

Commercial Bank International P.S.C.

BASEL III – PILLAR III DISCLOSURES

30th September 2022





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1. Introduction

This Basel III - Pillar 3 Report for Commercial Bank International (“CBI” or “the bank”) has been prepared in accordance with the public/ market disclosure requirements and guidelines in respect of Pillar 3 of Basel III, as prescribed by the Central Bank of the UAE (CBUAE) and other clarifications received from time to time along with the Formal Disclosure Policy of the Bank.

Based on the revised Capital Standards and guidelines issued by CBUAE, Banks are required to report the Pillar 3 Market Disclosure on quarterly, semi-annually, and annual basis.

2. Key metrics at consolidated group level (KM1)

AED in 000s

		30 th September 2022	30 th June 2022	31 st March 2022	31 st December 2021
		T	T-1	T-2	T-3
Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	1,521,995	1,557,762	1,630,115	1,596,425
1a	Fully loaded ECL accounting model	1,472,495	1,531,148	1,591,824	1,594,279
2	Tier 1	1,981,120	2,016,887	2,089,240	2,055,550
2a	Fully loaded ECL accounting model Tier 1	1,931,620	1,990,273	2,050,949	2,053,404
3	Total capital	2,163,063	2,194,060	2,261,755	2,226,625
3a	Fully loaded ECL accounting model total capital	2,113,563	2,167,446	2,223,464	2,224,479
Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	16,013,493	15,543,694	15,234,785	15,062,151
Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	9.50%	10.02%	10.70%	10.60%
5a	Fully loaded ECL accounting model CET1 (%)	9.20%	9.85%	10.45%	10.58%
6	Tier 1 ratio (%)	12.37%	12.98%	13.71%	13.65%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	12.06%	12.80%	13.46%	13.63%
7	Total capital ratio (%)	13.51%	14.12%	14.85%	14.78%
7a	Fully loaded ECL accounting model total capital ratio (%)	13.20%	13.94%	14.59%	14.77%
Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	2.50%	3.02%	3.70%	3.60%
Leverage Ratio					
13	Total leverage ratio measure	24,849,168	23,382,773	23,966,266	23,849,479
14	Leverage ratio (%) (row 2/row 13)	7.97%	8.63%	8.72%	8.62%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	7.77%	8.51%	8.56%	8.61%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	7.97%	8.63%	8.72%	8.62%
Liquidity Coverage Ratio					
15	Total HQLA				
16	Total net cash outflow				
17	LCR ratio (%)				
Net Stable Funding Ratio					
18	Total available stable funding				
19	Total required stable funding				
20	NSFR ratio (%)				
ELAR					
21	Total HQLA	2,788,500	2,409,294	3,703,932	3,870,104
22	Total liabilities	17,965,362	16,450,031	18,227,926	18,097,779

23	Eligible Liquid Assets Ratio (ELAR) (%)	15.52%	14.65%	20.32%	21.38%
	ASRR				
24	Total available stable funding	13,832,162	12,812,489	14,262,416	13,808,402
25	Total Advances	13,457,341	12,458,212	12,267,181	12,208,237
26	Advances to Stable Resources Ratio (%)	97.29%	97.23%	86.01%	88.41%

3. Overview of RWA (OV1)

AED in 000s

		30 th September 2022	30 th June 2022	30 th September 2022
		RWA		Minimum capital requirements
		T	T-1	T
1	Credit risk (excluding counterparty credit risk)	14,505,579	14,128,268	1,523,086
2	Of which: standardised approach (SA)	14,505,579	14,128,268	1,523,086
3	Of which: foundation internal 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)	49,837	45,554	5,233
7	Of which: standardised approach for counterparty credit risk	49,837	45,554	5,233
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 - fallback approach	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in the banking book	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-
18	Of which: securitization external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitization standardised approach (SEC-SA)	-	-	-
20	Market risk	282,845	194,641	29,699
21	Of which: standardised approach (SA)	282,845	194,641	29,699
22	Of which: internal models approach (IMA)	-	-	-
23	Operational risk	1,175,231	1,175,231	123,399
24	Amounts below thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
26	Total (1+6+10+11+12+13+14+15+16+20+23)	16,013,493	15,543,694	1,681,417

Note: Minimum capital requirements are calculated at 10.50%

4. Leverage Ratio

4.1 Summary Comparison of Accounting Assets vs Leverage Ratio Exposure Measure (LR1)

AED in 000s

		30 th September 2022
1	Total consolidated assets as per published financial statements	20,621,844
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(380,993)
3	Adjustment for securitized 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 recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(31,760)
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	49,837
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)	4,590,240
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	
13	Leverage ratio exposure measure	24,849,168

4.2 Leverage Ratio Common Disclosure Template (LR2)

AED in 000s

		30 th September 2022	30 th June 2022
		T	T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	20,240,851	18,771,939
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 recognized 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)	(31,760)	(33,315)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	20,209,091	18,738,624
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	30,612	25,711
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	4,986	6,828
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of rows 8 to 12)	49,837	45,554
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 (sum of rows 14 to 17)	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	6,690,123	6,823,506
20	(Adjustments for conversion to credit equivalent amounts)	(2,099,883)	(2,224,911)
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)	4,590,240	4,598,596
Capital and total exposures			
23	Tier 1 capital	1,981,120	2,016,887
24	Total exposures (sum of rows 7, 13, 18 and 22)	24,849,168	23,382,773
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	7.97%	8.63%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	4.97%	5.63%

5. Liquidity Risk

Liquidity Coverage Ratio (LIQ1) & Net Stable Funding Ratio (LIQ2)

Not Applicable – Not a regulatory requirement for Commercial Bank International as of Q3 2022.

5.1 Eligible Liquid Assets Ratio (ELAR)

30th September 2022 - AED 000s

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	1,761,265	
1.2	UAE Federal Government Bonds and Sukuks	343,825	
	Sub Total (1.1 to 1.2)	2,105,090	2,105,090
1.3	UAE local governments publicly traded debt securities	409,779	
1.4	UAE Public sector publicly traded debt securities	0	
	Sub total (1.3 to 1.4)	409,779	409,779
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	273,631	273,631
1.6	Total	2,788,500	2,788,500
2	Total liabilities		17,965,362
3	Eligible Liquid Assets Ratio (ELAR)		15.52%

5.2 Advances to Stables Resource Ratio (ASRR)

30th September 2022 - AED 000s

	Items	Amount
1	Computation of Advances	
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	13,116,169
1.2	Lending to non-banking financial institutions	123,315
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	217,857
1.4	Interbank Placements	0
1.5	Total Advances	13,457,341
2	Calculation of Net Stable Resources	
2.1	Total capital + general provisions	2,462,470
	Deduct:	
2.1.1	Goodwill and other intangible assets	30,439
2.1.2	Fixed Assets	436,577
2.1.3	Funds allocated to branches abroad	0
2.1.5	Unquoted Investments	20,006
2.1.6	Investment in subsidiaries, associates and affiliates	91,806
2.1.7	Total deduction	578,828
2.2	Net Free Capital Funds	1,883,642
2.3	Other stable resources:	
2.3.1	Funds from the head office	0
2.3.2	Interbank deposits with remaining life of more than 6 months	1,173,281
2.3.3	Refinancing of Housing Loans	0
2.3.4	Borrowing from non-Banking Financial Institutions	65,650
2.3.5	Customer Deposits	10,709,589
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0
2.3.7	Total other stable resources	11,948,520
2.4	Total Stable Resources (2.2+2.3.7)	13,832,162
3	Advances to Stable Resources Ratio (1.6/ 2.4*100)	97.29