Bank Alfalah Limited - UAE Branch

BASEL – PILLAR 3 DISCLOSURES

FOR THE PERIOD ENDED 30th SEPTEMBER 2025

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1. Introduction to Bank

Alfalah Bank Limited (the "Head Office") is a Pakistan registered bank with its principal office in Karachi, Pakistan. It commenced its operations in the United Arab Emirates (UAE) in 2017 as a wholesale bank and currently has one branch (the "Bank") in Dubai. The address of the registered office of the Bank is P.O. Box 8456, Dubai.

2. Introduction to Bank's Capital adequacy framework

Central Bank of UAE published final Capital Adequacy Standards and Guidance along with Notice 4980/2020 on 12th November 2020. This included revised Standards and Guidance with respect to Pillar 3 – Market Disclosures. Further to this, the Central Bank of UAE provided explanatory notes and disclosure templates for Pillar 3 on 30th November 2021 as part of Notice 5508/2021 and on 9th May 2022 as per the notice CBUAE/BSD/N/2022/1887.

This document presents the Pillar 3 disclosures of Alfalah Bank Limited – UAE Branch ("the Bank") as at 30th September, 2025. The purpose of Pillar 3 disclosures is to allow market participants to assess key pieces of information on the firm's capital, risk exposures and risk assessment process.

2.1 Regulatory Framework

The framework is structured around the following three Pillars:

1. Pillar 1 on minimum capital requirements for credit, market and operational risk
2. Pillar 2 on the supervisory review process and the Internal Capital Adequacy Assessment Process (ICAAP)
3. Pillar 3 on market discipline

On top of this minimum capital requirement CBUAE has also mandated the Banks to keep additional buffers.

- In addition to the minimum CET1 capital of 7.0% of RWA, banks must maintain a capital conservation buffer (CCB) of 2.5% of RWAs in the form of CET1 capital

- To achieve the broader macro-prudential goal of protecting the banking sector from periods of excess aggregate credit growth and in addition to the CCB requirements, banks may be required to implement the countercyclical buffer (CCyB). Banks must meet the CCyB requirements by using CET1 capital. The level of the CCyB requirements will vary between 0% - 2.5% of RWA and be communicated by the Central Bank with an adequate notice period.

These requirements are summarized in the table below:

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%
Domestic Systemically Important Banks Buffer	0.0%
Countercyclical buffer (0% - 2.5%)	0.003%

The capital ratios for Bank Alfalah Limited - UAE Branch as of 30 September, 2025 are given below. All of these are well above the CBUAE minimum.

Common Equity Tier 1 Ratio	28.8%
Capital Adequacy Ratio	29.1%

3 Key Risk Metrics (KM1)

AED in '000

		Sep-25	Jun-25	Mar-25	Dec-24	Sep-24
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	180,591	166,494	171,897	161,726	159,175
1a	Fully loaded ECL accounting model	180,591	166,494	171,897	161,726	159,175
2	Tier 1	180,591	166,494	171,897	161,726	159,175
2a	Fully loaded ECL accounting model Tier 1	180,591	166,494	171,897	161,726	159,175
3	Total capital	182,971	169,097	174,243	164,419	160,350
3a	Fully loaded ECL accounting model total capital	182,971	169,097	174,243	164,419	160,350
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	627,865	620,218	590,239	578,439	533,221
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	28.8%	26.8%	29.1%	28.0%	29.9%
5a	Fully loaded ECL accounting model CET1 (%)	28.8%	26.8%	29.1%	28.0%	29.9%
6	Tier 1 ratio (%)	28.8%	26.8%	29.1%	28.0%	29.9%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	28.8%	26.8%	29.1%	28.0%	29.9%
7	Total capital ratio (%)	29.1%	27.3%	29.5%	28.4%	30.1%
7a	Fully loaded ECL accounting model total capital ratio (%)	29.1%	27.3%	29.5%	28.4%	30.1%
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 (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Bank D-SIB additional requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
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 (%)	18.6%	16.8%	19.0%	17.9%	19.6%
Leverage Ratio						
13	Total leverage ratio measure	1,653,141	1,900,502	1,731,658	1,725,136	1,543,903
14	Leverage ratio (%) (row 2/row 13)	10.9%	8.8%	9.9%	9.4%	10.3%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	10.9%	8.8%	9.9%	9.4%	10.3%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	10.9%	8.8%	9.9%	9.4%	10.3%
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	1,003,031	1,194,784	1,109,711	1,093,539	905,137
22	Total liabilities	1,356,994	1,569,965	1,562,513	1,538,773	1,300,248
23	Eligible Liquid Assets Ratio (ELAR) (%)	73.9%	76.1%	71.0%	71.1%	69.6%
ASRR						
24	Total available stable funding	1,126,413	1,382,940	1,345,970	1,382,410	1,096,074
25	Total Advances	265,417	214,459	116,824	195,626	37,817
26	Advances to Stable Resources Ratio (%)	23.6%	15.5%	8.7%	14.2%	3.5%

4 Overview of RWA (OV1)

AED in '000

		RWA		Minimum capital requirements
		Sep-25	Jun-25	Sep-25
1	Credit risk (excluding counterparty credit risk)	531,060	522,356	55,761
2	Of which: standardised approach (SA)	531,060	522,356	55,761
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)	1,291	1,430	136
7	Of which: standardised approach for counterparty credit risk	1,291	1,430	136
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 - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	6,124	7,041	643
21	Of which: standardised approach (SA)	6,124	7,041	643
22	Of which: internal models approach (IMA)			
23	Operational risk	89,390	89,390	9,386
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)**	**627,865**	**620,218**	**65,926**

5 Leverage Ratio Common Disclosure Template (LR)

AED in '000

		Sep-25	Jun-25
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1,533,257	1,719,392
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)	(268)	(282)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**1,532,989**	**1,719,110**
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	5,149	5,366
9	Add-on amounts for PFE associated with *all* derivatives transactions	1,305	1,396
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)**	**6,454**	**6,762**
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	566,495	529,730
20	(Adjustments for conversion to credit equivalent amounts)	(452,797)	(355,100)
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)	113,698	174,630
Capital and total exposures			
23	Tier 1 capital	180,591	166,494
24	Total exposures (sum of rows 7, 13, 18 and 22)	1,653,141	1,900,502
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	10.92%	8.8%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	10.92%	8.8%
26	CBUAE minimum leverage ratio requirement	3.5%	3.5%

6 Eligible Liquid Assets Ratio (ELAR)

AED in '000

1	High Quality Liquid Assets	Nominal Amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	892,642	
1.2	UAE Federal Government Bonds and Sukuks	0	
	Sub Total (1.1 to 1.2)	**892,642**	**892,642**
1.3	UAE local governments publicly traded debt securities	54,662	
1.4	UAE Public sector publicly traded debt securities	22,070	
	Sub total (1.3 to 1.4)	**76,732**	**76,732**
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	33,657	33,657
1.6	**Total**	**1,003,031**	**1,003,031**
2	Total liabilities		1,356,994
3	**Eligible Liquid Assets Ratio (ELAR)**		**73.9%**

7 Advances to Stable Resource Ratio (ASRR)

AED in '000

		Amount
1	**Computation of Advances**	
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	120,953
1.2	Lending to non-banking financial institutions	-
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	103,996
1.4	Interbank Placements	40,468
1.5	**Total Advances**	**265,417**
2	**Calculation of Net Stable Resources**	
2.1	Total capital + general provisions	201,276
	Deduct:	
2.1.1	Goodwill and other intangible assets	195
2.1.2	Fixed Assets	7,848
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	7,346
2.1.6	Investment in subsidiaries, associates and affiliates	-
2.1.7	Total deduction	15,389
2.2	**Net Free Capital Funds**	**185,887**
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	-
2.3.5	Customer Deposits	940,526
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
2.3.7	**Total other stable resources**	**940,526**
2.4	**Total Stable Resources (2.2+2.3.7)**	**1,126,413**
3	**ADVANCES TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	**23.56**