

Al Khaliji France S.A. – UAE operations

Basel III Pillar 3 Disclosures For the quarter ended 31 March 2025

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1. Introduction and overview

Legal status and activities

Al Khaliji France S.A, UAE operations (the “Bank” or “AKF UAE”) is a branch of a foreign French registered bank with its Head Office in Paris, France (the “Head Office”). It commenced its operations in the United Arab Emirates in 1973 as a retail bank and currently has two branches, one each in the Emirate of Dubai and Abu Dhabi.

Al Khaliji France S.A. is wholly owned subsidiary of Al Rayan Bank (ARB), Qatar.

The Bank’s regional office in Dubai is responsible for managing the operations of the United Arab Emirates Operations. The regional office’s registered address is P.O. Box 4207, Dubai, United Arab Emirates.

The principal activities of the Bank include accepting deposits, investments in bonds, granting loans and advances and providing other banking services to customers in the United Arab Emirates.

Purpose and basis of preparation

The Bank is regulated by Central Bank of United Arab Emirates (“CBUAE”) and follows the Pillar 3 disclosure requirement guidelines issued by the CBUAE.

In February 2017, new Basel III capital regulations issued by CBUAE came into effect for all Banks in the UAE.

This document presents Pillar 3 disclosures which complements the Basel III minimum capital requirements and the supervisory review process of the Bank. These disclosures have been prepared in line with the disclosure templates introduced by the CBUAE guidelines on disclosure requirements (vide Notice No. CBUAE/BSN/N/2020/4980, Notice No. CBUAE/BSN/N/2021/5508, Notice No. CBUAE/BSN/N/2022/1887, Notice No. CBUAE/BSN/N/2022/5280) published in 12 November 2020, 30 November 2021, 09 May 2022 and 30 December 2022 respectively.

These disclosures are being done on the financial figures of AKF UAE operations only.

Applicability of Pillar 3 disclosure templates

Below is the list of the CBUAE prescribed Pillar 3 disclosure templates which are applicable for quarterly publication and comparison to the disclosure included in this document.

Topic	Table	Information overview	Status
Overview of risk management and RWA	KM1	Key metrics	Included
	OV1	Overview of Risk Weighted Assets	Included
Leverage Ratio	LR2	Leverage ratio common disclosure template	Included
Liquidity	LIQ1	Liquidity Coverage Ratio	Not Applicable
	ELAR	Eligible Liquid Assets Ratio	Included
	ASRR	Advances to Stable Resources Ratio	Included

For not applicable status, related templates have not been disclosed as part of the disclosure report.

2. Overview of risk management and RWA

2.1 Key metrics (KM1)

An overview of the bank's prudential regulatory metrics.

Sn.	Description	(a) 31-Mar-25	(b) 31-Dec-24	(c) 30-Sep-24	(d) 30-Jun-24	(e) 31-Mar-24
	Available capital (amounts)	AED'000	AED'000	AED'000	AED'000	AED'000
1	Common Equity Tier 1 (CET1)	598,933	599,010	548,305	548,596	548,502
1a	Fully loaded ECL (Excepted Credit Losses) accounting model	598,933	599,010	548,305	548,596	548,502
2	Tier 1	598,933	599,010	548,305	548,596	548,502
2a	Fully loaded ECL accounting model Tier 1	598,933	599,010	548,305	548,596	548,502
3	Total capital	608,924	608,615	555,544	556,151	556,353
3a	Fully loaded ECL accounting model total capital	608,924	608,615	555,544	556,151	556,353
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	938,808	907,642	695,039	721,150	743,261
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	63.80%	66.00%	78.89%	76.07%	73.80%
5a	Fully loaded ECL accounting model CET1 (%)	63.80%	66.00%	78.89%	76.07%	73.80%
6	Tier 1 ratio (%)	63.80%	66.00%	78.89%	76.07%	73.80%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	63.80%	66.00%	78.89%	76.07%	73.80%
7	Total capital ratio (%)	64.86%	67.05%	79.93%	77.12%	74.85%
7a	Fully loaded ECL accounting model total capital ratio (%)	64.86%	67.05%	79.93%	77.12%	74.85%
	Additional CET1 buffer requirements as a percentage 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 (%) (rows 8 + 9 + 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	54.36%	56.55%	69.43%	67%	64.35%
	Leverage Ratio					
13	Total leverage ratio measure	1,508,736	1,425,838	1,423,688	1,366,064	1,445,519
14	Leverage ratio (%) (row 2/row 13)	39.70%	42.01%	38.51%	40.16%	37.94%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	39.70%	42.01%	38.51%	40.16%	37.94%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	39.70%	42.01%	38.51%	40.16%	37.94%

2. Overview of risk management and RWA

2.1 Key metrics (KM1) (continued)

An overview of the bank's prudential regulatory metrics.

Sn.	Description	(a) 31-Mar-25	(b) 31-Dec-24	(c) 30-Sep-24	(d) 30-Jun-24	(e) 31-Mar-24
		AED'000	AED'000	AED'000	AED'000	AED'000
	Liquidity Coverage Ratio¹					
15	Total HQLA	NA	NA	NA	NA	NA
16	Total net cash outflow	NA	NA	NA	NA	NA
17	LCR ratio (%)	NA	NA	NA	NA	NA
	Net Stable Funding Ratio¹					
18	Total available stable funding	NA	NA	NA	NA	NA
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR ratio (%)	NA	NA	NA	NA	NA
	ELAR					
21	Total HQLA	486,816	459,165	566,114	513,654	498,071
22	Total liabilities	795,751	739,245	734,386	700,907	756,223
23	Eligible Liquid Assets Ratio (ELAR) (%)	61.18%	62.11%	77.09%	73.28%	65.86%
	ASRR					
24	Total available stable funding	1,284,448	1,196,477	1,179,208	1,151,501	1,188,485
25	Total Advances	589,763	614,525	456,863	476,918	494,779
26	Advances to Stable Resources Ratio (%)	45.92%	51.36%	38.74%	41.42%	41.63%

The capital ratio as of 31 Mar 25 is well-buffered and above the total capital required yet decreased (as compared to Dec 24) due to movement in bank's asset items at different risk weight %;

The Bank has started to report leverage ratio requirements from 31 Dec 21 and remains comfortably above the minimum 3%;

Liquidity ratios (ELAR and ASRR) remain well-buffered and trend comfortably against the minimum requirements of 10% and 100% respectively.

2. Overview of risk management and RWA

2.2 Overview of Risk Weighted Assets (OV1)

Provide an overview of total RWA forming the denominator of the risk-based capital requirements. Further breakdowns of RWA are presented in subsequent parts.

Sn.	Description	(a)	(b)	(c)
		RWA	RWA	Minimum capital requirements
		31-Mar-25	31-Dec-24	31-Mar-25
		AED'000	AED'000	AED'000
1	Credit risk (excluding counterparty credit risk)	799,293	768,384	83,926
2	Of which: standardised approach (SA)	799,293	768,384	83,926
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: securitization 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	1,045	788	110
21	Of which: standardised approach (SA)	1,045	788	110
22	Of which: internal models approach (IMA)	-	-	-
23	Operational risk	138,469	138,469	14,539
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)	938,808	907,642	98,575

The Credit Risk weighted assets (CRWA) of the Bank witnessed an increase during Q1'25 on the back of increase in investment portfolio assets;

Market Risk Weighted assets (MRWA) increased during Q1'25 due to an increase in Net Open position;

Operational Risk Weighted Assets (ORWA) continue to be a function of annual revenue as per Standardized Approach.

3. Leverage Ratio (LR2)

To provide a detailed breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers.

Sn.	Description	(a) 31-Mar-25	(b) 31-Dec-24
On-balance sheet exposures		AED'000	AED'000
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1,404,850	1,331,934
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)	(2,147)	(1,871)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	1,402,703	1,330,063
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)	-	-
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	-	119
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)	-	119
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	169,832	149,526
20	(Adjustments for conversion to credit equivalent amounts)	(63,799)	(53,870)
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)	106,033	95,656

3. Leverage Ratio (LR2) (continued)

To provide a detailed breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers.

Sn.	Description	(a) 31-Mar-25	(b) 31-Dec-24
		AED'000	AED'000
	Capital and total exposures		
23	Tier 1 capital	598,933	599,010
24	Total exposures (sum of rows 7, 13, 18 and 22)	1,508,736	1,425,838
	Leverage ratio		
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	39.70%	42.01%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	39.70%	42.01%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	0.00%	0.00%

4. Liquidity

4.1 Eligible Liquid Assets Ratio (ELAR)

Breakdown of bank's available high-quality liquid assets (HQLA) according to the CBUAE Liquidity Regulations.

Sn.	Description	31-Mar-25	31-Mar-25	31-Dec-24	31-Dec-24
1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset	Nominal amount	Eligible Liquid Asset
		AED'000	AED'000	AED'000	AED'000
1.1	Physical cash in hand at the bank + balances with the CBUAE	395,378		404,144	
1.2	UAE Federal Government Bonds and Sukuks	-		-	
	Sub Total (1.1 to 1.2)	395,378	395,378	404,144	404,144
1.3	UAE local governments publicly traded debt securities	18,380		18,381	
1.4	UAE Public sector publicly traded debt securities	-		-	
	Subtotal (1.3 to 1.4)	18,380	18,380	18,381	18,381
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	73,292	73,058	36,640	36,640
1.6	Total	487,050	486,816	459,165	459,165
2	Total liabilities		795,751		739,246
3	Eligible Liquid Assets Ratio (ELAR)		61.18%		62.11%

ELAR of the Bank continues to operate at levels comfortably above the 10% minimum requirement as currently prescribed by the CBUAE.

4. Liquidity

4.2 Advances to Stable Resources Ratio (ASRR)

Breakdown of the bank's advances to Stables Resource ratio as per the Liquidity regulations.

Sn.	Description	31-Mar-25	31-Dec-24
		Amount	Amount
1	Computation of Advances	AED'000	AED'000
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	357,768	370,954
1.2	Lending to non-banking financial institutions	49,326	53,767
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	-	-
1.4	Interbank Placements	182,669	189,804
1.5	Total Advances	589,763	614,525
2	Calculation of Net Stable Resources		
2.1	Total capital + general provisions	648,190	619,478
	Deduct:		
2.1.1	Goodwill and other intangible assets	2,147	1,870
2.1.2	Fixed Assets	967	1,158
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	3,114	3,028
2.2	Net Free Capital Funds	645,076	616,450
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	17,140	16,575
2.3.5	Customer Deposits	622,232	563,452
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-	-
2.3.7	Total other stable resources	639,372	580,027
2.4	Total Stable Resources (2.2+2.3.7)	1,284,448	1,196,477
3	Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	45.92	51.36

ASRR of the Bank continues to operate at levels comfortably below the 100% ceiling as currently prescribed by CBUAE.

5. Acronyms

Sn.	Abbreviations	Description
1.	AKF	Al Khaliji France S.A. (Head office in France and its Branches in the UAE)
2.	ALCCO	Asset, Liability and Capital Committee
3.	AML	Anti-Money Laundry
4.	ASRR	Advances to Stable Resources Ratio
5.	AT1	Additional Tier 1
6.	BBB	Bankers Blanket Bond
7.	BCBS	Basel Committee on Banking Supervision
8.	BCM	Business Continuity Management
9.	BIA	Business Indicator Approach
10.	CB UAE	Central Bank of U.A.E.
11.	CCF	Credit Conversion Factor
12.	CCP	Central Counterparty
13.	CCR	Counterparty Credit Risk
14.	CET1	Common Equity Tier 1
15.	CIC	Credit and Investment Committee
16.	CRM	Credit Risk Mitigation
17.	CSA	Control Self-Assessment
18.	D&O	Directors & Officers
19.	D-SIB	Domestic Systemically Important Banks
20.	EAD	Exposure At Default
21.	ECL	Expected Credit Losses
22.	ELAR	Eligible Liquid Asset Ratio
23.	EVE	Economic Value of Equity
24.	FVOCI	Fair Value through Other Comprehensive Income
25.	GALCCO	Group Asset, Liability and Capital Committee
26.	GCRC	Group Compliance & Risk Committee
27.	GDP	Gross Domestic Product
28.	GORM	Group Operational Risk Manager
29.	GRC	Group Risk Committee
30.	Group	Al Rayan Bank, Qatar and its subsidiaries
31.	HNWI	High Net-Worth Individuals
32.	H.O.	Al Khaliji France, Paris (AKF Paris or France)
33.	HQLA	High Quality Liquid Assets
34.	ICAAP	Internal Capital Adequacy Assessment Process
35.	IFRS	International Financial Reporting Standards
36.	KCI	Key Control Indicators
37.	KPI	Key Performance Indicators
38.	KRI	Key Risk Indicators
39.	LC	Letter of Credit
40.	LCR	Liquidity Coverage Ratio
41.	LGD	Loss Given Default
42.	LR	Leverage Ratio
43.	MRA	Moody's Risk Advisor
44.	MVE	Market Value of Equity
45.	NPL	Non-Performing Loans
46.	NSFR	Net Stable Funding Ratio
47.	O.E.C.D.	Organization for Economic Co-operation and Development
48.	OLD	Operational Loss Database
49.	OLEM	Other Loans Especially Mentioned

Sn.	Abbreviations	Description
50.	ORM	O perational R isk M anagement
51.	PD	P robability of D efault
52.	PFE	P otential F uture E xposure
53.	PI	P rofessional I ndemnity
54.	RCSA	R isk and C ontrol S elf- A ssessment
55.	RSA	R ate S ensitive A ssets
56.	RSL	R ate S ensitive L iabilitys
57.	RWA	R isk W eighted A ssets
58.	SA	S tandardized A pproach
59.	SFT	S ecurities F inancing T ransactions
60.	SICR	S ignificant I ncrease in C redit R isk

6. Glossary

1. Capital conservation buffer

A capital buffer prescribed by BCBS and CBUAE under Basel III and 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. Countercyclical capital buffer (CCyB)

The countercyclical capital buffer is part of a set of macro prudential instruments, designed to help counter pro-cyclicality in the financial system. CCyB as defined in the Basel III standard provides for an additional capital requirement of up to 2.5 per cent of risk-weighted assets.

3. Counterparty credit risk (CCR)

The risk that a counterparty defaults before satisfying its obligations under a derivative, a securities financing transaction (SFT) or a similar contract.

4. Credit Conversion Factor (CCF)

As prescribed by CBUAE, an estimate of the amount the Group expects a customer to have drawn further on a facility limit at the point of default.

5. Credit risk adjustment (CRA)

This includes impairment allowances or provisions balances, and changes in ECL.

6. Credit risk mitigation (CRM)

Credit risk mitigation is a process to mitigate potential credit losses from any given account, customer or portfolio by using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and guarantees.

7. Domestic systemically important banks (D-SIB)

Domestic systemically important banks are deemed systemically relevant for the domestic financial system in which they operate. The CBUAE and the BCBS have developed a framework for identifying and dealing with D-SIBs. The Central Bank of the UAE annually assesses national banks at their consolidated group level and foreign banks at their UAE branch level; to designate banks whose failure could escalate to systemic risk for the UAE banking sector and eventually impact the economy.

8. Economic Value of Equity (EVE)

The economic value of equity (EVE) is a cash flow calculation that takes the present value of all asset cash flows and subtracts the present value of all liability cash flows. Unlike earnings at risk and value at risk (VAR), a bank uses the economic value of equity to manage its assets and liabilities. This is a long-term economic measure used to assess the degree of interest rate risk exposure—as opposed to net-interest income (NII), which reflects short-term interest rate risk.

9. Fully Loaded ECL

Means Bank's regulatory capital compared with a situation where the transitional arrangement for IFRS 9 had not been applied. CBUAE introduced transitional arrangements as per circular no. 04/2020 "Regulation Regarding Accounting Provisions and Capital Requirements - Transitional Arrangements".

10. Internal Capital Adequacy Assessment Process (ICAAP)

A requirement under Pillar 2 of the Basel framework to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks.

6. Glossary (*continued*)

11. Key Control Indicators (KCI's)

Key Control Indicators or KCIs also referred to as Control Effectiveness Indicators are metrics that provide information on the extent to which a given control is meeting its intended objectives in terms of loss prevention, reduction, etc.

12. Key Performance Indicators (KPIs)

Key Performance Indicators refer to a set of quantifiable measurements used to gauge a Bank's overall long-term performance. KPIs specifically help determine a Bank's strategic, financial, and operational achievements, especially compared to those of other businesses within the same sector.

13. Key Risk Indicators (KRIs)

Key Risk Indicators are used by financial firms to measure their exposure to a given risk at a particular time. By comparing an appropriate set of key risk indicators with internal limits and thresholds, banks can determine whether their operational risk exposures are within their risk appetite.

14. Leverage ratio

A ratio introduced under Basel III/CRD that compares Tier 1 capital to total exposures, including certain exposures held off-balance sheet as adjusted by stipulated credit conversion factors. Intended to be a simple, non-risk based backstop measure.

15. Liquidity Coverage Ratio (LCR)

The ratio of the stock of high quality liquid assets to expected net cash outflows over the following 30 days. High quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.

16. Net stable funding ratio (NSFR)

The ratio of available stable funding (ASF) to required stable funding (RSF) over a one-year time horizon, assuming a stressed scenario. It is a longer-term liquidity measure designed to restrain the amount of wholesale borrowing and encourage stable funding over a one year time horizon.

17. Securities Financing Transactions (SFT)

Securities Financing Transactions are secured (i.e. collateralized) transactions that involve the temporary exchange of cash against securities, or securities against other securities, e.g. stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.

18. Standardized Approach (SA)

In relation to credit risk, a method for calculating credit risk capital requirements using External Credit Assessment Institutions (ECAI) ratings and supervisory risk-weights. In relation to operational risk, a method of calculating the operational risk capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.