

(Incorporated in Switzerland 1967)

Habib Bank AG Zurich

United Arab Emirates

Basel Pillar III Disclosures

for the period ended 30th September 2026

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1. Introduction:

Habib Bank AG Zurich (the "Bank") was established in the UAE in 1974 and operates with eight branches in the Emirates of Abu Dhabi (1), Dubai (6), and Sharjah (1) under a full commercial banking license issued by the Central Bank of the United Arab Emirates ("CBUAE"). Additionally, the Bank has an Electronic Banking Unit in Musaffah, Abu Dhabi area since November 2024. The Bank is also licensed by the UAE Capital Market Authority (CMA) for Promotion Activity and Securities Portfolio Management. The Head Office of the Bank is Habib Bank AG Zurich (the "Head Office") incorporated in Switzerland. The registered address of the Bank is P. O. Box 3306, Dubai, United Arab Emirates.

2. Purpose and basis of preparation:

The Central Bank of the UAE ("CBUAE") supervises the Bank and therefore receives information on the capital adequacy of and sets capital requirements for the Bank. The capital requirements are computed using the Basel III framework of the Basel Committee on Banking Supervision ("Basel Committee"), after applying the amendments advised by the CBUAE, within national discretion. The Basel framework is structured around three pillars as follows:

- Pillar 1 prescribes the minimum capital requirements.
- Pillar 2 addresses the associated supervisory review process; and
- Pillar 3 specifies further public disclosure requirements in respect of the capital and risk profile.

The disclosures have been prepared in line with the disclosure templates introduced by the CBUAE guidelines re capital adequacy on disclosure requirements (CBUAE/BSD/N/2020/4980, CBUAE/BSD/N/2021/5508, and CBUAE/BSD/2022/5280) published in November 2020, November 2021, and December 2022 respectively.

3. Overview of Pillar 3

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 the Banks to publish a set of disclosures which allow market participants to assess the specified information on the scope of application of Basel III, organization's key prudential metrics, particular risk exposures and risk assessment process, and the capital adequacy of the Bank. These disclosures consist of both qualitative and quantitative information.

The Central Bank of the UAE (CBUAE) implemented the Basel III capital framework with effect from 1 February 2017. Under the CBUAE Capital Adequacy Regulations, banks are required to maintain minimum capital ratios of 7.0% Common Equity Tier 1 (CET1), 8.5% Tier 1 Capital, and 10.5% Total Capital. In addition to these minimum requirements, banks are required to maintain a Capital Conservation Buffer (CCB) of 2.5% and, where applicable, a Countercyclical Capital Buffer (CCyB) and other regulatory buffers as prescribed by the CBUAE.

3.1 Policy and Verification

The Bank has operated within a framework of internal controls and procedures for assessing the appropriateness of this disclosure.

These Pillar 3 disclosures have been subject to review from internal auditors and appropriate senior management within the Bank.

We confirm that the Bank's Pillar 3 disclosures, to the best of our knowledge, comply with the revised CBUAE Pillar 3 market disclosures requirements and have been prepared in compliance with the Bank's internal control framework.

3.2 Implementation of Basel III Standards and Guidelines

The Bank has adopted the Standardized Approach for Credit Risk, Counterparty Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk (Pillar 1) for regulatory reporting purposes. Credit Valuation Adjustment (CVA) capital became effective from 30 June 2022.

The Bank also assigns capital on other than Pillar 1 risk categories, for example 'Interest rate risk on banking book' and for 'Business risk', within the Pillar 2 framework.

4 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 7.0% 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, banks are required to maintain a Capital Conservation Buffer (CCB) of 2.5% and a Countercyclical Capital Buffer (CCyB), where applicable, in accordance with CBUAE regulations.
- 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 30 September 2026:

- The Bank's Common Equity Tier 1 (CET1) ratio of 17.71% (30 September 2025: 19.00%), Tier 1 capital ratio of 17.71% (30 September 2025: 19.00%), Capital Adequacy Ratio of 18.74% (30 September 2025: 20.05%), are all well ahead of the regulatory requirements.
- The Bank's leverage ratio of 9.80% (30 September 2025: 9.71%) is well ahead of the current regulatory requirement.
- The Bank continues to manage its balance sheet proactively, with focus on sound RWA management.

5 Overview of risk management and Risk Weighted Assets (OVA)

5.1 Key Metrics (KM1)

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

		AED '000s	AED '000s	AED '000s	AED '000s	AED '000s
		30 Sep 2026	30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sept 2025
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	1,452,996	1,516,928	1,512,790	1,531,355	1,530,410
1a	Fully loaded ECL accounting model	1,452,996	1,516,928	1,512,790	1,531,355	1,530,410
2	Tier 1	1,452,996	1,516,928	1,512,790	1,531,355	1,530,410
2a	Fully loaded ECL accounting model Tier 1	1,452,996	1,516,928	1,512,790	1,531,355	1,530,410
3	Total capital	1,537,489	1,598,450	1,591,113	1,613,812	1,614,756
3a	Fully loaded ECL accounting model total capital	1,537,489	1,598,450	1,591,113	1,613,812	1,614,756
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	8,202,389	7,972,643	7,710,370	8,037,769	8,053,822
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	17.71%	19.03%	19.62%	19.05%	19.00%
5a	Fully loaded ECL accounting model CET1 (%)	17.71%	19.03%	19.62%	19.05%	19.00%
6	Tier 1 ratio (%)	17.71%	19.03%	19.62%	19.05%	19.00%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17.71%	19.03%	19.62%	19.05%	19.00%
7	Total capital ratio (%)	18.74%	20.05%	20.64%	20.08%	20.05%
7a	Fully loaded ECL accounting model total capital ratio (%)	18.74%	20.05%	20.64%	20.08%	20.05%
	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%	2.50%
9	Countercyclical buffer requirement (%)	0.05%	0.05%	0.06%	0.45%	0.45%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	**Total of bank CET1 specific buffer requirements (%)**	**2.55%**	**2.55%**	**2.56%**	**2.95%**	**2.95%**
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.24%	9.55%	10.14%	9.58%	9.55%

		AED '000s	AED '000s	AED '000s	AED '000s	AED '000s
		30 Sep 2026	30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sept 2025
	Leverage Ratio					
13	Total leverage ratio measure	14,818,957	15,201,879	16,122,940	16,060,700	15,767,259
14	Leverage ratio (%)	9.80%	9.98%	9.38%	9.53%	9.71%
14a	Fully loaded ECL accounting model leverage ratio (%)	9.80%	9.98%	9.38%	9.53%	9.71%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	9.80%	9.98%	9.38%	9.53%	9.71%
21	Total HQLA	4,734,581	5,270,062	6,142,460	5,822,896	5,629,964
22	Total liabilities	12,637,037	12,996,350	13,654,108	13,666,432	13,412,035
23	Eligible Liquid Assets Ratio (ELAR) (%)	37.5%	40.6%	45.0%	42.6%	42.0%
	ASRR					
24	Total available stable funding	12,087,085	12,358,471	13,126,747	13,233,237	12,899,385
25	Total Advances	5,352,473	5,048,740	4,881,167	5,307,376	5,260,620
26	Advances to Stable Resources Ratio (%)	44.3%	40.9%	37.2%	40.1%	40.8%

5.2 Overview of RWAs (OV1)

		AED '000s	AED '000s	AED '000s
		RWA		Minimum capital requirements
		30 Sep 2026	30 Jun 2026	30 Sep 2026
1	Credit risk (excluding counterparty credit risk)	6,747,322	6,512,641	708,469
2	Of which: standardised approach (SA)	6,747,322	6,512,641	708,469
6	Counterparty credit risk (CCR)	9,171	6,997	963
7	Of which: standardised approach for counterparty credit risk	9,171	6,997	963
10	Credit valuation adjustment (CVA)	2,974	2,134	312
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	15,190	23,139	1,595
21	Of which: standardised approach (SA)	15,190	23,139	1,595
23	Operational risk	1,427,732	1,427,732	149,912
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**8,202,389**	**7,972,643**	**861,251**

Minimum capital requirements in column (c) represent the Pillar 1 minimum total capital requirement of 10.5% of RWA under the CBUAE Capital Adequacy Regulation. They exclude the capital conservation buffer, the countercyclical buffer and Pillar 2 requirements.

6 Leverage Ratio

6.1 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.

		30 Sep 2026 AED '000s
1	Total consolidated assets as per published financial statements *	14,295,948
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	19,873
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)	503,136
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments – round off	-
13	**Leverage ratio exposure measure**	**14,818,957**

* Total assets as per the unaudited balance sheet of the UAE branches as at 30 September 2026 (BRF 1); audited financial statements are published annually.

6.2 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 '000s	AED '000s
		30 Sep 2026	30 Jun 2026
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	14,239,925	14,547,598
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)	-	-
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**14,239,925**	**14,547,598**
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	148	6
9	Add-on amounts for PFE associated with *all* derivatives transactions	14,047	11,829
9a	CCR exposure for derivatives transactions (calculated as 1.4 x (Row 8+9))	19,873	16,568
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 9a to 12)**	**19,873**	**16,568**
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)	-	-

		AED '000s 30 Sep 2026	AED '000s 30 Jun 2026
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	2,820,123	3,004,324
20	(Adjustments for conversion to credit equivalent amounts)	-2,260,965	-2,366,612
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)**	559,159	637,713
Capital and total exposures			
23	**Tier 1 capital**	1,452,996	1,516,928
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	14,818,957	15,201,879
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	9.80%	9.98%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.80%	9.98%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	**Applicable leverage buffers**	6.80%	6.98%

7 Liquidity Risk

7.1 Liquidity Coverage Ratio (LIQ1)

The LIQ1 is not applicable to the Bank.

7.2 Net Stable Funding Ratio (NSFR) – LIQ2

The LIQ2 is not applicable to the Bank.

7.3 Eligible Liquid Assets Ratio

AED '000s		30 Sep 2026	
1	**High Quality Liquid Assets**	**Nominal amount**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,359,579	
1.2	UAE Federal Government Bonds and Sukuks	2,120,313	
	Sub Total (1.1 to 1.2)	4,479,892	4,479,892
1.3	UAE local governments publicly traded debt securities	36,217	
1.4	UAE Public sector publicly traded debt securities		
	Sub total (1.3 to 1.4)	36,217	36,217
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	218,472	218,472
1.6	**Total**	**4,734,581**	**4,734,581**
2	Total liabilities		12,637,037
3	**Eligible Liquid Assets Ratio (ELAR)**		**37.47%**

7.4 Advances to Stable Resources Ratio

		Items	AED '000s 30 Sep 2026
1		**Computation of Advances**	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	5,072,495
	1.2	Lending to non-banking financial institutions	338
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	82,301
	1.4	Interbank Placements	197,339
	1.5	**Total Advances**	**5,352,473**
2		**Calculation of Net Stable Resources**	
	2.1	Total capital + general provisions	1,758,849
		Deduct:	
	2.1.1	Goodwill and other intangible assets	-
	2.1.2	Fixed Assets	35,201
	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**	**35,201**
	2.2	**Net Free Capital Funds**	**1,723,648**
	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	19,432
	2.3.5	Customer Deposits	10,344,005
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
	2.3.7	**Total other stable resources**	**10,363,437**
	2.4	**Total Stable Resources (2.2+2.3.7)**	**12,087,085**
3		**Advances TO STABLE RESOURCES RATIO (1.5/ 2.4*100)**	**44.28%**

Details of Not Applicable Tables

S No	Table	Information Overview	Topic
1	LIQ1	Liquidity Coverage Ratio	Liquidity
2	LIQ2	Net Stable Funding Ratio	