

Pillar III Disclosures

For The Period Ended 30 September 2025



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1. Overview, risk management, key prudential metrics and RWA:

OVERVIEW

Introduction

The aim of the capital adequacy regime is to promote safety and soundness in the financial system. It is structured around three ‘pillars’: Pillar 1 on minimum capital requirements; Pillar 2 on the supervisory review process; and Pillar 3 on market discipline. Pillar 3 requires firms to publish a set of disclosures which allow market participants to assess the organization’s key prudential metrics, risk exposures and risk assessment process. The disclosures contained in this document cover the qualitative and quantitative disclosure requirements of Pillar 3, set out in the Notice No. CBUAE/BSN/2020/4980, and are mainly based on reviewed/audited financial statements as at 30 September 2025 with comparative figures for 30 June 2025, 31 March 2025 and 31 December 2024 where relevant. Some of the comparative figure disclosures have been represented to comply with the latest published standards.

Objective

The objective of this report is to provide information on risk management in the Bank to relevant stakeholders and supervisory bodies. In particular, it describes the Bank’s capital adequacy and liquidity position.

Scope

Arab Bank plc, United Arab Emirates Branches (interchangeably referred to as “AB UAE” or the “Bank”) was incorporated in the United Arab Emirates (“UAE”) as a commercial bank in 1971. The Head Office of the Branches is Arab Bank plc (interchangeably referred to as “HO” or the “Group”), a public shareholding bank, listed on the Amman Stock Exchange.

The Bank operates within the UAE through the following branches:

Abu Dhabi	2 branches
Dubai	4 branches
Sharjah	1 branch
Ras al-Khaimah	1 branch

Arab Bank – UAE Branches follows the pillar 1 of Basel III Standard and guideline to measure and calculate the required capital charges and subsequent Pillar III disclosures. The scope of regulatory consolidation represents the data prepared in Banking Return Forms (BRF) as well as the capital adequacy computation according to the CBUAE regulations and explanatory notes, while the consolidated financial statements represent the figures in the audited financial statements prepared according to applicable International Accounting Standards and related IFRSs. There are differences between the scope of regulatory reporting and audited financial statements, which mainly comprise of netting of provisions and interest in suspense as well as different classifications of asset line items.



I. Key Metrics

The following table presents the breakdown of the Bank's key regulatory metrics, as measured and defined according to the CBUAE Basel & Liquidity Regulations.

Liquidity ratios (ELAR and ASRR) also remain well-buffered and trend comfortably against the binding requirements of 10% (floor) and 100% (cap) respectively.

		30-Sep-2025 AED'000	30-Jun-2025 AED'000	31-Mar-2025 AED'000	31-Dec-2024 AED'000
Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	3,324,981	2,963,480	2,806,822	2,696,988
1a	Fully loaded ECL accounting model	3,324,981	2,963,480	2,806,822	2,696,988
2	Tier 1	3,324,981	2,963,480	2,806,822	2,696,988
2a	Fully loaded ECL accounting model Tier 1	3,324,981	2,963,480	2,806,822	2,696,988
3	Total capital	3,324,981	3,200,148	3,038,586	2,913,651
3a	Fully loaded ECL accounting model total capital	3,324,981	3,200,148	3,038,586	2,913,651
Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	21,897,870	20,506,347	20,109,422	18,549,617
Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	15.18%	14.45%	13.96%	14.54%
5a	Fully loaded ECL accounting model CET1 (%)	15.18%	14.45%	13.96%	14.54%
6	Tier 1 ratio (%)	15.18%	14.45%	13.96%	14.54%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.18%	14.45%	13.96%	14.54%
7	Total capital ratio (%)	15.18%	15.61%	15.11%	15.71%
7a	Fully loaded ECL accounting model total capital ratio (%)	15.18%	15.61%	15.11%	15.71%
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%
9	Countercyclical buffer requirement (%)	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	4.68%	5.11%	4.61%	5.21%
Leverage Ratio					
13	Total leverage ratio measure	33,907,232	33,111,112	31,714,993	29,942,760
14	Leverage ratio (%) (row 2/row 13)	9.81%	8.95%	8.85%	9.01%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	9.81%	8.95%	8.85%	9.01%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	9.81%	8.95%	8.85%	9.01%
Liquidity Coverage Ratio					
15	Total HQLA	-	-	-	-
16	Total net cash outflow	-	-	-	-
17	LCR ratio (%)	0%	0%	0%	0%
Net Stable Funding Ratio					
18	Total available stable funding	-	-	-	-
19	Total required stable funding	-	-	-	-
20	NSFR ratio (%)	0%	0%	0%	0%
ELAR					
21	Total HQLA	7,797,546	7,878,792	7,907,476	8,094,908
22	Total liabilities	21,546,057	21,305,784	20,865,090	19,852,176
23	Eligible Liquid Assets Ratio (ELAR) (%)	36.19%	36.98%	37.90%	40.78%
ASRR					
24	Total available stable funding	21,433,772	21,161,877	20,666,527	19,603,757
25	Total Advances	15,406,946	14,621,806	14,037,828	13,345,347
26	Advances to Stable Resources Ratio (%)	71.88%	69.10%	67.93%	68.08%



II. Overview of RWA

The below table provides an overview of total RWA forming the denominator of the risk-based capital requirements

		RWA	RWA	Minimum capital requirements	Minimum capital requirements
		30-Sep-2025	30-Jun-2025	30-Sep-2025	30-Jun-2025
AED'000					
1	Credit risk (excluding counterparty credit risk)	20,248,320	18,894,671	2,126,074	1,983,940
2	Of which: standardised approach (SA)	20,248,320	18,894,671	2,126,074	1,983,940
3					
4					
5					
6	Counterparty credit risk (CCR)	76,229	38,737	8,004	4,067
7	Of which: standardised approach for counterparty credit risk	76,229	38,737	8,004	4,067
8	Of which: Internal Model Method (IMM)	-	-	-	-
9	Of which: other CCR	-	-	-	-
10	Credit valuation adjustment (CVA)	-	-	-	-
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	-	-	-	-
16	Securitisation exposures in the banking book	-	-	-	-
17					
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk	37,503	37,121	3,938	3,898
21	Of which: standardised approach (SA)	37,503	37,121	3,938	3,898
22					
23	Operational risk	1,535,818	1,535,818	161,261	161,261
24					
25					
26	Total (1+6+10+11+12+13+14+15+16+20+23)	21,897,870	20,506,347	2,299,276	2,153,166



2.Leverage Ratio

2.1 Summary comparison of accounting assets vs leverage ratio exposure

		30-Sep-2025	30-Jun-2025	31-March-2025	31-Dec-2024
		AED'000	AED'000	AED'000	AED'000
1	Total consolidated assets as per interim/audited reviewed financial statements	24,918,644	24,528,549	23,899,380	22,797,888
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	93,262	42,560	54,734	57,282
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-	-	-
10	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,787,363	8,427,689	7,625,155	6,999,081
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-	-	-
12	Other adjustments	107,963	112,314	135,724	88,509
13	Leverage ratio exposure measure	33,907,232	33,111,112	31,714,993	29,942,760

Arab Bank UAE's leverage ratio remains comfortably above the 3% minimum requirement at 9.81% for Q3'25 (8.95% as of Q2'25).



2.2 Leverage ratio common disclosure template

		30-Sep-2025	30-Jun-2025	31-Mar-2025	31-Dec-2024
On-balance sheet exposures		AED'000	AED'000	AED'000	AED'000
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	25,029,824	24,644,333	24,038,664	22,889,957
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)	(3,218)	(3,469)	(3,560)	(3,560)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	25,026,606	24,640,864	24,035,104	22,886,397
Derivative exposures					
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	13,422	11,423	10,510	13,182
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	79,840	31,137	44,224	44,100
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)	93,262	42,560	54,734	57,282
Securities financing transactions					
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)	-	-	-	-
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	16,243,500	16,020,120	14,763,513	13,828,083
20	(Adjustments for conversion to credit equivalent amounts)	(7,456,137)	(7,592,432)	(7,138,358)	(6,829,002)
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)	8,787,363	8,427,688	7,625,155	6,999,081
Capital and total exposures					
23	Tier 1 capital	3,324,981	2,963,480	2,806,822	2,696,988
24	Total exposures (sum of rows 7, 13, 18 and 22)	33,907,232	33,111,112	31,714,993	29,942,760
Leverage ratio					
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	9.81%	8.95%	8.85%	9.01%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.81%	8.95%	8.85%	9.01%
26	CBUAE minimum leverage ratio requirement	3%	3%	3%	3%
27	Applicable leverage buffers	0%	0%	0%	0%



3. Liquidity

3.1 Eligible Liquid Assets Ratio

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

The ratio remains comfortably above the minimum requirement of 10%

30th Sep 2025

			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	7,515,109	
1.2	UAE Federal Government Bonds and Sukuks	466,835	
	Sub Total (1.1 to 1.2)	7,981,944	7,981,944
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	7,981,944	7,981,944
2	Total liabilities		21,336,917
3	Eligible Liquid Assets Ratio (ELAR)		37.41%

The above represents simple average of 3 monthly ELAR returns as submitted to CBUAE in Q3'25.

31st Dec 2024

			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	7,307,910	
1.2	UAE Federal Government Bonds and Sukuks	814,308	
	Sub Total (1.1 to 1.2)	8,122,218	8,122,218
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	8,122,218	8,122,218
2	Total liabilities		20,400,478
3	Eligible Liquid Assets Ratio (ELAR)		39.81%

The above represents simple average of 3 monthly ELAR returns as submitted to CBUAE in Q4'24.



3.2 Advances to Stable Resources Ratio

The following table presents the breakdown of the Bank's Advances to Stable Resources Ratio (ASRR), as per the CBUAE Liquidity Regulations. The ratio remains comfortably below the maximum limit of 100%

		Items	30-Sep-2025	30-Jun-2025	31-Mar-2025	31-Dec-2024
1		Computation of Advances	AED'000	AED'000	AED'000	AED'000
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	14,269,039	13,217,468	13,221,320	12,525,628
	1.2	Lending to non-banking financial institutions	-	-	-	-
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	1,137,907	1,404,338	816,508	819,719
	1.4	Interbank Placements	-	-	-	-
	1.5	Total Advances	15,406,946	14,621,806	14,037,828	13,345,347
2		Calculation of Net Stable Resources				
	2.1	Total capital + general provisions	3,547,269	3,437,012	3,270,530	3,129,423
		Deduct:				
	2.1.1	Goodwill and other intangible assets	3,218	3,469	4,036	3,560
	2.1.2	Fixed Assets	17,162	17,043	17,418	8,305
	2.1.3	Funds allocated to branches abroad	-	-	-	-
	2.1.5	Unquoted Investments	3,140	2,961	2,961	2,961
	2.1.6	Investment in subsidiaries, associates and affiliates	-	-	-	-
	2.1.7	Total deduction	23,520	23,473	24,415	14,826
	2.2	Net Free Capital Funds	3,523,749	3,413,539	3,246,115	3,114,597
	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	17,910,023	17,748,338	17,420,412	16,489,160
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-	-	-	-
	2.3.7	Total other stable resources	17,910,023	17,748,338	17,420,412	16,489,160
	2.4	Total Stable Resources (2.2+2.3.7)	21,433,772	21,161,877	20,666,527	19,603,757
3		Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	71.88	69.10	67.93	68.08