



(Incorporated in Switzerland 1967)

# Habib Bank AG Zurich

## Basel IV Report 2025

**Capital adequacy and liquidity disclosure requirements  
Disclosure as of 31 December 2025**

Purely for ease of reading, the masculine form used in this document is intended to refer to both genders.

This consolidated regulatory disclosure report is published in English only.

Due to rounding, the numbers presented in this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Capital adequacy and liquidity disclosure requirements (consolidated)

Habib Bank AG Zurich is providing this information as of 31 December 2025 in accordance with the provisions of the Capital Adequacy Ordinance (CAO) and the dis-

closure requirements set out in FINMA Ordinance on the Disclosure Obligations of Banks and Securities Firms.

## 1. Scope of consolidation

### Scope of consolidation for capital adequacy purposes

The scope of consolidation for capital adequacy purposes consist of the following companies (hereafter referred to as "the Group"):

|   |                                       |
|---|---------------------------------------|
| Habib Bank AG Zurich  | (hereafter referred to as "the Bank") |
| Habib Canadian Bank, Canada   | (100% ownership)                      |
| HBZ Bank Ltd., South Africa   | (100% ownership)                      |
| Habib Metropolitan Bank Ltd., Pakistan                                  | (51% ownership)                       |
| Habib Bank Zurich (Hong Kong) Ltd., Hong Kong                           | (51% ownership)                       |
| Habib Bank Zurich Plc, United Kingdom                                   | (100% ownership)                      |
| Habib Metropolitan Financial Services Ltd., Pakistan                    | (51% ownership)                       |
| Habib Metropolitan Modaraba Management Company (Private) Ltd., Pakistan | (51% ownership)                       |
| Habib Metro Exchange Services Ltd., Pakistan                            | (51% ownership)                       |
| First Habib Modaraba, Pakistan  | (8% ownership)                        |

### Scope and method of consolidation according to FINMA Circular 2020/1 "Accounting – Banks"

The Group's method of capital consolidation follows the purchase method. The scope of consolidation according to FINMA Circular 2020/1 "Accounting – banks" additionally includes the subsidiary HBZ Services FZ-LLC, United Arab Emirates (100% ownership), Habib Europe Limited, Isle of Man (100%), HBZ Services (Private) Ltd., Pakistan (100%), HBZ Services (Asia) Limited, Hong Kong (100%) and HBZ Services AG, Switzerland (100%). HBZ Services FZ-LLC, HBZ Services AG, HBZ Services (Private) Ltd. and HBZ Services (Asia) Limited, Hong Kong act as service providers for the Group and do not operate in the financial sector (please refer to the Annual Report 2025, page 46).

## 2. Group risk principles

### Risk & Control Framework

The Group is exposed to a wide array of risks as it pursues its strategy to achieve its business objectives. These risks may impact its financial, business, regulatory and reputational status. Hence, the risk management function is an integral part of the Group business model and is intended to protect its franchise, reputation and capital.

The Group's Risk & Control Framework is the cornerstone of its risk management and control policies. It provides the basis for identifying, assessing and effectively managing risks within the Group. Furthermore, the Risk & Control Framework assigns the overall responsibility for a particular risk class, defines who manages each risk type and performs independent risk control.

### Risk governance

The Board of Directors is responsible for the strategic direction, supervision, and risk control of the Group, and

for defining its overall risk tolerance by means of a risk appetite statement and overall limits. The Board of Directors is supported by:

- the Risk & Control Committee in fulfilling its oversight responsibilities by providing guidance regarding risk governance and the Group's risk profile, including the regular review of major risk exposures and overall risk limits;
- The Audit Committee in fulfilling its oversight responsibilities by monitoring the General Management's approach with respect to financial reporting, and the design and effectiveness of internal controls regarding financial accounting and reporting. Additionally, the Audit Committee is responsible for ensuring independence and monitoring the performance of the Group Internal Audit function as well as the external auditors.

On an operational level, the Group operates with the three lines of defense model i.e., the first line of defense covering business and revenue generation, the second line of defense providing independent risk management and risk control oversight, and the third line of defense providing assurance reviews as internal audit. All these functions are independent of one another and have distinct reporting lines to the General Management and the Board of Directors.

Furthermore, a clear distinction is made between "risk owners", "risk managers" and "risk controllers":

- risk owners keep oversight and bear the overall responsibility for the management of specific risk classes or risk types;
- risk managers focus on the monitoring and the proactive management of risk. They initiate risk management measures and can recommend alteration in the risk profile of businesses and activities;
- risk controllers independently monitor and assess risk as well as highlight deviations from target risk parameters and non-compliance with policies.
- The Group Chief Risk Officer (GCRO) is a member of General Management and develops and monitors the Group-wide framework for risk identification, assessment, management, monitoring and reporting within the risk tolerance for the Group's various business activities. The GCRO accomplishes this mission as an independent function ensuring that the entities engaged in business activities are aware of the prevailing and potential risks. The GCRO directly oversees credit, market, liquidity and operational risks and is a member of other risk committees covering compliance, legal, technology and information security risk.

## Risk management principles

The following general principles are applied to maintain an appropriate balance between risk and return:

- Safeguard the financial strength of the Group by monitoring risk exposures and avoiding potential risk concentrations at individual exposure levels, at specific portfolio levels and at an aggregate Group-wide level across all risk classes;
- Protect the Group's reputation through a sound risk culture characterized by a holistic and integrated view of risk, performance, and reward, and through full compliance with the Group's standards and principles;
- Systematically identify, classify, and measure risks using best practices. A Group Risk Assessment exercise is formally performed annually, which encompasses all risk classes and subsequently allows management to focus on agreed significant risk types
- Ensure Management accountability, whereby Business Line Management owns all risks assumed and is responsible for the active management of all risk exposures to ensure that risk and return are balanced;
- Set up independent risk control functions or units, which monitor the effectiveness of risk management and oversee risk-taking activities;
- Disclose risks to the Board of Directors, regulators, and other stakeholders in a comprehensive and transparent manner.

## Internal controls

Internal controls are processes and instruments employed to monitor and control operational and other business risks. In order to continuously enhance the Group's internal control system and the effectiveness of controls, the results of current control processes are reviewed and the outcome of the Group's operational risk management processes is considered. The organizational units responsible for internal controls work closely with other organizational units within the Group.

## Credit risk

Credit risk is the probability of a financial loss resulting from an obligor's failure to service its obligations to the Group in line with contractually agreed terms. Expected Credit Loss (ECL) is a function of the probability of default, the loss in the event of a default, and the exposure at default.

Within credit risk, the Group distinguishes the following risk types: client credit risk, issuer credit risk, counterparty credit risk, country risk (including cross-border / transfer risk), settlement risk and credit concentration risk.

The Group Credit Management Committee (GCMC) is responsible for credit risks in general and for individual credit decisions that exceed the approval authority of the respective Country Credit Management Committees. The Group manages its credit risk in a conservative manner premised on a rigorous process of evaluating target industries followed by an analysis of the creditworthiness of obligors, after which appropriate credit limits are set for each obligor and economic group. Where possible, risk is mitigated via collateral, third-party guarantees, and other measures as deemed necessary. For each collateral type, a minimum haircut is defined in order to account for the volatility in market value and the expected liquidation period according to the nature and liquidity of the collateral.

The Group's credit risk appetite is defined and monitored through a comprehensive system of credit limits which are approved within policies, guidelines, and credit programs.

During 2025, the Group successfully implemented the Moody's CreditLens rating model covering its commercial lending operations in all countries. This model is used to derive an Obligor Risk Rating (ORR) based on both quantitative and qualitative factors. Credit limits are approved on the basis of ORRs and the amount of proposed exposure with consideration of additional special risks with elevated approval requirements if such risks are deemed relevant. Personal credits are usually only granted on a fully collateralized basis. Collateral coverage is monitored on a regular basis and according to the prevailing market conditions.

An adequate and clear segregation of duties is established among the various organizational units involved in the acquisition of credit business, the analysis and approval of a credit request, and the subsequent administration of the exposure.

Bank counterparties, issuers and sovereigns are analyzed according to their financial performance and their external rating. Approximately 69% of the credit exposure to financial institutions is of investment grade quality. The remaining 31% consists mainly of short-term trade fi-

nance exposure in emerging markets and is monitored within a set of defined counterparty and country limits.

With regard to non-performing loans, the Group is in a comfortable position. After considering collateral at market value and specific value adjustments for default risks, the net unsecured and unprovided position as at the end of December 2025 was negligible.

The Group has adopted an ECL concept in accordance with IFRS 9 guidelines in all country operations. Therefore, the concept of providing for expected loss is well established. During 2025, CHF 8.8 million of provisions for expected loss were released, reaching a total of CHF 44.4 million of ECL coverage, while the Group also holds CHF 102.0 million of specific provisions for actual non-performing loans.

Cross-border country risks are monitored regularly and mainly represent short-term trade finance exposure with – where possible – credit support from multinational development banks.

## Liquidity risk

Liquidity risk is the risk of the Group in any of its jurisdictions, not being able to cover short-term financing needs at all times (e.g. due to the impossibility of replacing or renewing deposits, unexpected outflows of funds due to loan drawdowns, unforeseen delays in collecting on maturing assets etc.). Liquidity risk management ensures that the Group always has sufficient liquidity to meet all its payment obligations, even under stressed market conditions. In addition, liquidity risk tolerance defines strategies and requirements for managing liquidity risk under extreme situations. This essentially includes measures to reduce risk, maintaining a liquidity buffer by using highly liquid assets, and an emergency plan to deal with any liquidity shortfalls. The Group Asset & Liability Committee is the highest management body responsible for comprehensive monitoring of liquidity and market risks across all entities of the Group.

The Group applies a prudent approach to liquidity risk management. Its advances and loans to clients are primarily of a short-term nature. Funding is primarily obtained through individual, commercial and corporate deposits which while contractually, mainly sight or short-term, are behaviorally stable. Wholesale funding from profession-

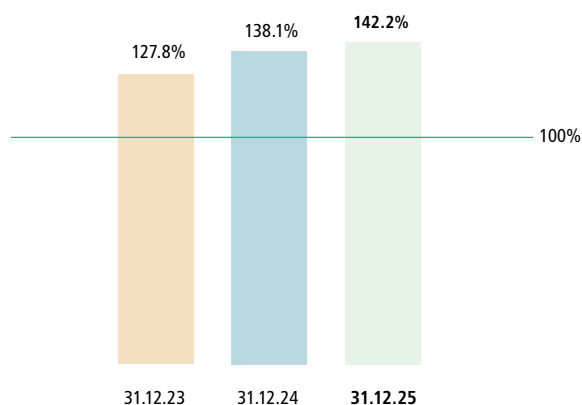
al counterparties is not significant and the overall mix of liabilities is considered well diversified. No single client deposit accounts for more than 5% of the Group's total client deposits. Excess liquidity is held as bank placements or financial investments. The latter primarily consist of bond portfolios of sovereign issuers or other high-quality issuers.

The contractual maturities of the Group's financial assets exceed the contractual maturities of the financial liabilities. However, when determining maturity gaps, the stickiness of deposits or economic maturities are considered, which significantly reduces the contractual gaps.

In general, the Group is exposed to potentially larger deposit outflows and sudden adverse market developments. Therefore, related scenarios have been analyzed as part of the liquidity stress tests performed throughout the Group. The stress test results showed that the liquid assets available could absorb projected outflows.

The diversification of refinancing sources and repo market access ensure that cash and cash equivalents are secured and readily available when required. In addition, liquidity coverage ratio and net stable funding ratio targets have been defined for all local business entities. Funding and liquidity management are also performed on a decentralized basis. The short-term liquidity disposition and liquidity situation of individual countries are monitored by the respective country treasury functions. In addition, liquidity reserves are held both at the Group and at the country level, and contingency funding plans are in place for the Group as well as all branches and subsidiaries.

#### Liquidity Coverage Ratio (yearly weighted)



Please find further information on page 10 under LIQA: Liquidity: management of liquidity risks.

## Market risk

Market risk is the risk of potential losses that may result from changes in the valuation of the Group's assets due to changes in various market parameters. The Group is mainly exposed to interest rate risk, foreign exchange risk, equity risk and – to a very limited extent – commodity risk as well as associated volatility and correlations.

The Group's market risk appetite is defined and monitored through a comprehensive system of market risk limits by the Group Asset & Liability Committee. Furthermore, the Group regularly performs scenarios and stress tests for interest rate, foreign exchange and equity risks based on prevailing risk exposures.

The Group is exposed to interest rate risk due to interest periods set for loans made to clients which exceed the interest periods for client deposits taken. To limit interest rate repricing risk, most client advances are granted on a three- or six-month base rate plus a credit spread. In addition, branches and subsidiaries hold excess liquidity in bank placements or long-term financial investments. However, the interest-rate risk related to long-term fixed-income instruments held in the financial investment portfolio is largely offset by the stable portion of client deposits.

Behavioral deposit analyses are performed for all branches and subsidiaries, showing that a significant portion of deposits remain with the Group, even when interest rates move. The Group's 'interest-rate-risk-in-the-banking-book' is the current and prospective risk to the Group's capital and earnings that may arise from adverse movements in interest rates with an impact on balance sheet positions. The Interest Rate Risk in the Banking Book (IRRBB) approach considers both the value and the earnings perspective. For IRRBB the Economic Value of Equity (EVE) sensitivity limits have been defined by the Board of Directors. EVE sensitivity limits are in place for all countries and limit adherence is monitored by the Group Asset & Liability Committee.

Foreign exchange risk may arise from exposure to foreign exchange rate fluctuations against the reference currency. For foreign exchange transaction risks, the Group pursues a risk-averse approach and aims to keep the potential foreign exchange losses to a minimum. The Group does not engage in proprietary foreign exchange trading. For foreign exchange translation risks, such as profits earned in the Group's foreign branches, capital and reserves held at the branches are subject to exchange rate risk. These risks are monitored at the Head

Office, and projected profits are hedged as deemed appropriate. The Group analyses and projects the foreign exchange translation exposure which arises from its investments in foreign subsidiaries. The exchange rate movements on the net asset exposure of the subsidiaries give rise to revaluation gains and losses, which are included in consolidated equity.

The Group maintains a relatively limited equity investment portfolio with the aim to acquire and maintain high quality equities with stable business models in industry-leading positions and regular dividend flows. The Board of Directors approves the Group's risk limits for equities and adherence is monitored by the Group Asset & Liability Committee.

## Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. These risks are inherent in all of the Group's business activities and may arise in any business line. The Group's approach to operational risk is governed by the Group's Risk & Control framework and overseen at executive level through the Group Risk Control Committee (GRCC), with reporting and escalation to the Board of Directors and its Risk & Control Committee (RCC). The GRCC meets at least four times per year, or more frequently as required, and oversees the implementation and effectiveness of the Group's operational risk management framework, including the monitoring of residual risk exposures across key operational risk sub-categories. The Board of Directors is supported through regular reporting, including the quarterly Group Risk Highlights Reports, and updates to the RCC at least annually as required.

Operational risks are identified and assessed through a structured risk management framework, drawing insights from the Group's internal risk events database, external event monitoring, and defined risk assessment processes. Operational risk events are recorded and reported in line with Basel operational risk event categories. For internal risk management purposes, the Group applies an enhanced operational risk taxonomy with defined sub-categories, supporting more granular identification, monitoring, trend analysis and reporting of operational risk exposures. To further strengthen risk identification and monitoring, the Group performs annual risk assessments for third-party risk, critical data risk and Information Security risk, including cybersecurity, complementing ongoing risk and control activities.

The Group manages operational risks through a comprehensive framework comprising key risk indicators, change risk assessments, risk self-assessments, scenario analyses, risk event management, and issue management with action tracking. This framework operates within an annually reviewed risk appetite statement and associated tolerance limits, which are presented to and approved by the Board of Directors. The risk appetite framework includes defined strategies for monitoring, and managing key operational risk drivers, including information security, third party dependencies, business continuity, critical data and operational resilience in line with applicable regulatory expectations including those of FINMA.

Operational resilience considerations are embedded within the Group's operational risk management approach to support the identification of critical services and the ability to withstand and recover from disruptive events. This includes the management of critical data required to support the continuity of key services, third-party risk management practices supported by due diligence and ongoing monitoring, and business continuity arrangements that are regularly tested for effectiveness and relevance, including technological recovery capabilities.

Information security risk, including cybersecurity, is management as a core component of operational risk. The Group applies a risk-based approach to Information security, supported by defined governance, ongoing threat monitoring, security risk assessments, vulnerability and penetration testing, and awareness initiatives for employees and customers. Information Communication technology (ICT) risks are managed in support of business operations and information security objectives, with a continued focus on strengthening controls, monitoring capabilities and resilience.

The Group also maintains a Model Risk Management framework to ensure the integrity and reliability of models used across the business.

The control environment is subject to regular review and enhancement, supported by risk avoidance, risk reduction, and risk transfer strategies including insurance where appropriate. The operational risk framework continues to evolve to reflect regulatory developments, emerging risks and changes in the operating environment, reinforcing the Group's commitment to effective operational risk management and, resilience.

### 3. Disclosure

#### KM1: Key metrics at consolidated Group level

| in CHF 1'000 (unless stated otherwise)                              |  | 31.12.25   | 31.12.24   |
|---|--|------------|------------|
| <b>Eligible Capital</b>   |  |            |            |
| 1   | Common equity Tier 1 (CET1)  | 1'399'914  | 1'407'506  |
| 2   | Tier 1 capital (T1)  | 1'399'914  | 1'407'506  |
| 3   | Total capital  | 1'444'234  | 1'450'512  |
| <b>Risk weighted assets (RWA)</b>                                   |  |            |            |
| 4   | RWA  | 8'368'970  | 7'818'405  |
| 4a  | Minimum capital requirements   | 669'518    | 625'472    |
| <b>Risk-based capital ratio (in % of RWA)</b>                       |  |            |            |
| 5   | CET1 ratio   | 16.7%      | 18.0%      |
| 6   | Tier 1 capital ratio   | 16.7%      | 18.0%      |
| 7   | Total capital ratio  | 17.3%      | 18.6%      |
| <b>CET1 buffer requirements (in % of RWA)</b>                       |  |            |            |
| 8   | Capital conservation buffer requirement as per the Basel minimum standards (2.5% from 2019)                                | 2.5%       | 2.5%       |
| 9   | Countercyclical capital buffer (Art. 44a CAO) as per the Basel minimum standards   | 0.0%       | 0.0%       |
| 11  | Total of bank CET1 specific buffer requirements  | 2.5%       | 2.5%       |
| 12  | CET1 available after meeting the bank's minimum capital requirements   | 9.3%       | 10.4%      |
| <b>Capital target ratio as per Annex 8 of the CAO (in % of RWA)</b> |  |            |            |
| 12a   | Capital conservation buffer according Annex 8 of the CAO   | 3.2%       | 3.2%       |
| 12b   | Countercyclical capital buffer (Art 44 and 44a CAO)  | 0.0%       | 0.0%       |
| 12c   | CET1 total requirement according Annex 8 of the CAO plus the countercyclical capital buffer as per Art. 44 and 44a CAO     | 7.4%       | 7.4%       |
| 12d   | T1 target ratio according Annex 8 of the CAO plus the countercyclical capital buffer as per Art. 44 and 44a CAO            | 9.0%       | 9.0%       |
| 12e   | Total capital target ratio according Annex 8 of the CAO plus the countercyclical capital buffer as per Art. 44 and 44a CAO | 11.2%      | 11.2%      |
| <b>Basel III Leverage Ratio</b>                                     |  |            |            |
| 13  | Total Basel III leverage ratio exposure measure  | 13'354'555 | 13'479'614 |
| 14  | Basel III leverage ratio (Tier 1 capital in % of leverage ratio exposure measure)  | 10.5%      | 10.4%      |

|                                       | Quarter 4<br>2025                                      | Quarter 3<br>2025 | Quarter 2<br>2025 | Quarter 1<br>2025 | Quarter 4<br>2024 |           |
|---------------------------------------|--|-------------------|-------------------|-------------------|-------------------|-----------|
| in CHF 1'000                          | Weighted values  | Weighted values   | Weighted values   | Weighted values   | Weighted values   |           |
| <b>Liquidity Coverage Ratio (LCR)</b> |  |                   |                   |                   |                   |           |
| 15                                    | LCR numerator: total high-quality liquid assets (HQLA) | 1'701'447         | 1'517'415         | 1'541'105         | 1'711'050         | 1'391'924 |
| 16                                    | LCR denominator: total net outflows of funds           | -1'067'335        | -1'066'216        | -1'173'936        | -1'244'686        | -930'067  |
| 17                                    | Liquidity coverage ratio (LCR) (in %)                  | 159.4%            | 142.3%            | 131.3%            | 137.5%            | 149.7%    |

|  |  | 31.12.25        | 31.12.24        |
|--|--|-----------------|-----------------|
|  |  | Weighted values | Weighted values |
| <b>Net stable funding ratio (NSFR)</b> |  |                 |                 |
| 18                                     | Available stable refinancing           | 8'658'902       | 8'911'241       |
| 19                                     | Required stable refinancing            | 4'702'219       | 4'736'132       |
| 20                                     | Net stable funding ratio (NSFR) (in %) | 184.1%          | 188.2%          |

Compared to previous year, "Total capital" slightly decreased by CHF 6.3 million while the "Risk weighted assets" increased by CHF 550.6 million. The "Total capital ratio" decreased from 18.6% to 17.3%. Overall the Group has a CET1 buffer of 9.3% compared to 10.4% in the previous year.

## KM1: Key metrics at Bank level

| in CHF 1'000 (unless stated otherwise)                              |  | 31.12.25  | 31.12.24  |
|---|--|-----------|-----------|
| <b>Eligible Capital</b>   |  |           |           |
| 1   | Common equity Tier 1 (CET1)  | 1'123'875 | 1'129'544 |
| 2   | Tier 1 capital (T1)  | 1'123'875 | 1'129'544 |
| 3   | Total capital  | 1'165'095 | 1'157'902 |
| <b>Risk weighted assets (RWA)</b>                                   |  |           |           |
| 4   | RWA  | 4'051'024 | 4'184'286 |
| 4a  | Minimum capital requirements   | 324'082   | 334'743   |
| <b>Risk-based capital ratio (in % of RWA)</b>                       |  |           |           |
| 5   | CET1 ratio   | 27.7%     | 27.0%     |
| 6   | Tier 1 capital ratio   | 27.7%     | 27.0%     |
| 7   | Total capital ratio  | 28.8%     | 27.7%     |
| <b>CET1 buffer requirements (in % of RWA)</b>                       |  |           |           |
| 8   | Capital conservation buffer requirement as per the Basel minimum standards (2.5% from 2019)                                | 2.5%      | 2.5%      |
| 9   | Countercyclical capital buffer (Art. 44a CAO) as per the Basel minimum standards   | 0.0%      | 0.0%      |
| 11  | Total of bank CET1 specific buffer requirements  | 2.5%      | 2.5%      |
| 12  | CET1 available after meeting the bank's minimum capital requirements   | 20.8%     | 19.7%     |
| <b>Capital target ratio as per Annex 8 of the CAO (in % of RWA)</b> |  |           |           |
| 12a   | Capital conservation buffer according Annex 8 of the CAO   | 3.2%      | 3.2%      |
| 12b   | Countercyclical capital buffer (Art 44 and 44a CAO)  | 0.0%      | 0.0%      |
| 12c   | CET1 total requirement according Annex 8 of the CAO plus the countercyclical capital buffer as per Art. 44 and 44a CAO     | 7.4%      | 7.4%      |
| 12d   | T1 target ratio according Annex 8 of the CAO plus the countercyclical capital buffer as per Art. 44 and 44a CAO            | 9.0%      | 9.0%      |
| 12e   | Total capital target ratio according Annex 8 of the CAO plus the countercyclical capital buffer as per Art. 44 and 44a CAO | 11.2%     | 11.2%     |
| <b>Basel III Leverage Ratio</b>                                     |  |           |           |
| 13  | Total Basel III leverage ratio exposure measure  | 5'265'885 | 5'537'443 |
| 14  | Basel III leverage ratio (Tier 1 capital in % of leverage ratio exposure measure)  | 21.3%     | 20.4%     |

|  |  | Quarter 4<br>2025 | Quarter 3<br>2025 | Quarter 2<br>2025 | Quarter 1<br>2025 | Quarter 4<br>2024 |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| in CHF 1'000                           |  | Weighted values   | Weighted values   | Weighted values   | Weighted values   | Weighted values   |
| <b>Liquidity Coverage Ratio (LCR)</b>  |  |                   |                   |                   |                   |                   |
| 15                                     | LCR numerator: total high-quality liquid assets (HQLA) | 525'983           | 859'366           | 526'764           | 557'236           | 522'027           |
| 16                                     | LCR denominator: total net outflows of funds           | -226'708          | -544'360          | -305'262          | -301'629          | -224'875          |
| 17                                     | Liquidity coverage ratio (LCR) (in %)                  | 232.1%            | 157.9%            | 172.6%            | 184.7%            | 232.1%            |
| <b>31.12.25</b> <b>31.12.24</b>        |  |                   |                   |                   |                   |                   |
|  |  |                   |                   | Weighted values   | Weighted values   |                   |
| <b>Net stable funding ratio (NSFR)</b> |  |                   |                   |                   |                   |                   |
| 18                                     | Available stable refinancing                           |                   |                   | 3'956'635         | 4'367'123         |                   |
| 19                                     | Required stable refinancing                            |                   |                   | 2'099'098         | 2'057'835         |                   |
| 20                                     | Net stable funding ratio (NSFR) (in %)                 |                   |                   | 188.5%            | 212.2%            |                   |

The "Total capital" slightly increased by CHF 7.2 million, which is driven predominantly by the Profit of CHF 91.1 million for the period, the dividend payment of CHF 60 million from the profit 2024 and a foreign exchanges impact of CHF 21 million. The "Total capital ratio" in-

creased from 27.7% to 28.8% during 2025. Total risk weighted assets slightly decreased by 3.2%. Overall the Bank has a CET1 buffer of 20.8% compared to 19.7% in the previous year.

## OV1: Overview of risk-wighted assets (partial disclosure)

|              |  | a                | b                | c                            |
|--------------|--|------------------|------------------|------------------------------|
|              |  | RWA              | RWA              | Minimum capital requirements |
| in CHF 1'000 |  | <b>31.12.25</b>  | <b>31.12.24</b>  | <b>31.12.25</b>              |
| 1            | Credit risk      SA-BIZ approach   | 6'946'521        | 6'000'213        | 555'722                      |
| 20           | Market risk      Standardised approach                                   | 866'974          | 622'853          | 69'358                       |
| 24           | Operational risk      Basic indicator approach                           | 523'941          | 1'107'689        | 41'915                       |
| 25           | Amounts below the thresholds for deduction (subject to 250% risk weight) | 31'533           | 87'650           | 2'523                        |
| 27           | <b>Total (1 + 20 + 24 + 25)</b>  | <b>8'368'970</b> | <b>7'818'405</b> | <b>669'519</b>               |

## LIQA: Liquidity: management of liquidity risks

Please find detailed information regarding the management of liquidity in the section "Liquidity risk" on page 3 of this document. As indicated the Group maintains a strong liquidity position, which results in a average liquidity coverage ratio over the year 2025 of 142.2%.

The Group's total HQLA of CHF 1.7 billion in Quarter 4 2025 includes mainly balances with central banks in countries where the Group is active, investments in local government bonds in Pakistan and bond investments in Switzerland. Moreover, HQLA government bonds in Pakistan are only be considered up to the net cash outflow of the entity, which is in line with the FINMA Circular 2015/2 "Liquidity risks – banks", margin no. 161.

## CR1: Credit risk: credit quality of assets

| 31.12.25     |                                   | a  | b  | c                              | d                      |
|--------------|-----------------------------------|--|--|--------------------------------|------------------------|
| in CHF 1'000 |                                   | Gross carrying values of defaulted exposures | Gross carrying values of non-defaulted exposures | Value adjustments/ impairments | Net values (a + b – c) |
| 1            | Loans (excluding debt securities) | 150'785                                      | 3'988'353  | 101'980                        | 4'037'158              |
| 2            | Debt securities                   |  | 4'766'001  |                                | 4'766'001              |
| 3            | Off-balance-sheet exposures       |  | 1'719'193  | 3'999                          | 1'715'194              |
| 4            | <b>Total</b>                      | <b>150'785</b>                               | <b>10'473'547</b>                                | <b>105'979</b>                 | <b>10'518'353</b>      |

### Value adjustments for default and latent credit risks

Please refer for further information regarding "Value adjustments for default and latent credit risks" to the Annual Report 2025 page 34.

## CR2: Credit risk: changes in stock of defaulted loans and debt securities

| 31.12.25<br>in CHF 1'000 |   | a              |
|--------------------------|---|----------------|
| 1                        | Defaulted loans and debt securities at end of the previous reporting period                   | 157'161        |
| 2                        | Loans and debt securities that have defaulted since the last reporting period                 | 39'573         |
| 3                        | Returned to non-defaulted status  | 212            |
| 4                        | Amounts written off   | 10'763         |
| 5                        | Other changes (+ / –) <sup>1</sup>  | –34'980        |
| 6                        | <b>Defaulted loans and debt securities at end of the reporting period (1 + 2 – 3 – 4 + 5)</b> | <b>150'785</b> |

<sup>1</sup> Including net of foreign currency adjustments

## CRB: Credit risk: additional disclosures related to the credit quality of assets

| 31.12.25<br>in CHF 1'000                           | Carrying values   |
|--|-------------------|
| <b>Breakdown of exposures by geographical area</b> |                   |
| Switzerland  | 730'621           |
| Rest of Europe                                     | 1'475'012         |
| Americas   | 614'745           |
| Asia and Oceania                                   | 8'020'909         |
| Africa   | 997'303           |
| <b>Total exposures</b>                             | <b>11'838'591</b> |

| 31.12.25<br>in CHF 1'000                  | Carrying values   |
|---|-------------------|
| <b>Breakdown of exposures by industry</b> |                   |
| Agriculture                               | 32'547            |
| Manufacturing                             | 1'302'196         |
| Services                                  | 3'812'402         |
| Individuals and others                    | 6'691'446         |
| <b>Total exposures</b>                    | <b>11'838'591</b> |

| 31.12.25<br>in CHF 1'000                           | Carrying values   |
|--|-------------------|
| <b>Breakdown of exposures by residual maturity</b> |                   |
| Up to 3 months                                     | 4'842'590         |
| Due between 3 and 12 months                        | 2'355'996         |
| Due between 1 and 5 years                          | 3'904'329         |
| After more than 5 years                            | 667'459           |
| No maturity  | 68'217            |
| <b>Total exposures</b>                             | <b>11'838'591</b> |

| 31.12.25<br>in CHF 1'000                                    | Impaired exposures<br>(gross debt) | Specific value<br>adjustments |
|---|------------------------------------|-------------------------------|
| <b>Breakdown of impaired exposures by geographical area</b> |                                    |                               |
| Switzerland   |                                    |                               |
| Rest of Europe  | 5'900                              | 1'306                         |
| Noth america  | 14'966                             | 1'360                         |
| Asia  | 121'136                            | 94'865                        |
| Other countires   | 8'783                              | 4'451                         |
| <b>Total impaired exposures</b>                             | <b>150'785</b>                     | <b>101'981</b>                |

| <b>31.12.25</b><br>in CHF 1'000                    | Impaired exposures<br>(gross debt) | Specific value<br>adjustments |
|--|------------------------------------|-------------------------------|
| <b>Breakdown of impaired exposures by industry</b> |                                    |                               |
| Agriculture  |                                    |                               |
| Manufacturing                                      | 4'722                              | 4'056                         |
| Services   | 32'923                             | 28'524                        |
| Individuals and others                             | 113'140                            | 69'401                        |
| <b>Total impaired exposures</b>                    | <b>150'785</b>                     | <b>101'981</b>                |

### Non-performing loans / receivables

Non-performance of a credit exposure is considered with regard to a particular obligor when either or both of the two following events have taken place:

- The Group considers that the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral (if held)

- The obligor is 90 days or more past due on any material credit obligation to the Group. Overdrafts will be considered as being past due once the client has breached an advised limit or been advised of a limit smaller than current outstandings.

The assessment as to whether a credit exposure is non-performing is made on an entity level entailing all exposures of the respective entity.

| <b>31.12.25</b><br>in CHF 1'000                         | Past due exposures<br>(gross debt) | Specific value<br>adjustments |
|---|------------------------------------|-------------------------------|
| <b>Ageing analysis of accounting past-due exposures</b> |                                    |                               |
| Up to 3 months  | 118'476                            | 85'128                        |
| Due between 3 and 12 months                             | 7'437                              | 820                           |
| Due between 1 and 5 years                               | 16'406                             | 5'068                         |
| After more than 5 years                                 | 11'496                             | 10'964                        |
| No maturity   |                                    |                               |
| <b>Total past due exposures</b>                         | <b>153'815</b>                     | <b>101'981</b>                |

### Restructured credits

A restructuring of a credit agreement is generally defined to be a breach of contract under the initially agreed terms and conditions. Regardless of the interest and amortization payments, it is only possible in exceptional cases to

keep restructured advances in the normal credit category and not to flag it as heightened or impaired credit risk. A restructuring flag is set in the system showing the inability of the borrower to continue servicing its debt without relief in terms and conditions.

| <b>31.12.25</b><br>in CHF 1'000            | <b>Gross debt</b> |              |        |
|--|-------------------|--------------|--------|
|  | Impaired          | Not impaired | Total  |
| <b>Breakdown of restructured exposures</b> |                   |              |        |
| Restructured exposures                     | 14'809            | 9'483        | 24'292 |

### CR3: Credit risk: overview of mitigation techniques

| 31.12.25                           | a                               | b  | c  |
|------------------------------------|---------------------------------|--|--|
| in CHF 1'000                       | Unmitigated<br>credit exposures | Exposures mitigated<br>by collateral,<br>of which:<br>mitigated amount | Exposures mitigated<br>by financial<br>guarantees or<br>credit derivatives,<br>of which:<br>mitigated amount |
| Claims (including debt securities) | 12'324'406                      | 305'412  |  |
| Off-balance sheet transactions     | 1'869'804                       | 141'593  |  |
| <b>Total</b>                       | <b>14'194'210</b>               | <b>447'005</b>   |  |
| of which defaulted                 | 162'845                         |  |  |

## CR5: Credit risk: exposures by exposure category and risk weights under the standardised approach

| 31.12.25   | a                | b              | c                | d              | e                | f                | g              | h    | i     | j   |
|--|------------------|----------------|------------------|----------------|------------------|------------------|----------------|------|-------|---|
|  | 0%               |                |                  | 40%            | 60%              |                  |                |      |       | Total credit exposures amount (post-CCF and post-CRM) |
|  | 10%              | 20%            | 30%              | 45%            | 70%              | 90%              | 130%           |      |       |   |
| in CHF 1'000   | 15%              | 25%            | 35%              | 50%            | 75%              | 100%             | 150%           | 400% | 1250% |   |
|  |                  |                |                  | 55%            | 80%              | 110%             | 250%           |      |       |   |
|  |                  |                |                  |                | 85%              | 115%             |                |      |       |   |
| 1 Central governments, central banks and supranational organisations | 4'060'089        | 94'989         |                  | 9'124          |                  | 6'411            | 166'194        |      |       | 4'336'806   |
| 2 Public-sector entities   |                  | 11'652         |                  | 41'858         |                  | 3'833            |                |      |       | 57'343  |
| 3 Multilateral development banks                                     |                  | 24'095         |                  | 1'586          |                  |                  |                |      |       | 25'681  |
| 4 Banks  |                  | 475'968        | 1'215'566        | 246'566        | 276'287          | 215'225          | 57'412         |      |       | 2'487'025   |
| of which: <sup>1</sup>   |                  |                |                  |                |                  |                  |                |      |       |   |
| 5 Swiss Pfandbriefe and covered bonds                                | 16'157           |                |                  |                |                  | 1'996            |                |      |       | 18'153  |
| 6 Corporates   |                  | 83'058         |                  | 307'271        | 126'730          | 2'446'013        | 28'143         |      |       | 2'991'215   |
| of which: <sup>2</sup>   |                  |                |                  |                |                  |                  |                |      |       |   |
| of which: <sup>3</sup>   |                  |                |                  |                |                  |                  |                |      |       |   |
| 7 Subordinated debt and instruments with equity characteristics.     |                  |                |                  |                |                  |                  | 52'504         |      |       | 52'504  |
| 8 Retail   |                  |                |                  |                | 380'190          | 884'217          |                |      |       | 1'264'407   |
| 9 Direct and indirect positions secured by real estate liens.        |                  |                |                  |                |                  |                  |                |      |       |   |
| of which: Self-used residential properties                           |                  | 86'496         | 26'119           | 16'043         |                  |                  |                |      |       | 128'657   |
| of which: Other residential properties                               |                  |                | 220'455          | 53'913         | 37'551           | 15'230           | 3'603          |      |       | 330'751   |
| of which: Self-used commercial properties                            |                  |                |                  |                | 142'791          | 19'221           |                |      |       | 162'011   |
| of which: Other commercial properties                                |                  |                |                  |                | 761'833          | 132'645          | 12'445         |      |       | 906'923   |
| of which: <sup>4</sup>   |                  |                |                  |                |                  |                  |                |      |       |   |
| 10 Defaulted exposures   |                  |                |                  |                |                  | 25'245           | 137'600        |      |       | 162'845   |
| 11 Other exposures   | 219'350          | 41'556         |                  | 8'110          | 11'737           | 976'521          | 12'613         |      |       | 1'269'888   |
| <b>12 Total</b>  | <b>4'295'596</b> | <b>817'814</b> | <b>1'462'140</b> | <b>684'471</b> | <b>1'737'119</b> | <b>4'726'556</b> | <b>470'515</b> |      |       | <b>14'194'210</b>                                     |

<sup>1</sup> Securities firms maintaining client accounts and other financial institutions without a banking license, but subject to equivalent regulation and supervision

<sup>2</sup> Non-deposit-taking securities firms and other financial institutions, to the extent not included in line 4

<sup>3</sup> Specialised lending

<sup>4</sup> Construction loans and loans for building land

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## IRRBA: Objects and policies of the interest rate risk in the banking book

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a) **Description of how the bank defines IRRBB for the purpose of managing and measuring risk**

For Interest Rate Risk in the Banking Book (IRRBB) the Group considers all interest rate sensitive positions in the banking book. For interest rate risk management and control purposes, both value and earnings impact is determined. Thereby the focus is on two measures: Economic Value of Equity (EVE) as well as Net Interest Income (NII) sensitivity.

For further information see Habib Bank AG Zurich Annual Report sections "Risk & Control Framework", "Risk organisation" and "Risk management principles".

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b) **Description of the overall strategy of the bank to manage and mitigate IRRBB**

For IRRBB management and risk mitigation purposes, EVE and NII sensitivities are reported to the Group Asset & Liability Committee (GALC) and the respective Country Asset & Liability Committee (CALC). In addition, several IRRBB stress tests are performed (see paragraph d below). Furthermore, a front-independent unit checks that the worst case regulatory IRRBB stress test result is within the defined risk limits. Models used for IRRBB computation purposes form part of the Group's model inventory, require a model description and undergo a periodic model validation process.

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c) **Frequency of calculation of the bank's IRRBB metrics and description of the specific metrics the bank uses to estimate its sensitivity to IRRBB**

The Group focuses on two measures: EVE sensitivity (EVE change / EVE) as well as the NII sensitivity (NII change / NII), which are computed on a quarterly basis.

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d) **Description of the interest shock and stress scenarios the bank uses to estimate in economic value and earnings**

The Group performs several IRRBB stress tests (parallel up / down, flattener / steepener, short term up / down) based on regulatory required as well as internally defined stress factors.

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e) **Differences between the model assumptions used in the bank's internal interest risk measurement system and the model assumptions prescribed to disclosure in Table IRRBB1**

For internal IRRBB computations, other stress factors are applied for individual Emerging Markets currencies to better reflect recent developments and economic realities. For example, no 300 basis points stress is applied for the AED as the currency is pegged to the USD (for which a 200 basis points stress is prescribed by FINMA)

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f) **Overall description of how the bank hedges its IRRBB and the associates accounting treatment**

At present, the Group does not employ interest rate derivatives to hedge its IRRBB exposure. When deemed necessary, EVE sensitivity is reduced by changing the duration of the Group's fixed income portfolio through purchase and sale of securities as well as changing the composition of repurchase / reverse repurchase positions.

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g) **Key modelling assumptions and calculation parameters used to calculate  $\Delta$ EVE and  $\Delta$ NII in Table IRRBB1 with reference to the items and currencies shown in Table IRRBBA1**

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|   |  |  |
|---|--|--|
| 1) Change in net present value of capital ( $\Delta$ EVE) | Calculation of cash flows: Recognition of interest rate margins and other components   | Interest cash flows used for EVE change computation include client credit spreads  |
| 2)  | Mapping: Description of the cash flow mapping used   | Interest cash flows and repricing positions are included in the respective time bucket in accordance with the date of the interest payment or the date of repricing, respectively. However, for EVE change computations, actual payment or repricing dates are applied.  |
| 3)  | Discount rates: Description of the (product specific) discount rates or interpolation assumptions  | For discounting purposes, the risk-free yield curve in the respective currency plus a credit spread by asset class is used. This ensures an economically consistent computation in line with the chosen approach under 1) above.   |
| 4) Changes to planned income ( $\Delta$ NII)              | Description of the procedure and central assumptions in the model for calculating future income  | NII change is computed based on NII resulting from prevailing contractually agreed positions (run-off balance sheet) and future transactions, which fall into the defined 12-month horizon. Given the constant volume, lifetime and margin assumption, actual transactions reaching maturity are rolled over or "re-newed" and modelled as future transactions.<br>For the NII change computation, new interest rates for floating rate positions, fixed rate instruments and Non Maturing Balances (NMB) are determined based on the prevailing risk free yield for the currency, the respective forward adjustment and the defined interest rate stress factors for the currency (parallel shift up and down). |
| 5) Variable exposures                                     | Description of the procedure and central assumptions and parameters for determining the interest rate reset date and cash flows of variable exposures  | For Non Maturing Balances (NMB), the interest repricing dates are determined based on internal models.   |
| 6) Exposures with repayment options                       | Description of the assumptions and procedures for recognising behaviour-related early repayment options  | The Group has no material asset positions with early repayment features. Most loans are granted as floating or managed rate loans. Therefore, no related optionalities are considered.   |
| 7) Term deposits  | Description of the assumptions and procedures for recognising behaviour-related early withdrawals  | Early withdrawals of deposits are not very frequent. In addition, a penalty payment applies in most cases when an early deposit repayment is made. This largely compensates for potential unrealized gains foregone. Therefore, early withdrawal options are not considered for the Group's IRRBB computation.   |
| 8) Automatic interest rate options                        | Description of the assumptions and procedures for recognising automatic, behaviour-independent interest rate options   | Except for very few bonds held with a prepayment option by the issuer, there are no automatic interest rate options. The prepayment options are not modelled for IRRBB purposes in view of immateriality.  |
| 9) Derivative exposures                                   | Description of purpose, assumptions and procedure for linear and non-linear interest rate derivatives  | The Group does not make use of interest rate derivatives at the present time.  |
| 10) Other assumptions                                     | Description of other assumptions and procedures affecting the calculation of figures in Tables IRRBBA1 and IRRBB1, e.g. aggregation across currencies and correlation assumptions for interest rates | The EVE change results by currency are simply added up based on regulatory requirements (FINMA Circular 2019/2 "Interest rate risk - Banks"). This aggregation does not consider correlations. Therefore, the Group also computes an additional stress tests which reflects an adverse rate movements.   |

## IRRBA1: Interest rate risk: Quantitative information on the structure of positions and repricing of interest rates

|   | Amounts in CHF 1'000 |                 |   | Average time to resetting of interest rates (in years) |                 |
|---|----------------------|-----------------|---|--|-----------------|
|   | Total                | of which in CHF | of which in other significant currencies <sup>1</sup> | Total  | of which in CHF |
| <b>31.12.25</b>   |                      |                 |   |  |                 |
| <b>Defined resetting date of interest rate</b>  |                      |                 |   |  |                 |
| Due from banks  | 1'290'624            | 1'518           | 770'540   | 0.21   | 0.40            |
| Due from customers  | 1'857'610            | 985             | 505'526   | 0.51   | 1.31            |
| Fixed-term mortgages  | 652'545              |                 |   | 3.40   | 0.00            |
| Financial investments   | 5'132'063            | 277'365         | 1'279'125   | 1.33   | 2.26            |
| Other assets  | 118'835              |                 | 4'586   | 0.01   | 0.00            |
| Receivables on derivatives  | 2'216'916            | 37'390          | 1'228'078   | 0.22   | 0.37            |
| Due to banks  | -874'268             | -50'023         | -88'060   | 0.05   | 0.05            |
| Due to customers  | -3'122'801           | -24'016         | -1'698'536  | 0.35   | 0.11            |
| Liabilities on derivatives  | -2'218'481           | -3'971          | -1'108'053  | 0.22   | 0.01            |
| <b>Non-defined resetting date of interest rate</b>  |                      |                 |   |  |                 |
| Due from banks  | 206'596              | 72              | 84'196  | 0.00   | 0.00            |
| Due from customers  | 1'643'990            | 48'600          | 919'976   | 0.23   | 0.13            |
| Liabilities in personal and current accounts at sight   | -4'265'301           | -18'815         | -1'628'971  | 1.59   | 1.54            |
| Other liabilities at sight  | -224'998             | -2'078          | -70'063   | 0.00   | 0.00            |
| Liabilities from client deposits, callable but not transferable (savings)                               | -1'747'352           | -57'909         | -213'757  | 0.34   | 0.22            |
| <b>Total</b>  | <b>665'980</b>       | <b>209'119</b>  | <b>-15'412</b>  |  |                 |
| Maximum resetting period of interest rate for positions with a model-based interest rate resetting date |                      |                 |   |  | 5 years         |

<sup>1</sup> representing more than 10% of the balance sheet of total balance sheet

Comment:

The net position above does not include sight deposits with the Swiss National Bank, clearing houses regulated by FINMA and foreign central banks.

## IRRBBB1: Interest rate risk: Quantitative information on the economic value of equity and net interest income

| in CHF 1'000           | $\Delta$ EVE (change in the economic value of equity) |           | $\Delta$ NII (change in net interest income) |          |
|------------------------|---|-----------|--|----------|
|                        | 31.12.25  | 31.12.24  | 31.12.25                                     | 31.12.24 |
| Paralellel up          | -16'226   | 610       | 60'281                                       | 69'695   |
| Paralellel down        | 39'209  | 12'604    | -54'750                                      | -65'280  |
| Steepener <sup>1</sup> | 360   | 6'060     |  |          |
| Flattener <sup>2</sup> | 274   | -2'981    |  |          |
| Short rate up          | -8'990  | -4'646    |  |          |
| Short rate down        | 14'889  | 8'952     |  |          |
| Worst scenario         | -16'226   | -4'646    | -54'750                                      | -65'280  |
| Tier 1 capital         | 1'399'914   | 1'407'506 |  |          |

<sup>1</sup> The steepener scenario considers a reduction of short term rates combined with an increase of long term rates.

<sup>2</sup> The flattener scenario considers an increase of short term rates combined with a reduction of long term rates.

Comment:

EVE changes for emerging market currencies continue to exceed the EVE changes for western currencies.

### ORA: Operational risks: general duties

Please find detailed information regarding the management of operational risks in the section "operational risk" on page 5 in this document.

Habib Bank AG Zurich applies the basic indicator approach for operational risks.

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**Basel IV Annual Disclosure 2025**



**ESG Report 2025**



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