUAE Capital Supply Standard.

		30-Jun-22	AED '000
		Amounts	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	200,000	
2	Retained earnings	(10,792)	
3	Accumulated other comprehensive income (and other reserves)	9,135	
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**	**198,343**	
	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)	-	
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	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**	-	
25	**Common Equity Tier 1 capital (CET1)**	198,343	
	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)**	**198,343.00**	

	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	12,132	
45	**Tier 2 capital before regulatory adjustments**	**12,132**	
	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)**	12,132	
52	**Total regulatory capital (TC = T1 + T2)**	210,475	
53	**Total risk-weighted assets**	1,021,960	
	Capital ratios and buffers		
54	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	19.41%	
55	**Tier 1 (as a percentage of risk-weighted assets)**	19.41%	
56	**Total capital (as a percentage of risk-weighted assets)**	20.60%	
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**	-	
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.**	10.10%	
	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]	[redacted]		
66	Significant investments in common stock of financial entities		
[redacted]	[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)		
70	Cap on inclusion of provisions in Tier 2 under standardised approach		
[redacted]	[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)*		

Composition of Capital (CC2)

The following table provides a reconciliation of the branch regulatory capital to its balance sheet.

	AED '000		
	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	30-Jun-22	30-Jun-22	
Assets			
Cash and balances at central banks	215,957	215,957	
Due from Head Office/own branches	97,499	97,499	
Due from other banks	86,967	86,967	
Loans and advances to customers	809,249	809,249	
Prepayments, accrued income and other assets	3,814	3,814	
Property, plant and equipment	2,264	2,264	
Total assets	1,215,750	1,215,750	
Liabilities			
Due to Head Office/own branches	102,830	102,830	
Customer deposits	379,166	379,166	
Accruals, deferred income and other liabilities	520,721	520,721	
Provisions	1,677	1,677	
Retirement benefit liabilities	132	132	
Total liabilities	1,004,526	1,004,526	
Shareholders' equity			
Paid-in share capital			
Of which: amount eligible for CET1	200,000	200,000	
Retained earnings	(17,120)	(17,120)	
Accumulated other comprehensive income	28,344	28,344	
Total shareholders' equity	211,224	211,224	

Main Features of Regulatory Capital Instruments (CCA)

As a branch of a foreign bank, the share capital is composed only of funding from the Head Office.

		30-Jun-22
		Quantitative / qualitative information
1	Issuer	**KEB Hana Bank**
7	Instrument type (types to be specified by each jurisdiction)	Common Equity Tier 1
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	AED 200 mil
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity

Leverage Ratio (LR2)

The Leverage ratio (LR) was introduced as a complementary measure to the risk-based capital framework to help ensure broad and adequate capture of both the on-and off-balance sheet sources of banks leverage. Illustrated below is the Branch's Leverage position as measured by the Basel III Leverage ratio, and describes the key factors that have had a material impact on the leverage ratio for this reporting period.

		30-Jun-22 AED '000	31-Mar-22 AED '000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1,215,750	1,359,876
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)**	1,215,750	1,359,876
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	608,364	614,541
20	(Adjustments for conversion to credit equivalent amounts)	(305,076)	(310,912)
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)**	303,288	303,629
Capital and total exposures			
23	**Tier 1 capital**	198,343	195,003
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	1,519,038	1,663,505
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	13.06%	11.72%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	13.06%	11.72%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	**Applicable leverage buffers**		

Eligible Liquid Assets Ratio (ELAR)

Eligible Liquid Assets Ratio is a measure to ensure banks hold minimum buffers of liquid assets. The ratio requires the bank to hold an amount equivalent to 10% of its total balance sheet liabilities (excluding those included in regulatory capital) in high quality liquid assets.

As of 30 June 2022, the branch's simple average ELAR is 18.28% which is more than the required minimum of 10%.

		30-Jun-22	AED '000
1	**High Quality Liquid Assets**	**Nominal amount**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	229,488	
1.2	UAE Federal Government Bonds and Sukuks	0	
	Sub Total (1.1 to 1.2)	229,488	229,488
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**	**229,488**	**229,488**
2	Total liabilities		1,255,557
3	**Eligible Liquid Assets Ratio (ELAR)**		**0.18**

Advances to Stable Resources Ratio (ASRR)

The Advances to Stable Resources Ratio (ASRR) is a measure that recognizes both the actual uses as well as the likely uses of funds in terms of the contractual maturity and behavioral profile of the sources of funds available to the bank, to ensure that there are limited maturity mismatches and cliff effects.

ASRR should not exceed 100%. The branch's ratio is 90.75%, this is the equivalent percentage of the total advances being funded by stable resources (i.e., customer deposits and funds from the Head Office).

			30-Jun-22
		Items	**Amount**
1		**Computation of Advances**	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	809,249
	1.2	Lending to non-banking financial institutions	0
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	0
	1.4	Interbank Placements	146,450
	1.5	**Total Advances**	955,699
2		**Calculation of Net Stable Ressources**	
	2.1	Total capital + general provisions	212,901
		Deduct:	
	2.1.1	Goodwill and other intangible assets	0
	2.1.2	Fixed Assets	2,264
	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**	2,264
	2.2	**Net Free Capital Funds**	210,637
	2.3	**Other stable resources:**	
	2.3.1	Funds from the head office	514,150
	2.3.2	Interbank deposits with remaining life of more than 6 months	0
	2.3.3	Refinancing of Housing Loans	0
	2.3.4	Borrowing from non-Banking Financial Institutions	0
	2.3.5	Customer Deposits	328,346
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0
	2.3.7	**Total other stable resources**	842,496
	2.4	**Total Stable Resources (2.2+2.3.7)**	1,053,133
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	90.75

Credit Quality of Assets (CR1)

Following metrics and RWA is calculated based on latest applicable CBUAE Capital Adequacy regulations for Banks operating in the UAE.

		a	b	c	d	e	f
							30-Jun-22
							AED '000
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	-	809,249	1,594	-	809,249	807,655
2	Debt securities	-	-	-	-	-	-
3	Off-balance sheet exposures	-	608,364	83	-	608,364	608,281
4	**Total**	**-**	**1,417,613**	**1,677**	**-**	**1,417,613**	**1,415,936**

Definition of Default

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Standards for Recognizing Default Corporate Borrower

In the case of corporations with corporate loan(s), default shall be recognized at borrower level if one of the following conditions is met.

a. In case a loan is overdue for 90 days or more. However, a case falling under one of the following items shall be applied by the standards of each item.

- In case delinquency occurs after the refinancing, if the number of consecutive days in delinquency before and after refinancing is 90 days or more, the loan shall be recognized as default.
- In case the number of days in delinquency is 90 days or more before refinancing, it shall be regarded that the loan remains default even if refinanced. However, it shall be regarded as having been released from default if rated “normal” after re-evaluation of the credit rating by Loan Officer.
- Credit card refinancing loan shall be immediately recognized as default regardless of the number of days in delinquency.
- In the case of the protection selling of credit derivatives, the date when the buyer requests payment shall be recognized as the starting date of default of the underlying asset.
- In the case of adjusting the value of exposure by putting aside or writing off specific loan loss reserve resulting from credit deterioration
- In the case of selling claims, even taking the risk of significant losses as a result of credit deterioration

b. In the case of a loan whose amount has been considerably reduced due to exemption from or delay in payment of the principal, interest or relevant fees as a result of failure to make repayment even after restructuring.
c. In case a bank files bankruptcy or a lawsuit against the borrower.
d. In case a borrower takes measures including bankruptcy for the purpose of delaying or avoiding repayment.
e. In case checking account is suspended by dishonoured bills or checks.
f. In case the borrower is rated credit rating of D (8~10) by KEB Hana Bank.
g. In the case of the borrower registered as “those under credit management” into the credit information agency database for the reason of delinquency, etc. under “Credit Information Management Code.” However, it is limited to “information on delinquency,” “information on subrogation payment,” “information on dishonoured bills or checks” and “special record.”
h. In the case of borrowers belonging to an affiliate corporate group, default shall be recognized at individual corporation level.
The branch did not have any defaulted exposures in the previous and current reporting period.

Standardised Approach – Credit Risk Exposures and Credit Risk Mitigation Effects (CR4)

This section describes the effect of CRM (comprehensive and simple approach) on standardised approach capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

							30-Jun-22
							AED '000
		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	215,723	-	215,723	-	-	-
2	Public Sector Entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Banks	184,466	-	184,466	-	80,828	43.8%
5	Securities firms	-	-	-	-	-	-
6	Corporates	809,249	608,364	809,249	296,700	883,626	79.9%
7	Regulatory retail portfolios	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-
13	Other assets	6,312	-	6,312	-	6,078	96.3%
14	**Total**	**1,215,750**	**608,364**	**1,215,750**	**296,700**	**970,532**	

Standardised Approach – Exposures by Asset Classes and Risk Weights (CR5)

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

										30-Jun-22
										AED '000
		a	b	c	d	e	f	g	h	i
	Risk weight / Asset classes	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	215,723	-	-	-	-	-	-	-	215,723
2	Public Sector Entities	-	-	-	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-	-	-	-
4	Banks	-	38,016	-	146,450	-	-	-	-	184,466
5	Securities firms	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	1,404,236	-	13,377	1,105,949
7	Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-	-	-	-
13	Other assets	234	-	-	-	-	6,078	-	-	6,312
14	**Total**	215,957	38,016	-	146,450	-	1,410,314	-	13,377	1,512,450

Market Risk under the Standardised Approach (MR1)

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor' s / issuer's credit standing) will affect the branch's income or the value of its holdings of financial instruments. The Branch is exposed to foreign exchange risk through transactions in foreign currencies.

The table below presents the components of the capital requirement under the standardized approach for market risk.

		30-Jun-22
		AED '000
		RWA
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	8
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	[redacted]	
8	Securitisation	-
9	**Total**	**8**