PILLAR III DISCLOSURE REPORT

FOR THE PERIOD ENDING 30th September 2024

بنك الإستثمار
Invest bank

Contents

1. Introduction

This document presents the Pillar III disclosures of Invest Bank P.S.C ("the bank" or "Invest Bank" or "IB") on a consolidated basis as of 30th Sept 2024. The purpose of Pillar III disclosures is to allow market participants to assess key pieces of information on the firm's capital, risk exposures and risk assessment process.

The Bank is regulated by the Central Bank of UAE ("CBUAE") and follows the Pillar III disclosure requirements as stated in the CBUAE guidelines on the implementation of Basel III standards, issued in November 2020 with subsequent updates in December 2022. The Pillar III disclosures provided in this document should be read and analyzed in conjunction with the condensed consolidated interim financial information for the nine-month period ended 30th September 2024

1.1 Pillar I – Minimum Capital Requirement

Pillar-I stipulates the minimum capital requirements to cover risks associated with credit, market, and operations. Invest Bank applies a standardized method to evaluate the risk-weighted assets (RWA) for Credit, Market Risk, and basic indicator approach for Operational Risk. This involves using risk weights and parameters defined by the regulators to calculate the capital requirements under Pillar I.

The CBUAE has established the following minimum regulatory capital ratios:

- Common Equity Tier 1 (CET1) must be at least 7.0% of RWA.
- Tier 1 Capital must be at least 8.5% of RWA.
- Total Capital, combining Tier 1 and Tier 2 Capital, must be a minimum of 10.5% of RWA.

In addition to these minimum requirements, the CBUAE mandates Invest Bank to maintain a Capital Conservation Buffer[1] (CCB) of 2.5%. However, the Countercyclical Buffer (CCyB)[2] is currently set at zero.

These requirements are summarized in the table below:

Capital Element	Requirement
Minimum Common Equity Tier 1 Ratio	**7.0%**
Minimum Tier 1 Capital Ratio	**8.5%**
Minimum Capital Adequacy Ratio	**10.5%**
Capital Conservation Buffer	**2.5%**

The capital ratios for the Bank as of 30th Sept 2024 are given below.

Common Equity Tier 1 Ratio	**37.88%**
Tier 1 Capital Ratio	**37.88%**
Capital Adequacy Ratio	**39.04%**

[1] CCB is mandatory capital reserve that banks must maintain regulatory capital to absorb losses during stress period
[2] Designed to ensure banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred. Should the bank's CET1 capital fall within the capital conservation buffer range, capital distributions will be constrained by the regulators.

2. Overview of risk management and RWA

2.1 Key metrics

All numbers in AED 000s

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
		30/09/2024	30/06/2024	31/03/2024	31/12/2023	31/12/2022
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	1,776,367	1,762,806	1,745,340	1,662,100	116,076
1a	Fully loaded ECL accounting model	1,776,367	1,762,806	1,745,340	1,662,100	101,076
2	Tier 1	1,776,367	1,762,806	1,745,340	1,662,100	116,076
2a	Fully loaded ECL accounting model Tier 1	1,776,367	1,762,806	1,745,340	1,662,100	101,076
3	Total capital	1,831,026	1,813,705	1,798,610	1,713,440	202,816
3a	Fully loaded ECL accounting model total capital	1,831,026	1,813,705	1,798,610	1,713,440	187,816
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	4,689,578	4,404,249	4,593,881	4,440,352	7,323,776
	Risk-based capital ratios as a% of RWA					
5	Common Equity Tier 1 ratio (%)	37.88%	40.03%	37.99%	37.43%	1.58%
5a	Fully loaded ECL accounting model CET1 (%)	37.88%	40.03%	37.99%	37.43%	1.38%
6	Tier 1 ratio (%)	37.88%	40.03%	37.99%	37.43%	1.58%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	37.88%	40.03%	37.99%	37.43%	1.38%
7	Total capital ratio (%)	39.04%	41.18%	39.15%	38.59%	2.77%
7a	Fully loaded ECL accounting model total capital ratio (%)	39.04%	41.18%	39.15%	38.59%	2.56%
	Additional CET1 buffer requirements as a % of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	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 (%)	28.54%	30.68%	28.65%	28.09%	-7.73%
	Leverage Ratio					
13	Total leverage ratio measure	13,076,996	13,377,922	13,232,673	13,980,511	10,415,999
14	Leverage ratio (%) (row 2/row 13)	13.58%	13.18%	13.19%	11.89%	1.11%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	13.58%	13.18%	13.19%	11.89%	0.97%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	0.00%	0.00%	0.00%	0.00%	0.00%
	Eligible Liquid Assets Ratio					
15	Total High-Quality Liquid Assets	1,865,748	2,457,337	2,168,409	1,665,184	933,290
16	Total liabilities	9,193,367	9,242,094	9,223,720	10,258,653	8,490,637
17	Eligible Liquid Assets Ratio (ELAR) (%)	20.29%	26.59%	23.51%	16.23%	10.99%
	Advances to Stable Resources Ratio					
18	Total available stable funding	8,827,739	9,008,503	8,508,583	9,398,246	6,476,660
19	Total Advances	5,482,362	5,108,958	5,058,284	4,888,951	5,591,785
20	Advances to Stable Resources Ratio (%)	62.10%	56.71%	59.45%	52.02%	86.34%

2.2 Overview of Risk Weighted Assets

All numbers in AED 000s

		RWA		Minimum capital requirements
		30/09/2024	30/06/2024	
1	Credit risk (excluding counterparty credit risk)	4,365,987	4,065,913	458,429
2	Of which: standardized approach (SA)	4,365,987	4,065,913	458,429
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)	3,347	2,989	351
7	Of which: standardized approach for counterparty credit risk	3,347	2,989	351
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	3,347	2,989	351
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	32,147	56,992	3,375
21	Of which: standardized approach (SA)	32,147	56,992	3,375
22	Of which: internal models' approach (IMA)	-	-	-
23	Operational risk	284,749	275,366	29,899
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)**	**4,689,578**	**4,404,249**	**492,406**

Base capital requirement as per CBUAE guidelines is 10.5% for total capital adequacy ratio and after including the CCB of 2.5% the requirements increase to 13%

3. Leverage ratio

3.1 Summary comparison of accounting assets vs leverage ratio exposure

All numbers in AED 000s

		Amount
1	Total consolidated assets as per published financial statements	10,975,955
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for 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	-
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	4,577
9	Adjustment for securities financing transactions (i.e., repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	1,996,766
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	99,697
13	**Leverage ratio exposure measure**	**13,076,996**

3.2 Leverage ratio common disclosure template

All numbers in AED 000s

		a	b
		30/09/2024	30/06/2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	11,158,020	11,390,847
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)	(6,221)	(6,695)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**11,151,799**	**11,384,152**
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	31	433
9	Add-on amounts for PFE associated with *all* derivatives transactions	4,546	3,469
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 10 to 12) + (calculated as 1.4 x (Row 8+9)**	**6,407**	**5,462**
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	5,360,070	5,143,577
20	(Adjustments for conversion to credit equivalent amounts)	(3,441,281)	(3,155,269)
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)**	1,918,789	1,988,308
Capital and total exposures			
23	**Tier 1 capital**	1,776,367	1,762,806
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	13,076,996	13,377,922
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	13.58%	13.18%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	N/A	N/A
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	**Applicable leverage buffers**		

4. Liquidity

The Bank calculates the Eligible Liquid Assets Ratio (ELAR) and the Advance to Stable Resources Ratio (ASRR). The bank remains well within regulatory thresholds, with an ASRR of 62.10 % against a maximum limit of 100%, and an ELAR of 20.29% against a minimum regulatory requirement of 10%, as of Sept 2024.

4.1 Eligible Liquid Assets Ratio

All numbers in 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	1,408,126	
1.2	UAE Federal Government Bonds and Sukuks	30,000	
	Sub Total (1.1 to 1.2)	1,438,126	1,438,126
1.3	UAE local governments publicly traded debt securities	699,984	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub Total (1.3 to 1.4)	699,984	427,622
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	
1.6	**Total**	**2,138,110**	**1,865,748**
2	Total liabilities		9,193,367
3	**Eligible Liquid Assets Ratio (ELAR)**		**20.29%**

4.2 Advances to Stables Resource Ratio

			All numbers in AED 000
		Items	**Amount**
1		**Computation of Advances**	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	3,940,915
	1.2	Lending to non-banking financial institutions	591,548
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	280,759
	1.4	Interbank Placements	669,140
	1.5	**Total Advances**	**5,482,362**
2		**Calculation of Net Stable Resources**	
	2.1	Total capital + general provisions	1,916,521
		Deduct:	
	2.1.1	Goodwill and other intangible assets	6,221
	2.1.2	Fixed Assets	702,135
	2.1.3	Funds allocated to branches abroad	83,124
	2.1.5	Unquoted Investments	0
	2.1.6	Investment in subsidiaries, associates, and affiliates	78,374
	2.1.7	**Total deduction**	**869,854**
	2.2	**Net Free Capital Funds**	**1,046,667**
	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	0
	2.3.3	Refinancing of Housing Loans	0
	2.3.4	Borrowing from non-Banking Financial Institutions	516,767
	2.3.5	Customer Deposits	7,264,305
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0
	2.3.7	**Total other stable resources**	**7,781,072**
	2.4	**Total Stable Resources (2.2+2.3.7)**	**8,827,739**
3		**Advances to Stable Resources Ratio (1.6/ 2.4*100)**	**62.10%**