

# Al Hilal Bank

## Pillar 3 Report

 31 March 2026





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## 1. Key Metrics for the Group (KM1)

There has been a decrease of AED 256Mn in total risk weighted assets (RWA) over the last quarter primarily due to change in operation risk and decrease in Financing portfolio. AED 39Mn decreased in Leverage Ratio, AED 104Mn decreased in Available Stable Fund Ratio (ASRR) and AED 185Mn increased in High Quality Liquid Asset (HQLA) over the last quarter.

AED'000	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25	31-Mar-25
<b>Available capital (amounts)</b>					
Common Equity Tier 1 (CET1)	1,249,062	1,285,153	1,308,076	1,295,308	1,284,382
Tier 1	1,249,062	1,285,153	1,308,076	1,295,308	1,284,382
Total capital	1,308,588	1,346,919	1,371,082	1,362,140	1,353,504
<b>Risk-weighted assets (amounts)</b>					
Total risk-weighted assets (RWA)	5,274,091	5,530,078	5,628,868	5,939,809	6,118,935
<b>Risk-based capital ratios (% of RWA)</b>					
Common Equity Tier 1 ratio (%)	23.68%	23.24%	23.24%	21.81%	20.99%
Tier 1 ratio (%)	23.68%	23.24%	23.24%	21.81%	20.99%
<b>Total capital ratio (%)</b>	24.81%	24.36%	24.36%	22.93%	22.12%
<b>Additional CET1 buffer requirements (% of RWA)</b>					
Capital conservation buffer (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement (%)	0.50%	0.50%	0.38%	0.25%	0%
Bank D-SIB additional requirements (%)	0%	0%	0%	0%	0%
Total of bank CET1 specific buffer requirements (%)	3.00%	3.00%	2.88%	2.75%	2.50%
CET1 available after minimum requirements (%)	14.31%	13.86%	13.86%	12.43%	11.62%
<b>Basel III Leverage Ratio</b>					
Total Basel III leverage ratio measure	10,249,893	10,288,731	10,299,564	10,597,922	11,250,627
Basel III leverage ratio (%)	12.19%	12.49%	12.70%	12.22%	11.42%
<b>ELAR</b>					
Total HQLA	2,672,549	2,487,781	2,975,771	3,033,185	2,912,019
Total liabilities	8,799,823	8,862,564	9,077,117	9,452,222	9,609,009
Eligible Liquid Assets Ratio (ELAR) (%)	30.37%	28.07%	32.78%	32.09%	30.31%
<b>ASRR</b>					
Total available stable funding	7,670,832	7,774,493	7,821,258	7,933,389	8,174,361
Total Advances	5,596,642	5,772,262	6,019,317	6,193,784	6,368,907
Advances to Stable Resources Ratio (%)	72.96%	74.25%	76.96%	78.07%	77.91%

## 2. Overview of risk weighted assets (OV1)

The OV1 table provides an overview of the Bank's risk-weighted assets (RWA) and the related minimum capital requirements by risk type. Over the quarter, total RWA decreased by AED 256 million to AED 5.27 billion, driven predominantly by movements in credit risk-weighted assets (CRWA).

**Credit Risk:** The decrease of AED 179Mn in credit risk weighted assets (CRWA) over the quarter is primarily driven by decreases in CRWA of Financing portfolio.

**Market Risk Capital:** The Market risk capital in AHB comprises of Foreign Exchange Risk and Equity Risk. There is no capital requirement for derivatives as there is no trading position. Market Risk RWA has changed minimally between Q4'25 and Q1'26 from AED 15.87Mn AED to AED 15.49Mn. The change is due to increase in net FX open position against USD.

**Operational Risk:** The decrease of AED 76 million in Operational Risk for Q1-2026 is due to the annual recalculation based on the last three years' revenue.

	RWA		* Minimum capital requirements
	31-Mar-26	31-Dec-25	31-Mar-26
Credit risk (excluding counterparty credit risk)	4,762,060	4,941,277	642,878
Of which: standardised approach (SA)	4,762,060	4,941,277	642,878
Counterparty credit risk (CCR)	-	-	-
Market risk	15,498	15,875	2,092
Of which: standardised approach (SA)	15,498	15,875	2,092
Operational risk	496,533	572,926	67,032
Amounts below thresholds for deduction (subject to 250% risk weight) Floor adjustment			
<b>Total</b>	<b>5,274,091</b>	<b>5,530,078</b>	<b>712,002</b>

### 3. Leverage Ratio

The Basel III leverage ratio is calculated by dividing the period-end tier 1 capital by the period-end leverage ratio denominator (LRD), as summarised in the table below.

#### 3.1. Summary comparison of accounting assets versus leverage ratio exposure measure (LR1)

	AED'000					
<b>Summary comparison of accounting assets vs leverage ratio exposure</b>	<b>31-Dec-25</b>	<b>30-Sep-25</b>	<b>30-Jun-25</b>	<b>31-Mar-25</b>	<b>31-Dec-24</b>	<b>31-Dec-24</b>
Total consolidated assets as per published financial statements	10,418,172	10,455,059	10,463,084	10,774,315	11,427,932	11,025,728
Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	18,566	19,823	20,008	19,174	16,265	15,172
Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-	-	-	-	-
Other adjustments	(186,846)	(186,152)	(183,528)	(195,566)	(193,571)	(193,122)
<b>Leverage ratio exposure measure</b>	<b>10,249,893</b>	<b>10,288,731</b>	<b>10,299,564</b>	<b>10,597,922</b>	<b>11,250,627</b>	<b>10,847,779</b>

The LRD consists of IFRS on-balance sheet assets and off-balance sheet items. Derivative exposures are adjusted for a few items, including replacement value and eligible cash variation margin netting, the current exposure method add-on and net notional amounts for written credit derivatives.

The table on the next page shows the difference between total IFRS assets per IFRS consolidation scope and the BCBS (Basel Committee on Banking Supervision) total on-balance sheet exposures. Those exposures are the starting point for calculating the BCBS LRD, as shown in the LR2 table in this section. The difference is due to the application of the regulatory scope of consolidation for the purpose of the BCBS calculation. In addition, carrying amounts for derivative financial instruments and Securities Financing Transactions (SFTs) are deducted from IFRS total assets. They are measured differently under BCBS leverage ratio rules and are therefore added back in separate exposure line items in the LR2 table

### 3.2. Leverage ratio common disclosure (LR2)

**Leverage Ratio:** Previously, the Leverage Ratio included exposure to derivative instruments, specifically Profit Rate Swaps, which were solely used for hedging purposes. As of 31 March 2026, AHB has no outstanding derivative exposure, and therefore, the exposure considered under the Leverage Ratio is nil.

	AED'000					
	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25	31-Mar-25	31-Dec-24
<b>On-balance sheet exposures</b>						
On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	10,418,172	10,455,059	10,463,084	10,774,315	11,427,932	11,025,728
(Asset amounts deducted in determining Tier 1 capital)	(186,846)	(186,152)	(183,528)	(195,566)	(193,571)	(193,122)
<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>10,231,327</b>	<b>10,268,908</b>	<b>10,279,556</b>	<b>10,578,749</b>	<b>11,234,362</b>	<b>10,832,606</b>
<b>Other off-balance sheet exposures</b>						
Off-balance sheet exposure at gross notional amount	185,660	198,234	200,077	191,737	162,654	151,722
(Adjustments for conversion to credit equivalent amounts)	(167,094)	(178,410)	(180,069)	(172,563)	(146,389)	(136,550)
<b>Off-balance sheet items</b>	<b>18,566</b>	<b>19,823</b>	<b>20,008</b>	<b>19,174</b>	<b>16,265</b>	<b>15,172</b>
<b>Capital and total exposures</b>						
<b>Tier 1 capital</b>	<b>1,249,062</b>	<b>1,285,153</b>	<b>1,308,076</b>	<b>1,295,308</b>	<b>1,284,382</b>	<b>1,285,706</b>
<b>Total exposures</b>	<b>10,249,893</b>	<b>10,288,731</b>	<b>10,299,564</b>	<b>10,597,922</b>	<b>11,250,627</b>	<b>10,847,779</b>
<b>Leverage ratio</b>						
<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>						
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.19%	12.49%	12.70%	12.22%	11.42%	11.85%
CBUAE minimum leverage ratio requirement	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Applicable leverage buffers</b>	<b>9.19%</b>	<b>9.49%</b>	<b>9.70%</b>	<b>9.22%</b>	<b>8.42%</b>	<b>8.85%</b>

#### 4. Funding and liquidity risk

Funding and Liquidity risk involves the inability of the Bank to fund increase in assets, manage unplanned changes in funding sources and to meet obligations when required. Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the Bank.

##### 4.1. Liquidity Risk Management (LIQA)

The Bank's Liquidity Risk is monitored at a centralized level through an ALM Policy which includes Liquidity Risk Management and Contingency Funding policy having the following key highlights:

**Liquidity Risk Management Strategy:** The Board/ Board Committee approves the strategy for managing liquidity risk and delegates the responsibility to management for ongoing implementation and monitoring. The Bank envisages monitoring and managing liquidity conditions under two conditions, viz. Normal, Stressed. Besides, the Bank also proposes to ensure proper mix of assets and liabilities, with a due emphasis on diversification aspect to manage liquidity in a cost-effective manner. The policy will be reviewed every year or more frequently during the year as demanded by the market condition.

**Roles and Responsibilities:** Although the overall responsibility of liquidity management lies with the Board/ Board Committee, it approves the liquidity management policy and delegate the implementation and compliance to the management. Besides, the Bank has also specified the definite roles to be played by treasury department, and finance department, and Treasury, Market, & Liquidity Risk function in the overall process of liquidity risk management. An independent Treasury, Market, & Liquidity Risk function measures Liquidity Risk on monthly basis for the Bank.

**Liquidity Measures and Limits:** An independent Treasury, Market, & Liquidity Risk function measures Liquidity Risk via various metrics and limits which have been approved by the Board/ Board Committee. These include Liquidity Ratios - ELAR, ASRR, LCR, NSFR (LCR and NSFR is not a Regulatory mandate for AHB), and Liquidity Stress Tests.

**Funding Guidelines:** The acceptable funding sources as described by the Bank are global capital markets, interbank markets and domestic deposits. In addition, the Bank highlights to generate additional liquidity under stressed condition by selling liquid assets. The Bank, following Board/ Board Committee's approval, maintains a liquidity portfolio with a limit of circa AED 5Bn, which comprises high quality unencumbered securities purely earmarked for meeting liquidity requirements.

**Contingency Funding Plan:** There is a contingency funding plan in place that addresses the concern such as borrowing capacity under stressed conditions, early warning indications on monthly basis, responsibilities and authority to meet liquidity crisis, estimation of probability, severity and duration of liquidity crisis.

**Reporting:** TMLR prepares and disseminates the liquidity risk measures on monthly basis to the management.

The key measures used by the Group for managing liquidity risk are regulatory driven ratios which are Advance to stable ratio ("ASRR"), and Eligible Liquid Asset Ratio (ELAR). ASRR takes into consideration the extent of stable resources (stable funding sources) which are being utilized by the financing activities of the Bank. As of 31 March 2026, the Bank's ASRR was 72.96%.

The eligible liquid assets ratio is calculated as per the UAE Central Bank's definition of liquid assets divided by total liabilities. The eligible liquid assets are defined by the Central Bank to include cash and cash equivalents including reserves, central bank certificates of deposits, federal government securities and issuances from local governments, non-commercial and foreign sovereign public sector entities subject to certain limits. As of 31 March 2026, this ratio stood at 30.37%.

#### 4.2. High-quality liquid assets (HQLA)

HQLA must be easily and immediately convertible into cash at little or no loss of value, especially during a period of stress. HQLA are assets that are of low risk and are unencumbered. Other characteristics of HQLA are ease and certainty of valuation, low correlation with risky assets, listing of the assets on a developed and recognized exchange, existence of an active and sizeable market for the assets and low volatility. The Bank's HQLA predominantly consist of assets that qualify as Level 1 in the Eligible Liquid Assets Ratio (ELAR) framework, including cash, central bank reserves and government bonds.

#### 4.3. Eligible Liquid Assets Ratio (ELAR)

	Nominal amount	Eligible Liquid Asset
AED'000		
<b>High Quality Liquid Assets</b>		
Physical cash in hand at the bank + balances with the CBUAE	2,531,285	
UAE Federal Government Bonds and Sukuks	-	
Sub Total	2,531,285	2,531,285
UAE local governments publicly traded debt securities	104,002	
UAE Public sector publicly traded debt securities	-	
Sub Total	104,002	104,002
Foreign Sovereign debt instruments	37,262	37,261.83
<b>Total</b>	<b>2,627,549</b>	<b>2,672,549</b>
Total liabilities		8,799,823
<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>30.37%</b>

#### 4.4. .Advances to Stable Resources Ratio (ASRR)

	AED'000
<b>Computation of Advances</b>	<b>Amount</b>
Net Lending (gross loans - specific and collective provisions + interest in suspense)	5,596,642
Lending to non-banking financial institutions	-
Net Financial Guarantees & Stand-by LC (issued - received)	-
Interbank Placements	-
<b>Total Advances</b>	<b>5,596,642</b>
<b>Calculation of Net Stable Resources</b>	
Total capital + general provisions	1,560,689
<b>Deduct:</b>	
Goodwill and other intangible assets	186,846
Fixed Assets	35,901
Funds allocated to branches abroad	-
Unquoted Investments	-
Investment in subsidiaries, associates and affiliates	-
<b>Total deduction</b>	<b>222,747</b>
<b>Net Free Capital Funds</b>	<b>1,337,942</b>
<b>Other stable resources:</b>	
Funds from the head office	-
Interbank deposits with remaining life of more than 6 months	-
Refinancing of Housing Loans	-
Borrowing from non-Banking Financial Institutions	330
Customer Deposits	6,332,560
Capital market funding/ term borrowings maturing after 6 months from reporting date	-
<b>Total other Stable Resources</b>	<b>6,332,890</b>
<b>Total Stable Resources</b>	<b>7,670,832</b>
<b>Advances To Stable Resources Ratio (ASRR)</b>	<b>72.96</b>