

# **DOHA BANK (Q.P.S.C)**

## **UAE Branches**

### **PILLAR 3 REPORT**

#### **Quarter 3 - 2024**

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## Overview

The following information is compiled in terms of the requirements of the Central Bank of the U.A.E. Banks are obliged to report certain qualitative and quantitative information with regards to their risk profile and capital adequacy on a regular basis to the public, which incorporates the revised Basel III Pillar 3 requirements on market discipline.

### Period of reporting

This report is in respect of the quarter ended 30 September 2024, including comparative information (where applicable).

## Activities

The financial statements of Doha Bank (Q.P.S.C.) - United Arab Emirates (UAE) Branches (the Bank or the Branch) relate to the activities of the branches of Doha Bank (Q.P.S.C.) (the "Head Office") operating in UAE that is one branch in The Emirate of Dubai. Doha Bank (Q.P.S.C.) is listed on the Doha Securities Market.

The Branch operates under licence issued by the UAE Central Bank and engaged in banking activities. Dubai branch was incorporated on 18 July 2007.

The registered address of the Branch is as follows:

- Dubai Branch - P.O. Box 125465, Dubai, United Arab Emirates

These financial statements reflect the activities of the Dubai Branch only and exclude all transactions, assets and liabilities of the Head Office and other branches of the Head Office outside United Arab Emirates.

## Overview of Risk Management & RWAs

### Capital Adequacy (KM1)

The Branch's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirements set by the Central Bank of U.A.E.,
- To safeguard the Branch's ability to continue as a going concern and increase the returns for the shareholders, and
- To maintain a strong capital base to support the development of its business.

Effective from 2017, the capital is computed at the Branch level using the Basel III framework of the Basel Committee on Banking Supervision ('Basel Committee'), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework, like Basel II, is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline.

The Branch's regulatory capital is analyzed into two tiers:

CET1 capital is the highest quality form of capital, comprising share capital, legal, statutory and other reserves, fair value reserve, retained earnings, after deductions for intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under 'CBUAE' guidelines.

Tier 2 capital comprises of collective provision which shall not exceed 1.25% of total credit risk weighted assets.

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital. The minimum capital adequacy requirements as set out by the Central Bank are as follows:

Minimum common equity tier 1 (CET 1) ratio of 7% of risk weighted assets (RWAs).

Minimum tier 1 ratio of 8.5% of RWAs.

Total capital adequacy ratio of 10.5% of RWAs.

Capital conservation buffer – 2.5% of RWAs.

Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Branch's management, employing techniques based on the guidelines developed by the Basel Committee and the Central Bank of United Arab Emirates. The required information is filed with the regulators on a quarterly basis.

We assess our Capital Adequacy based on the updated Basel III regulations published by the CBUAE vide its notice no. CBUAE/BSR/2022/5280 in December 2022

	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23	
	AED '000	AED '000	AED '000	AED '000	AED '000	
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	262,730	262,730	262,730	262,730	177,248
1a	Fully loaded ECL accounting model	-	-	-	-	-
2	Tier 1	262,730	262,730	262,730	262,730	177,248
2a	Fully loaded ECL accounting model Tier 1	-	-	-	-	-
3	Total capital	279,220	279,220	277,621	281,779	194,049
3a	Fully loaded ECL accounting model total capital	-	-	-	-	-
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	1,437,379	1,437,379	1,310,177	1,638,514	1,459,178
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier 1 ratio (%)	18.28%	18.28%	20.05%	16.03%	12.15%
5a	Fully loaded ECL accounting model CET1 (%)	-	-	-	-	-
6	Tier 1 ratio (%)	18.28%	18.28%	20.05%	16.03%	12.15%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	-	-	-	-	-
7	Total capital ratio (%)	19.43%	19.43%	21.19%	17.20%	13.30%
7a	Fully loaded ECL accounting model total capital ratio (%)	-	-	-	-	-
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	-	-	-	-	-
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	-	-	-	-	-
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.93%	8.93%	10.69%	6.70%	2.80%
<b>Leverage Ratio</b>						
13	Total leverage ratio measure	3,785,087	3,928,546	3,819,750	3,819,856	2,339,433
14	Leverage ratio (%) (row 2/row 13)	6.94%	6.69%	6.88%	6.88%	7.58%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	-	-	-	-	-
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	-	-	-	-	-
<b>Liquidity Coverage Ratio</b>						
15	Total HQLA	NIL				
16	Total net cash outflow					
17	LCR ratio (%)					
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	NIL				
19	Total required stable funding					
20	NSFR ratio (%)					
<b>ELAR</b>						
21	Total HQLA	1,326,015	1,120,745	849,280	897,969	551,012
22	Total liabilities	3,235,497	3,184,176	2,873,601	3,363,688	2,590,363
23	Eligible Liquid Assets Ratio (ELAR) (%)	40.98%	35.20%	29.55%	26.70%	21.27%
<b>ASRR</b>						
24	Total available stable funding	2,512,748	2,721,796	2,427,000	2,637,449	1,978,431
25	Total Advances	1,833,617	1,915,793	2,091,854	2,152,651	1,787,007
26	Advances to Stable Resources Ratio (%)	72.97%	70.39%	86.19%	81.62%	90.32%

As per CBUAE regulations, branch is not required to report LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio). Branch reports ELAR (Eligible Assets Ratio) and ASRR (Advances to Stable Resources Ratio) as an alternative.

## Overview of RWA (OV1)

Following metrics and RWA is calculated based on latest applicable CBUAE Capital Adequacy regulations for Banks operating in the UAE.

	Sep-24	Jun-24	at rate 10.50%
	AED '000	AED '000	AED '000
	a	b	c
	RWA		Minimum capital requirements
	T	T-1	T
1 Credit risk (excluding counterparty credit risk)	1,344,097	1,385,884	141,130
2 Of which: standardised approach (SA)	1,344,097	1,385,884	141,130
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)	-	-	-
7 Of which: standardised approach for counterparty credit risk	-	-	-
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	73	680	8
21 Of which: standardised approach (SA)	73	680	8
22 Of which: internal models approach (IMA)	-	-	-
23 Operational risk	118,106	118,106	12,401
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)	1,462,276	1,504,670	153,539

Counterparty credit risk is defined as the risk when a counterparty involved in an OTC transaction of the bank default on its contractual obligations. The counterparty credit risk arises from the derivatives portfolio (currency – 100%). The total derivatives portfolio of the bank as of Sep 2024 was of FX Forward Contracts with notional value of AED 172.6 Mn (Sep 2023: AED 240.3 Mn) and Interest Rate SWAP deals with notional value of AED 315.1 Mn (Sep 2023: AED 225.9 Mn).

## Leverage Ratio (LR2)

This ratio measures the risk-taking capacity of the bank dividing the Tier1 Capital by its exposure, minimum requirement is 3%

	Sep-24	Jun-24
	AED '000	AED '000
<b>On-balance sheet exposures</b>		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	3,609,644	3,523,426
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)	-	-
7 <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>3,609,644</b>	<b>3,523,426</b>
<b>Derivative exposures</b>		
8 Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)		
9 Add-on amounts for PFE associated with <i>all</i> derivatives transactions		
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>-</b>	<b>-</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	529,767	312,438
20 (Adjustments for conversion to credit equivalent amounts)	-264,906	-227,836
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>264,861</b>	<b>84,602</b>
<b>Capital and total exposures</b>		
23 <b>Tier 1 capital</b>	<b>262,730</b>	<b>262,730</b>
24 <b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>3,874,505</b>	<b>3,608,028</b>
<b>Leverage ratio</b>		
25 <b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	<b>6.78%</b>	<b>7.28%</b>
25a Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)		
26 CBUAE minimum leverage ratio requirement	3%	3%
27 <b>Applicable leverage buffers</b>		

## Liquidity

### Eligible Liquid Assets Ratio (ELAR)

This ratio indicates the bank ability to meet short-term liquidity requirements, this ratio must never be less than 10%.

		Sep-24 AED '000
<b>1</b>	<b>High Quality Liquid Assets</b>	<b>Eligible Liquid Asset</b>
1.1	Physical cash in hand at the bank + balances with the CBUAE	960,254
1.2	UAE Federal Government Bonds and Sukuks	347,609
	Sub Total (1.1 to 1.2)	<b>1,307,863</b>
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	18,152
<b>1.6</b>	<b>Total</b>	<b>1,326,015</b>
<b>2</b>	Total liabilities	<b>3,235,497</b>
<b>3</b>	<b>Eligible Liquid Assets Ratio (ELAR)</b>	<b>40.98%</b>



## Advances to Stables Resource Ratio (ASRR)

This ratio is the percentage of the total advances being funded by stable resources and must not exceed 100%.

	Items	Sep-24
<b>1</b>	<b>Computation of Advances</b>	<b>AED '000</b>
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	1,524,739
1.2	Lending to non-banking financial institutions	86,898
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	1,600
1.4	Interbank Placements	220,380
<b>1.5</b>	<b>Total Advances</b>	<b>1,833,617</b>
<b>2</b>	<b>Calculation of Net Stable Ressources</b>	
2.1	Total capital + general provisions	294,091
	<b>Deduct:</b>	
2.1.1	Goodwill and other intangible assets	-
2.1.2	Fixed Assets	9,130
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	-
2.1.6	Investment in subsidiaries, associates and affiliates	-
<b>2.1.7</b>	<b>Total deduction</b>	<b>9,130</b>
<b>2.2</b>	<b>Net Free Capital Funds</b>	<b>284,961</b>
<b>2.3</b>	<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	183,650
2.3.3	Refinancing of Housing Loans	-
2.3.4	Borrowing from non-Banking Financial Institutions	1,001,785
2.3.5	Customer Deposits	1,042,352
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
<b>2.3.7</b>	<b>Total other stable resources</b>	<b>2,227,787</b>
<b>2.4</b>	<b>Total Stable Resources (2.2+2.3.7)</b>	<b>2,512,748</b>
<b>3</b>	<b>Advances TO STABLE RESOURCES RATIO (1.5/ 2.4*100)</b>	<b>72.97</b>