ALHILAL BANK

Al Hilal Bank

Pillar 3 Report

30 September 2026



Table of Contents

Introduction **3**

Legal status and principal activities 3

Pillar 3 disclosures and governance 3

Comparatives and references 3

Applicability of Disclosures 3

Overview of risk management, key prudential metrics and RWAs **4**

Key Metrics (KM1) 4

Risk Weighted Assets **5**

Overview of Risk Weighted Assets (OV1) 5

Leverage Ratio **6**

Summary comparison of accounting assets versus leverage ratio exposure measure (LR1) 6

Leverage ratio common disclosure (LR2) 7

Liquidity **8**

Eligible Liquid Assets Ratio (ELAR) 8

Advances to Stable Resources Ratio (ASRR) 8

Introduction

Legal Status and principal activities

Al Hilal Bank PJSC (the "Bank") was incorporated in Abu Dhabi, United Arab Emirates (the "UAE"), on 18 June 2007 pursuant to Amiri Decree No. 21 of 2007, with limited liability. The Bank is registered as a Public Joint Stock Company in accordance with UAE Federal Law No. 8 of 1984, as amended; Union Law No. 10 of 1980, as amended; and UAE Federal Law No. 6 of 1985 concerning Islamic banks, financial institutions and investment companies.

On 1 May 2019, Abu Dhabi Commercial Bank PJSC ("ADCB") and Union National Bank PJSC ("UNB") completed their merger, following shareholder approval on 21 March 2019 pursuant to Article 283(1) of UAE Federal Law No. 2 of 2015. The merger was affected through the issuance of 0.5966 new ADCB shares for each UNB share, resulting in the former shareholders of ADCB and UNB holding approximately 76% and 24%, respectively, of the combined bank. UNB's shares were subsequently delisted from the Abu Dhabi Securities Exchange, and the combined bank retained ADCB's legal registrations.

On the same date, ADCB acquired 100% of the Bank's issued share capital through the issuance of a mandatory convertible bond to the Bank's shareholder, which was converted into 117,647,058 ADCB shares. Accordingly, the Bank became a wholly owned subsidiary of ADCB.

As part of its strategic balance sheet management, the Bank entered into a Master Transfer Agreement with ADCB for the transfer and/or assignment of certain jointly identified assets and liabilities, together with the related rights, title, interests, duties, obligations, amounts receivable, claims and other associated rights under the relevant client agreements.

The Bank is a progressive Islamic bank headquartered in Abu Dhabi, UAE, providing client-centric, Shari'ah-compliant Retail Banking, Treasury and Wealth Management products and services.

Pillar 3 disclosures and governance

The Basel Committee on Banking Supervision ('Basel') III framework is structured around three 'pillars', with Pillar 1 minimum capital requirements and the Pillar 2 supervisory review process complemented by Pillar 3 market discipline. The aim of Pillar 3 is to produce disclosures that allow market participants to assess the scope of application by banks of the Basel framework and the rules in their jurisdiction, their capital resources, risk exposures and risk management processes, and hence their capital adequacy.

The Bank's Pillar 3 disclosures as at 30 September 2026 comprise the quantitative and qualitative information required by the applicable CBUAE disclosure requirements (CBUAE/BSD/N/2020/4980 and CBUAE/BSD/N/2021/5508) published in November 2020 and November 2021 respectively.

The Bank maintains a governance and internal-control framework over the preparation and review of its Pillar 3 disclosures. The disclosures are subject to review by the relevant Finance, Risk and Internal Audit functions and are approved in accordance with the Bank's internal governance requirements.

These disclosures have been prepared on a standalone regulatory basis for Al Hilal Bank PJSC and are aligned with the basis used for the Bank's regulatory submissions to the CBUAE.

Comparatives and references

Comparative information is presented, where relevant, to assist users in understanding material movements during the period. The regulatory amounts and ratios disclosed in this report have been prepared on the same basis as the corresponding regulatory submissions to the CBUAE. Where prior-period amounts are restated or reclassified, the nature and impact of the change are disclosed. Where disclosures have been enhanced, or are new, we do not generally restate or provide comparatives. Rows or columns that are not applicable to the Bank's activities are presented in accordance with the applicable CBUAE disclosure requirements.

Applicability of Disclosures

The below listed Pillar 3 disclosure is not applicable for Al Hilal Bank, hence have not been reported

Topic	Table	Information Overview
Liquidity	LIQ1	Liquidity coverage ratio

Overview of risk management, key prudential metrics and RWAs

The table below presents the Bank's key regulatory metrics, including available capital, capital buffer requirements, regulatory capital ratios, RWA, the leverage ratio, ELAR and ASRR. The Bank is not designated as a domestic systemically important bank ("D-SIB"). Accordingly, the LCR and NSFR requirements are not applicable to the Bank. The Bank is instead subject to the ELAR and ASRR requirements.

Key Metrics (KM1)

Item	Description	30-Sep-26	30-Jun-26	31-Mar-26	31-Dec-25	30-Sep-25
		AED'000	AED'000	AED'000	AED'000	AED'000
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	**1,230,989**	1,269,592	1,249,062	1,285,153	1,308,076
1a	Fully loaded ECL accounting model	**1,230,989**	1,269,592	1,249,062	1,285,153	1,308,076
2	Tier 1	**1,230,989**	1,269,592	1,249,062	1,285,153	1,308,076
2a	Fully loaded accounting model Tier 1	**1,230,989**	1,269,592	1,249,062	1,285,153	1,308,076
3	Total capital	**1,290,410**	1,330,280	1,308,588	1,346,919	1,371,082
3a	Fully loaded ECL accounting model total capital	**1,290,410**	1,330,280	1,308,588	1,346,919	1,371,082
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	**5,265,593**	5,366,900	5,274,091	5,530,078	5,628,868
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	**23.38%**	23.66%	23.68%	23.24%	23.24%
5a	Fully loaded ECL accounting model CET1 (%)	**23.38%**	23.66%	23.68%	23.24%	23.24%
6	Tier 1 ratio (%)	**23.38%**	23.66%	23.68%	23.24%	23.24%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	**23.38%**	23.66%	23.68%	23.24%	23.24%
7	Total capital ratio (%)	**24.51%**	24.79%	24.81%	24.36%	24.36%
7a	Fully loaded ECL accounting model total capital ratio (%)	**24.51%**	24.79%	24.81%	24.36%	24.36%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)[1]	**2.50%**	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	**0.00%**	0.00%	0.50%	0.50%	0.38%
10	Bank D-SIB additional requirements (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%)	**2.50%**	2.50%	3.00%	3.00%	2.88%
12	CET1 available after meeting the bank's minimum capital requirements (%)	**14.01%**	14.29%	14.31%	13.86%	13.86%
	Leverage Ratio[2]					
13	Total Basel III leverage ratio measure	**10,404,483**	10,542,527	10,249,893	10,288,731	10,299,564
14	Basel III leverage ratio (%)	**11.83%**	12.04%	12.19%	12.49%	12.70%
	Eligible Liquid Assets Ratio ("ELAR")[3]					
21	Total HQLA	**2,595,366**	2,730,781	2,672,549	2,487,781	2,975,771
22	Total liabilities	**8,976,503**	9,064,694	8,799,823	8,862,564	9,077,117
23	Eligible Liquid Assets Ratio (ELAR) (%)	**28.91%**	30.13%	30.37%	28.07%	32.78%
	Advances to Stable Resources Ratio ("ASRR")[3]					
24	Total available stable funding	**7,392,583**	7,514,242	7,670,832	7,774,493	7,821,258
25	Total Advances	**5,362,388**	5,475,854	5,596,642	5,772,262	6,019,317
26	Advances to Stable Resources Ratio (%)	**72.54%**	72.87%	72.96%	74.25%	76.96%

1. The CBUAE CCyB requirement of 0.5% on UAE private-sector credit exposures became effective on 1 January 2026. The requirement was subsequently reduced to 0%, effective from 17 March 2026, pursuant to CBUAE Notice No. 1689/2026.
2. Leverage ratio – Refer to leverage ratio common disclosure template (LR2) for further details.
3. ELAR and ASRR – Refer to Eligible Liquid Assets Ratio ('ELAR') and Advances to Stables Resource Ratio ('ASRR') for further details.

Risk Weighted Assets (RWAs)

Total RWAs decreased by AED 101 million during the quarter, primarily due to lower credit risk RWAs resulting from a reduction in overall credit exposures. The decrease was partially offset by movements in other credit risk exposure classes.

Risk Weighted Assets

The table below provides the minimum capital resource requirements for Credit risk, Counterparty Credit risk, Market risk and Operational risk. These requirements are expressed in terms of RWAs and represent the minimum capital charge set at 13% of RWAs as per CBUAE capital standard issued in 2022.

Overview of Risk Weighted Assets (OV1)

No.	Description	RWA	Minimum Capital Requirement[1]	RWA	Minimum Capital Requirement[1]
		30-Sep-26 AED'000	30-Sep-26 AED'000	30-Jun-26 AED'000	30-Jun-26 AED'000
1	**Credit risk (excluding counterparty credit risk)**	**4,753,695**	**617,980**	4,855,012	631,152
2	Of which: standardised approach (SA)	**4,753,695**	**617,980**	4,855,012	631,152
3	Of which: foundation ratings-based (F-IRB) approach	-	-	-	-
4	Of which: supervisory slotting approach	-	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-	-
6	Counterparty credit risk (CCR)	-	-	-	-
7	Of which: standardised approach for counterparty credit risk	-	-	-	-
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	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	Market risk	**15,365**	**1,997**	15,355	1,996
21	Of which: standardised approach (SA)	**15,365**	**1,997**	15,355	1,996
22	Capital charge for switch between trading book and banking book	-	-	-	-
23	Operational risk	**496,533**	**64,549**	496,533	64,549
24	Amounts below thresholds for deduction (subject to 250% risk weight)	-	-	-	-
25	Floor adjustment	-	-	-	-
26	**Total**	**5,265,593**	**684,527**	5,366,900	697,697

1. The regulatory minimum capital requirement is calculated at 13% of RWAs. This includes capital conservation buffer and countercyclical buffer requirement. Please refer to KM1 table for Bank's CCB and CCyB rates.

Credit Risk

Credit risk RWA decreased during the quarter, primarily driven by a reduction in retail exposures.

Market Risk

Market risk RWA remained broadly stable at AED 15.36 million at 30 September 2026, compared with AED 15.35 million at 30 June 2026. The marginal increase primarily reflected movements in the Bank's net open foreign-exchange position.

Leverage Ratio

The risk of excessive leverage is managed as part of Al Hilal's risk appetite framework and monitored using the leverage ratio metric. The table below reconciles the total assets in the financial statements to the leverage ratio exposure measures. The Basel III leverage ratio is calculated by dividing the period-end tier 1 capital by the period-end leverage ratio denominator (LRD), as summarized in the table below.

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

No.	Description	**30-Sep-26 AED'000**	30-Jun-26 AED'000
1	**Total consolidated assets as per published financial statements**[1]	**10,561,046**	10,704,589
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 recognition of risk transfers	**-**	-
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	**-**	-
9	Adjustments 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)	**17,678**	17,381
11	Adjustments for prudential valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**-**	-
12	Other adjustments[2]	**174,240**	179,443
13	**Leverage ratio exposure measure**	**10,404,483**	10,542,527

1. As the Bank does not publish quarterly financial statements, the accounting amounts presented in LR1 are based on the Bank's management accounts as at 30 September 2026.
2. Other adjustments comprise of Intangible assets amounts deducted in determining Tier 1 capital.

Assets

Total assets decreased by AED 142 million, primarily reflecting a reduction in financing and other receivables.

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

Leverage ratio common disclosure (LR2)

No.	Description	30-Sep-26 AED'000	30-Jun-26 AED'000
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	**10,561,046**	10,704,589
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	Assets amounts deducted in determining Tier 1 capital	**174,240**	179,443
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**10,386,805**	10,525,145
	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**	**-**	-
	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**	**-**	-
	Other off-balance sheet exposures		
19	Off-balance sheet exposure at gross notional amount	**176,779**	173,812
20	Adjustments for conversion to credit equivalent amounts	**159,101**	156,431
21	Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital	**-**	-
22	**Off-balance sheet items**	**17,678**	17,381
	Capital and total exposures		
23	**Tier 1 capital**	**1,230,989**	1,269,592
24	**Total exposures**	**10,404,483**	10,542,527
	Leverage ratio		
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**11.83%**	12.04%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**11.83%**	12.04%
26	CBUAE minimum leverage ratio requirement	**3.00%**	3.00%
27	**Available leverage ratio buffer**	**8.83%**	9.04%

* With 1.4 multiplier

Liquidity

The table below presents the Bank's eligible liquid assets and the calculation of the ELAR in accordance with the applicable CBUAE Liquidity Regulations.

Eligible Liquid Assets Ratio (ELAR)

No.	Description	Nominal Amount	Eligible Liquid Asset	Nominal Amount	Eligible Liquid Asset
		30-Sep-26	**30-Sep-26**	30-Jun-26	30-Jun-26
		AED'000	**AED'000**	AED'000	AED'000
1	**High Quality Liquid Assets**				
1.1	Physical cash in hand at the bank + balances with the CBUAE	**2,451,320**		2,589,242	
1.2	UAE Federal Government Bonds and Sukuks	**-**	**-**	-	-
	Sub Total (1.1 to 1.2)	**2,451,320**	**2,451,320**	2,589,242	2,589,242
1.3	UAE local governments publicly traded debt securities	**107,255**		104,561	
1.4	UAE Public sector publicly traded debt securities	**-**	**-**	-	-
	Sub Total (1.3 to 1.4)	**107,255**	**107,255**	104,561	104,561
1.5	Foreign Sovereign debt instruments	**36,791**	**36,791**	36,978	36,978
1.6	**Total**	**2,595,366**	**2,595,366**	2,730,781	2,730,781
2	Total liabilities		**8,976,503**		9,064,694
3	**Eligible Liquid Assets Ratio (ELAR) (%)**		**28.91%**		30.13%

Advances to Stable Resources Ratio (ASRR)

The table below presents the breakdown of the Bank's Advances to Stable Resources Ratio ('ASRR'), as per the CBUAE Liquidity Regulations.

No.	Description	**30-Sep-26**	30-Jun-26
		AED'000	AED'000
1	**Computation of Advances**		
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	**5,362,389**	5,475,854
1.2	Lending to non-banking financial institutions	**-**	-
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	**-**	-
1.5	Interbank Placements	**-**	-
1.6	**Total Advances**	**5,362,389**	5,475,854
2	**Calculation of Net Stable Resources**		
2.1	Total capital + general provisions	**1,524,205**	1,575,676
	Deduct:		
2.1.1	Goodwill and other intangible assets	**174,240**	179,443
2.1.2	Fixed Assets	**29,379**	32,725
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**	**203,619**	212,168
2.2	**Net Free Capital Funds**	**1,320,586**	1,363,508
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	**348**	338
2.3.5	Customer Deposits	**6,071,649**	6,150,396
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	**-**	-
2.3.7	**Total other Stable Resources**	**6,071,997**	6,150,734
2.4	**Total Stable Resources**	**7,392,583**	7,514,242
3	**Advances To Stable Resources Ratio (ASRR)**	**72.54%**	72.87%