

**Gulf International Bank B.S.C.
ABU DHABI BRANCH**

Basel III Pillar 3

**RISK MANAGEMENT AND
CAPITAL ADEQUACY**

For the quarter ended 30 September 2023



Risk management and capital adequacy report

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1 - Overview of risk management, key prudential metrics and RWA

1.1 - Key metrics

		Sep-23	Jun-23	Mar-23	Dec-22	Sep-22
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	600,008	582,044	565,019	553,881	580,969
1a	Fully loaded ECL accounting model	596,041	578,077	561,052	549,914	575,680
2	Tier 1	600,008	582,044	565,019	553,881	580,969
2a	Fully loaded ECL accounting model Tier 1	596,041	578,077	561,052	549,914	575,680
3	Total capital	634,549	612,535	596,354	583,204	603,440
3a	Fully loaded ECL accounting model total capital	630,582	608,568	592,387	579,238	598,151
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	2,837,154	2,513,336	2,580,353	2,419,390	1,853,644
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	21.15%	23.16%	21.90%	22.89%	31.34%
5a	Fully loaded ECL accounting model CET1 (%)	21.01%	23.00%	21.74%	22.73%	31.06%
6	Tier 1 ratio (%)	21.15%	23.16%	21.90%	22.89%	31.34%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	21.01%	23.00%	21.74%	22.73%	31.06%
7	Total capital ratio (%)	22.37%	24.37%	23.11%	24.11%	32.55%
7a	Fully loaded ECL accounting model total capital ratio (%)	22.23%	24.21%	22.96%	23.94%	32.27%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.5%	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	11.87%	13.87%	12.61%	13.44%	22.06%
Leverage Ratio						
13	Total leverage ratio measure	3,696,873	3,571,335	3,664,024	3,877,529	2,076,007
14	Leverage ratio (%) (row 2/row 13)	16.23%	16.30%	15.42%	14.28%	27.98%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	16.12%	16.19%	15.31%	14.18%	27.73%
14b	Leverage ratio (%) (excluding the impact of any	16.23%	16.30%	15.42%	14.28%	27.98%
ELAR						
21	Total HQLA	742,899	494,952	666,497	720,148	156,984
22	Total liabilities	2,875,557	2,772,539	2,913,173	3,075,603	1,359,408
23	Eligible Liquid Assets Ratio (ELAR) (%)	25.83%	17.85%	22.88%	23.41%	11.55%
ASRR						
24	Total available stable funding	2,860,410	2,870,968	3,122,940	3,025,127	1,745,740
25	Total Advances	2,040,131	2,111,077	2,194,724	1,915,547	1,471,370
26	Advances to Stable Resources Ratio (%)	71.32%	73.53%	70.28%	63.32%	84.28%

1 - Overview of risk management, key prudential metrics and RWA

1.2 - Overview of RWA

		RWA		Minimum capital requirements
		Sep-23	Jun-23	Sep-23
1	Credit risk (excluding counterparty credit risk)	2,664,610	2,387,719	279,784
2	Of which: standardised approach (SA)	2,664,610	2,387,719	279,784
3				
4				
5				
6	Counterparty credit risk (CCR)	98,638	51,595	10,357
7	Of which: standardised approach for counterparty credit risk	98,638	51,595	10,357
8				
9				
10				
11				
20	Market risk	644	760	68
21	Of which: standardised approach (SA)	644	760	68
22				
23	Operational risk	73,262	73,262	7,692
24				
25				
26	Total (1+6+10+11+12+13+14+15+16+20+23)	2,837,154	2,513,336	297,901

3- Leverage ratio

3.1- Leverage ratio common disclosure

	Sep-23	Jun-23
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	3,463,717	3,375,320
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)	56,678	51,220
7 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	3,407,039	3,324,100
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)	28,542	15,249
9 Add-on amounts for PFE associated with <i>all</i> derivatives transactions	35,547	34,950
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)	89,725	70,279
Securities financing transactions		
14 Gross SFT <i>assets</i> (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	450,026	482,731
20 (Adjustments for conversion to credit equivalent amounts)	249,917	305,775
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)	200,109	176,956
Capital and total exposures		
23 Tier 1 capital	600,008	582,044
24 Total exposures (sum of rows 7, 13, 18 and 22)	3,696,873	3,571,335
Leverage ratio		
25 Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	16.12%	16.19%
25a Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	16.23%	16.30%
26 CBUAE minimum leverage ratio requirement	3.00%	3.00%
27 Applicable leverage buffers	-	-

4- Liquidity

4.1- Eligible Liquid Assets Ratio

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	742,899	
1.2	UAE Federal Government Bonds and Sukuks		
	Sub Total (1.1 to 1.2)	742,899	742,899
1.3	UAE local governments publicly traded debt securities	-	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub total (1.3 to 1.4)	-	-
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	Total	742,899	742,899
2	Total liabilities		2,875,557
3	Eligible Liquid Assets Ratio (ELAR)		25.83%

4- Liquidity

4.2- Advances to Stable Resource Ratio

		Items	Amount
1		Computation of Advances	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	1,583,437
	1.2	Lending to non-banking financial institutions	423,902
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	32,792
	1.4	Interbank Placements	-
	1.5	Total Advances	2,040,131
2		Calculation of Net Stable Resources	
	2.1	Total capital + general provisions	633,670
		Deduct:	
	2.1.1	Goodwill and other intangible assets	-
	2.1.2	Fixed Assets	1,149
	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	1,149
	2.2	Net Free Capital Funds	632,521
	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	72,327
	2.3.5	Customer Deposits	1,834,347
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	321,215
	2.3.7	Total other stable resources	2,227,889
	2.4	Total Stable Resources (2.2+2.3.7)	2,860,410
3		Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	71.32