



# Commercial Bank International P.S.C

Basel III - Pillar 3 Disclosures -31 March 2023



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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 000's		Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	1,770,800	1,751,637	1,521,995	1,557,762	1,630,115
1a	Fully loaded ECL accounting model	1,722,751	1,686,607	1,472,495	1,531,148	1,591,824
2	Tier 1	2,229,925	2,210,762	1,981,120	2,016,887	2,089,240
2a	Fully loaded ECL accounting model Tier 1	2,181,876	2,145,732	1,931,620	1,990,273	2,050,949
3	Total capital	2,423,760	2,400,825	2,163,063	2,194,060	2,261,755
3a	Fully loaded ECL accounting model total capital	2,375,712	2,335,795	2,113,563	2,167,446	2,223,464
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	16,828,758	16,665,027	16,013,493	15,543,694	15,234,785
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier 1 ratio (%)	10.52%	10.51%	9.50%	10.02%	10.70%
5a	Fully loaded ECL accounting model CET1 (%)	10.24%	10.12%	9.20%	9.85%	10.45%
6	Tier 1 ratio (%)	13.25%	13.27%	12.37%	12.98%	13.71%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	12.97%	12.88%	12.06%	12.80%	13.46%
7	Total capital ratio (%)	14.40%	14.41%	13.51%	14.12%	14.85%
7a	Fully loaded ECL accounting model total capital ratio (%)	14.12%	14.02%	13.20%	13.94%	14.59%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	0.00%	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%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	3.52%	3.51%	2.50%	3.02%	3.70%
<b>Leverage Ratio</b>						
13	Total leverage ratio measure	23,312,396	24,903,109	24,849,168	23,382,773	23,966,266
14	Leverage ratio (%) (row 2/row 13)	9.57%	8.88%	7.97%	8.63%	8.72%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	9.36%	8.62%	7.77%	8.51%	8.56%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	9.57%	8.88%	7.97%	8.63%	8.72%
<b>Liquidity Coverage Ratio</b>						
15	Total HQLA					
16	Total net cash outflow					
17	LCR ratio (%)					
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding					
19	Total required stable funding					
20	NSFR ratio (%)					
<b>ELAR</b>						

21	Total HQLA	2,591,505	3,758,184	2,788,500	2,409,294	3,703,932
22	Total liabilities	16,934,817	18,425,712	17,965,362	16,450,031	18,227,926
23	Eligible Liquid Assets Ratio (ELAR) (%)	15.30%	20.40%	15.52%	14.65%	20.32%
<b>ASRR</b>						
24	Total available stable funding	14,914,614	14,893,934	13,832,162	12,812,489	14,262,416
25	Total Advances	12,975,891	13,734,366	13,457,341	12,458,212	12,267,181
26	Advances to Stable Resources Ratio (%)	87.00%	92.21%	97.29%	97.23%	86.01%

### 3. Overview of RWA (OV1)

AED In 000's		Mar-23	Dec-22	Mar-23
		RWA		Minimum capital requirements
1	Credit risk (excluding counterparty credit risk)	15,456,425	15,157,430	1,622,925
2	Of which: standardized approach (SA)	15,456,425	15,157,430	1,622,925
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)	25,209	23,786	2,647
7	Of which: standardized approach for counterparty credit risk	25,209	23,786	2,647
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	25,209	23,786	2,647
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: securitization internal ratings-based approach (SEC-IRBA)			
18	Of which: securitization external ratings-based approach (SEC-ERBA)			
19	Of which: securitization standardized approach (SEC-SA)			
20	Market risk	283,261	284,794	29,742
21	Of which: standardized approach (SA)	283,261	284,794	29,742
22	Of which: internal models approach (IMA)			
23	Operational risk	1,038,653	1,175,231	109,059
24	Amounts below thresholds for deduction (subject to 250% risk weight)			
25	Floor adjustment			
26	<b>Total (1+6+10+11+12+13+14+15+16+20+23)</b>	<b>16,828,758</b>	<b>16,665,027</b>	<b>1,767,020</b>

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 000's		Mar-23
1	Total consolidated assets as per published financial statements	19,680,719
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(242,360)
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	(27,007)
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	39,263
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)	3,861,782
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	-
13	<b>Leverage ratio exposure measure</b>	<b>23,312,396</b>

### 4.2 Leverage Ratio Common Disclosure Template (LR2)

AED In 000's		Mar-23	Dec-22
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	19,438,359	20,925,349
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)	(27,007)	(28,601)
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>19,411,352</b>	<b>20,896,748</b>
<b>Derivative exposures</b>			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	17,138	30,701
9	Add-on amounts for PFE associated with all derivatives transactions	10,907	8,164
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	<b>Total derivative exposures (sum of rows 8 to 12)</b>	<b>39,263</b>	<b>54,410</b>
<b>Securities financing transactions</b>			
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	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	<b>-</b>	<b>-</b>

<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	6,577,301	6,164,178
20	(Adjustments for conversion to credit equivalent amounts)	(2,715,519)	(2,212,228)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>3,861,782</b>	<b>3,951,950</b>
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>2,229,925</b>	<b>2,210,762</b>
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>23,312,396</b>	<b>24,903,109</b>
<b>Leverage ratio</b>			
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	9.57%	8.88%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	<b>Applicable leverage buffers</b>	6.57%	5.88%

## 5. Liquidity Risk

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

Not Applicable – Not a regulatory requirement for Commercial Bank International as of Q1 2023.

#### 5.1 Eligible Liquid Assets Ratio (ELAR)

AED In 000's		Mar-23	
1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	1,322,515	
1.2	UAE Federal Government Bonds and Sukuks	760,801	
	Sub Total (1.1 to 1.2)	2,083,316	2,083,316
1.3	UAE local governments publicly traded debt securities	508,189	
1.4	UAE Public sector publicly traded debt securities	0	
	Sub total (1.3 to 1.4)	508,189	508,189
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	0	0
1.6	<b>Total</b>	<b>2,591,505</b>	<b>2,591,505</b>
2	Total liabilities		16,934,817
3	<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>15.3%</b>

#### 5.2 Advances to Stables Resource Ratio (ASRR)

AED in 000's		Mar-23
	Items	Amount
1	<b>Computation of Advances</b>	
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	12,061,455
1.2	Lending to non-banking financial institutions	317,950
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	152,543
1.4	Interbank Placements	443,943
1.5	<b>Total Advances</b>	<b>12,975,891</b>
2	<b>Calculation of Net Stable Ressources</b>	

2.1	Total capital + general provisions	2,747,498
	<b>Deduct:</b>	
2.1.1	Goodwill and other intangible assets	27,008
2.1.2	Fixed Assets	454,294
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	17,374
2.1.6	Investment in subsidiaries, associates and affiliates	91,806
2.1.7	<b>Total deduction</b>	<b>590,482</b>
2.2	<b>Net Free Capital Funds</b>	<b>2,157,016</b>
2.3	<b>Other stable resources:</b>	
2.3.1	Funds from the head office	-
2.3.2	Interbank deposits with remaining life of more than 6 months	1,623,083
2.3.3	Refinancing of Housing Loans	-
2.3.4	Borrowing from non-Banking Financial Institutions	315,267
2.3.5	Customer Deposits	10,819,248
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
2.3.7	<b>Total other stable resources</b>	<b>12,757,598</b>
2.4	<b>Total Stable Resources (2.2+2.3.7)</b>	<b>14,914,614</b>
3	<b>Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)</b>	<b>87</b>