

Al Maryah Community Bank L.L.C.

Basel III - Pillar 3 Disclosures - 30 June 2024

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1. Introduction

This document presents Pillar III Market Disclosure Report for Al Maryah Community Bank L.L.C. (“the Bank” or “MBank”) prepared in accordance with the requirements and guidelines as prescribed by the Central Bank of the UAE (CBUAE) and in conformity with the Bank’s Disclosure Policy.

The main objective of this disclosure report is to provide market participants with information on the primary elements, scope and effectiveness of the Bank’s risk measurement practices, overall risk profile and capital position.

Mbank is a Specialized Bank regulated under the CBUAE and must comply with all regulations and standards issued by the CBUAE that are applicable to banks, with the exception of capital requirements and large exposures which are provided under the regulation for Specialized Banks with low risk. Furthermore, Mbank also follows primary global standards set by BCBS based on best practices basis as applicable.

As per CBUAE regulations, Specialized Banks use Aggregate Capital Funds (ACF) and ACF ratio to determine their minimum capital requirement. The ACF ratio, which is defined as the ACF to total assets must be maintained, at all times, at 12.5% at minimum.

The Basel Accord framework consists of following three main pillars, of which Pillar III is established to complement the other two pillars and focuses on enhanced transparency in information disclosure, covering risk and capital management, including capital requirements to develop the market discipline and allows market participants to assess specific information.

In compliance with the CBUAE Basel III standards and guidelines, Pillar 3 disclosures include qualitative and quantitative information on the Bank’s risk management objectives and policies, risk assessment processes and capital requirements.

This Pillar III disclosure report is as of 30 June 2024 has been reviewed by the management and internal audit.

1.1 General information

Al Maryah Community Bank L.L.C. (“the Bank” or “MBank”) is a specialized commercial digital bank which was incorporated and registered as a limited liability company in the Emirate of Abu Dhabi, UAE on 6 June 2021 and pursuant to the specialized banks with low-risk regulations issued pursuant to Federal Law by Decree No. 14 of 2018. The Bank’s registered address is P.O. Box 111485, 454 Shakhbout Bin Sultan Street, Abu Dhabi, United Arab Emirates.

The Bank is engaged in both retail and corporate banking activities in the UAE. The Bank focuses on growth and serving its local community, in line with the vision of the UAE leaders in supporting individuals and small businesses within the UAE economy by employing forward thinking concepts driven by innovation and technology.

2. Overview of Risk Management

2.1 Key metrics (at consolidated group level) (KM1)

	(AED in 000's)	June-24	Dec-23
	Aggregate Capital Funds	488,301	398,823
1	Paid up capital	600,000	500,000
2	Share Premium	-	-
3	Reserves, excluding revaluation reserve	2,952	2,952
4	Retained earnings/ (-) Loss	(114,651)	(104,129)
4a	Accumulated retained earnings / (-)	(114,651)	(107,512)
4b	Audited / Reviewed Current year profit / (-) current financial year loss	-	3,383
4c	Proposed Dividend	-	-
	Less:	-	-
5	Good will	-	-
6	Total Assets excluding cash collaterals and sovereign guarantees	3,735,529	2,943,417
6a	Total Assets	3,752,273	2,964,102
6b	Cash collaterals (legally enforceable)	(16,744)	(20,685)
6c	Sovereign Guarantees (legally enforceable)	-	-
	Aggregate capital fund (%)	13.07%	13.55%
	ELAR		
7	Total HQLA	2,910,402	2,118,452
8	Total liabilities	3,262,149	2,563,073
9	Eligible Liquid Assets Ratio (ELAR) (%)	89%	83%
	ASRR		
10	Total available stable funding	3,101,598	2,734,952
11	Total Advances	687,323	663,983
12	Advances to Stable Resources Ratio (%)	22%	24%

3. Composition of Capital

3.1 Composition of Regulatory Capital (CC1)

	(AED in 000's)	Amounts
1	Aggregate Capital Funds	488,301
1.1	Paid up capital	600,000
1.2	Share Premium	-
1.3	Reserves, excluding revaluation reserve	2,952
1.4	Retained earnings/ (-) Loss	(114,651)
1.4.1	Accumulated retained earnings / (-)	(114,651)
1.4.2	Audited / Reviewed Current year profit / (-) current financial year loss	-
1.4.3	Proposed Dividend	-

	Less:	-
1.5	Good will	-
2	Total Assets excluding cash collaterals and sovereign guarantees	3,735,529
2.1	Total Assets	3,752,273
2.2	Cash collaterals (legally enforceable)	(16,744)
2.3	Sovereign Guarantees (legally enforceable)	-
3	Aggregate Capital Fund (%)	13.07%

3.2 Reconciliation of Regulatory Capital to Balance Sheet (CC2)

(AED in 000's)	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference/Remarks
	As at period-end	As at period-end	
Assets			
Cash and balances at central banks	2,910,404	2,910,402	
Items in the course of collection from other banks	-		
Trading portfolio assets	-	-	
Financial assets at fair value through profit or loss	55,067	55,067	
Derivative financial instruments	-		
Loans and advances to banks	45,496	45,600	Reporting Difference (i)
Loans and advances to customers	619,657	623,183	Reporting Difference (ii)
Reverse repurchase agreements and other similar secured lending	-		
Available for sale financial investments (Includes FVOCI)	15,901	15,901	
Current and deferred tax assets	-		
Prepayments, accrued income and other assets	16,631	30,612	Reporting Difference (iii)
Investments in associates and joint ventures	-		
Goodwill and other intangible assets	-		
Of which: goodwill	-		
Of which: intangibles (excluding MSRs)	45,672	45,671	
Of which: MSRs	-		
Property, plant and equipment	39,720	29,655	Reporting Difference (iv)
Total assets	3,748,548	3,756,091	
Liabilities			
Deposits from banks			
Items in the course of collection due to other banks			
Customer accounts	3,140,635	3,102,467	Reporting Difference (v)

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Repurchase agreements and other similar secured borrowing	-		
Trading portfolio liabilities	-		
Financial liabilities designated at fair value	-		
Derivative financial instruments	-		
Debt securities in issue	-		
Accruals, deferred income and other liabilities	117,704	159,768	Reporting Difference (vi)
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	0	3,732	Reporting Difference (vii)
Retirement benefit liabilities	-		
Total liabilities	3,258,339	3,265,967	
Shareholders' equity			
Paid-in share capital	600,000	600,000	
Legal reserve	169	169	
Impairment reserve	3,078	2,783	
Retained earnings	(114,860)	(114,651)	
Fair Value Reserve	1,823	1,823	
Total shareholders' equity	490,210	490,124	
Total shareholders' equity and liabilities	3,748,549	3,756,091	

Note

Reporting Difference (i) : On account of Provision

Reporting Difference (ii) : On account of Provision

Reporting Difference (iii) : WIP reported in BRF as Capitalized expenditure in other asset

Reporting Difference (iv) : WIP reported in BRF as Capitalized expenditure in other asset

Reporting Difference (v) : BRF exclude the Margin deposit

Reporting Difference (vi) : On account of Net balance shown in Asset where BRF shown separately

Reporting Difference (vii) : On account of Provision

4. Liquidity

4.1 Eligible Liquid Assets Ratio (ELAR)

1	High Quality Liquid Assets (AED in 000's)	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,910,402	
1.2	UAE Federal Government Bonds and Sukuks	0	
	Sub Total (1.1 to 1.2)	2,910,402	2,910,402
1.3	UAE local governments publicly traded debt securities	0	0
1.4	UAE Public sector publicly traded debt securities	0	
	Sub Total (1.3 to 1.4)	0	
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	0	0
1.6	Total	2,910,402	2,910,402
2	Total liabilities		3,262,149
3	Eligible Liquid Assets Ratio (ELAR)		89%

4.2 Advances to Stables Resource Ratio (ASRR)

(AED in 000's)		Items	Amount
1		Computation of Advances	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	622,241
	1.2	Lending to non-banking financial institutions	25
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	27,557
	1.4	Interbank Placements	37,500
	1.5	Total Advances	687,323
2		Calculation of Net Stable Ressources	
	2.1	Total capital + general provisions	493,000
		Deduct:	
	2.1.1	Goodwill and other intangible assets	45,671
	2.1.2	Fixed Assets	29,655
	2.1.3	Funds allocated to branches abroad	
	2.1.5	Unquoted Investments	
	2.1.6	Investment in subsidiaries, associates and affiliates	
	2.1.7	Total deduction	75,326
	2.2	Net Free Capital Funds	417,674
	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	
	2.3.3	Refinancing of Housing Loans	
	2.3.4	Borrowing from non-Banking Financial Institutions	
	2.3.5	Customer Deposits	2,683,924

	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	
	2.3.7	Total other stable resources	2,683,924
	2.4	Total Stable Resources (2.2+2.3.7)	3,101,598
3		Advances TO STABLE RESOURCES RATIO (1.5/ 2.4*100)	22.2

5. Credit Risk

5.1 Credit Quality of Assets (CR1)

	AED in 000's	Gross carrying values of		Allowances/ Impairments (c)	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
		Defaulted exposures (a)	Non- defaulted exposures (b)		Allocated in regulatory category of Specific (d)	Allocated in regulatory category of General (e)	
1	Loans	864	622,344	(2,335)	(856)	(1,479)	620,873
2	Debt securities		-	-	-	-	-
3	Off-balance sheet exposures	-	382,704	(1,397)	-	(1,397)	381,307
4	Total	864	1,005,048	(3,732)	(856)	(2,876)	1,002,180

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

	(AED in 000's)	June -24
1	Defaulted loans and debt securities at the end of the previous reporting period	501
2	Loans and debt securities that have defaulted since the last reporting period	416
3	Returned to non-default status	0
4	Amounts written off	0
5	Other changes	-53
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	864

A small number of personal loan and credit card accounts over 90 DPD.