



(Incorporated in Switzerland 1967)

# Habib Bank AG Zurich

## United Arab Emirates

Basel Pillar III Disclosures  
for the period ended 31<sup>st</sup> March 2024

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## **1. Introduction:**

Habib Bank AG Zurich, UAE Branches (the “Bank”) operates in the Emirates of Abu Dhabi, Dubai and Sharjah under a full commercial banking license issued by the Central Bank of the United Arab Emirates. The Head Office of the Bank is Habib Bank AG Zurich (the “Head Office”) incorporated in Switzerland. The registered address of the Bank is PO Box 3306, Dubai, United Arab Emirates.

## **2. Highlights:**

In line with Article 2.2. of Capital Adequacy Regulation, CBUAE requires banks to apply the following minimum requirement:

- CET1 must be at least 7% of risk weighted assets (RWA);
- Tier 1 Capital must be at least 8.5% of RWA;
- Total Capital, calculated as the sum of Tier 1 Capital and Tier 2 Capital, must be at least 10.5% of RWA.
- In addition to the minimum CET1 capital of 7% of RWA, banks must maintain a capital conservation buffer (CCB) and Countercyclical Capital Buffer (CCyB), maximum of 2.5% of RWAs on the form of CET1 capital.
- All banks must maintain a leverage ratio of at least 3.0%.

The Bank has complied with all the externally imposed capital requirements and is well capitalized with low leverage and high levels of loss-absorbing capacity. As at 31 March 2024:

- The Bank’s Common Equity Tier 1 (CET1) ratio of 22.11%, Tier 1 capital Ratio of 22.11%, Capital Adequacy Ratio of 23.16%, are all well ahead of the regulatory requirements.
- The Bank’s leverage ratio of 9.41% is well ahead of the current regulatory requirement.
- The Bank continues to manage its balance sheet proactively, with focus on sound RWA management.

### 3. Key Metrics (KM1)

Key prudential metrics related to regulatory capital have been included in the following table:

	AED'000	AED'000	AED'000	AED'000	AED'000
	31 Mar 2024	31 Dec 2023	30 Sept 2023	30 Jun 2023	31 Mar 2023
<b>Available capital (amounts)</b>					
Common Equity Tier 1 (CET1)	1,436,782	1,454,436	1,373,523	1,384,916	1,385,085
Fully loaded ECL accounting model	1,436,782	1,454,436	1,373,523	1,384,916	1,385,085
Tier 1	1,436,782	1,454,436	1,373,523	1,384,916	1,385,085
Fully loaded ECL accounting model Tier 1	1,436,782	1,454,436	1,373,523	1,384,916	1,385,085
Total capital	1,504,709	1,525,327	1,446,539	1,459,969	1,458,417
Fully loaded ECL accounting model total capital	1,504,709	1,525,327	1,446,539	1,459,969	1,458,417
<b>Risk-weighted assets (amounts)</b>					
Total risk-weighted assets (RWA)	6,498,068	6,727,267	6,652,936	6,820,683	6,681,508
<b>Risk-based capital ratios as a percentage of RWA</b>					
Common Equity Tier 1 ratio (%)	22.11%	21.62%	20.65%	20.30%	20.73%
Fully loaded ECL accounting model CET1 (%)	22.11%	21.62%	20.65%	20.30%	20.73%
Tier 1 ratio (%)	22.11%	21.62%	20.65%	20.30%	20.73%
Fully loaded ECL accounting model Tier 1 ratio (%)	22.11%	21.62%	20.65%	20.30%	20.73%
Total capital ratio (%)	23.16%	22.67%	21.74%	21.41%	21.83%
Fully loaded ECL accounting model total capital ratio (%)	23.16%	22.67%	21.74%	21.41%	21.83%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement (%)	0.03%	0.17%	0.00%	0.00%	0.00%
Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total of bank CET1 specific buffer requirements (%)</b>	<b>2.53%</b>	<b>2.67%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.50%</b>
CET1 available after meeting the bank's minimum capital requirements (%)	12.66%	12.17%	11.24%	10.91%	11.33%

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	AED'000	AED'000	AED'000	AED'000	AED'000
	31 Mar 2024	31 Dec 2023	30 Sept 2023	30 Jun 2023	31 Mar 2023
<b>Leverage Ratio</b>					
Total leverage ratio measure	15,266,335	15,305,830	14,765,411	14,426,094	14,456,997
Leverage ratio (%)	9.41%	9.50%	9.30%	9.60%	9.58%
Fully loaded ECL accounting model leverage ratio (%)	9.41%	9.50%	9.30%	9.60%	9.58%
Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	9.41%	9.50%	9.30%	9.60%	9.58%
Total HQLA	6,239,222	6,115,688	5,101,547	4,812,025	4,750,504
Total liabilities	12,697,044	12,837,877	12,371,572	12,171,418	12,194,326
Eligible Liquid Assets Ratio (ELAR) (%)	49.1%	47.6%	41.2%	39.5%	39.0%
<b>ASRR</b>					
Total available stable funding	12,488,372	12,417,571	11,902,818	11,683,454	11,800,707
Total Advances	3,944,135	3,851,504	3,925,482	4,276,627	4,070,448
Advances to Stable Resources Ratio (%)	31.6%	31.0%	33.0%	36.6%	34.5%

#### 4. Overview of risk management and Risk Weighted Assets (OVA)

##### Overview of RWAs (OV1)

		AED'000	AED'000	AED'000
		RWA		Minimum capital requirements
		31 Mar 2024	31 Dec 2023	31 Mar 2024
1	Credit risk (excluding counterparty credit risk)	5,425,817	5,669,320	569,711
2	Of which: standardised approach (SA)	5,425,817	5,669,320	569,711
6	Counterparty credit risk (CCR)	-	-	-
7	Of which: standardised approach for counterparty credit risk	-	-	-
10	Credit valuation adjustment (CVA)	2,388	1,945	251
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	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA)			
19	Of which: securitisation standardised approach (SEC-SA)			
20	Market risk	14,282	6,403	1,500
21	Of which: standardised approach (SA)	14,282	6,403	1,500
23	Operational risk	1,049,599	1,049,599	110,208
26	<b>Total (1+6+10+11+12+13+14+15+16+20+23)</b>	<b>6,498,068</b>	<b>6,727,267</b>	<b>682,297</b>

Total capital requirement is defined as the sum of Pillar I and Pillar II capital requirements set by the CBUAE for Capital Adequacy. The minimum requirements represents the total capital requirement to be met by CET1.

## 5. Leverage Ratio

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

The following table reconciles the total assets in the published financial statements to the leverage ratio exposure measure.

		<b>31 Mar 2024 AED'000</b>
1	Total consolidated assets as per published financial statements	14,638,951
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	87,173
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	16,292
9	Adjustment for securities financing transactions (ie repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	523,919
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	-
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>15,266,335</b>

- Leverage ratio common disclosure template (LR2)

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

		AED'000	AED'000
		31 Mar 2024	31 Dec 2023
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	14,569,932	14,630,537
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)	87,173	69,519
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>14,657,105</b>	<b>14,700,056</b>
<b>Derivative exposures</b>			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	1,054	70
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	10,583	10,108
	CCR exposure for derivatives transactions (calculated as 1.4 x (Row 4+5))	16,292	14,249
10	(Exempted CCP leg of client-cleared trade exposures)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	<b>Total derivative exposures (sum of rows 9 to 12)</b>	<b>16,292</b>	<b>14,249</b>
<b>Securities financing transactions</b>			
14	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-

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		AED'000 31 Mar 2024	AED'000 31 Dec 2023
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	-	-
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	2,712,979	2,615,386
20	(Adjustments for conversion to credit equivalent amounts)	-2,120,041	-2,023,861
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)		
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	592,938	591,525
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	1,436,782	1,454,436
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	15,266,335	15,305,830
<b>Leverage ratio</b>			
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	9.4%	9.5%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.4%	9.5%
26	CBUAE minimum leverage ratio requirement	3.0%	3.0%
27	<b>Applicable leverage buffers</b>	6.4%	6.5%

## 6. Liquidity Risk

### Eligible Liquid Assets Ratio

<b>1</b>	<b>High Quality Liquid Assets</b>	<b>Nominal amount</b>	<b>Eligible Liquid Asset</b>
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,327,317	
1.2	UAE Federal Government Bonds and Sukuks	3,598,423	
	Sub Total (1.1 to 1.2)	5,925,740	5,925,740
1.3	UAE local governments publicly traded debt securities		
1.4	UAE Public sector publicly traded debt securities		
	Sub total (1.3 to 1.4)	0	0
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	313,482	313,482
<b>1.6</b>	<b>Total</b>	<b>6,239,222</b>	<b>6,239,222</b>
<b>2</b>	Total liabilities		12,697,044
<b>3</b>	<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>49.14%</b>

Advances to Stables Resource Ratio

		Items	Amount
<b>1</b>		<b>Computation of Advances</b>	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	3,542,070
	1.2	Lending to non-banking financial institutions	136
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	185,881
	1.4	Interbank Placements	216,048
	<b>1.5</b>	<b>Total Advances</b>	<b>3,944,135</b>
<b>2</b>		<b>Calculation of Net Stable Ressources</b>	
	2.1	Total capital + general provisions	2,012,260
		<b>Deduct:</b>	
	2.1.1	Goodwill and other intangible assets	
	2.1.2	Fixed Assets	38,646
	2.1.3	Funds allocated to branches abroad	
	2.1.5	Unquoted Investments	0
	2.1.6	Investment in subsidiaries, associates and affiliates	
	<b>2.1.7</b>	<b>Total deduction</b>	<b>38,646</b>
	<b>2.2</b>	<b>Net Free Capital Funds</b>	<b>1,973,614</b>
	<b>2.3</b>	<b>Other stable resources:</b>	
	2.3.1	Funds from the head office	0
	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	16,326
	2.3.5	Customer Deposits	10,498,432
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	
	<b>2.3.7</b>	<b>Total other stable resources</b>	<b>10,514,758</b>
	<b>2.4</b>	<b>Total Stable Resources (2.2+2.3.7)</b>	<b>12,488,372</b>
<b>3</b>		<b>Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)</b>	<b>31.58</b>