


# REGULATORY DISCLOSURE 2025

# SUMMARY


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# INTRODUCTION

The regulatory disclosure has been drawn up in accordance with the publication requirements of the Swiss Financial Market Supervisory Authority (FINMA) Ordinance “OPub-FINMA”.

This regulatory disclosure provides information on key regulatory figures of Arab Bank (Switzerland) Ltd. (“Bank”) and Arab Bank (Switzerland) Group ("ABS Group"). It also provides in-depth information on the risk management of ABS Group, presenting qualitative and/or quantitative information related to liquidity risk, credit risk, interest rate risk and operational risk.

As of 2025, capital adequacy ratios are calculated in accordance with the revised Capital Adequacy Ordinance (CAO/OFR-FINMA), reflecting the implementation of the final Basel III standards in Switzerland. Comparative figures for 2024 are presented under the previous regulatory framework.

# KEY REGULATORY FIGURES

## ARAB BANK (SWITZERLAND) LTD.

| CHF 1 000 | 2025 | 2024 |
|---|---|---|
| **Available capital (amounts)** | | |
| Common Equity Tier 1 (CET1) | 690 757 | 656 957 |
| Tier 1 | 690 757 | 656 957 |
| **Total capital** | 777 516 | 730 374 |
| **Risk-weighted assets (amounts)** | | |
| Total risk-weighted assets (RWA) | 3 483 746 | 3 354 863 |
| **Total risk-weighted assets (pre-floor)** | 3 483 746 | 3 354 863 |
| **Risk-based capital ratios (as a percentage % of RWA)** | | |
| CET1 ratio (%) | 19.83% | 19.58% |
| T1 ratio (%) | 19.83% | 19.58% |
| **Total capital ratio (%)** | 22.32% | 21.77% |
| **Additional CET1 requirements (buffers) as a percentage of RWA** | | |
| Capital conservation buffer requirement according to Basel minimum requirements (%) | 2.50% | 2.50% |
| Countercyclical buffer requirement according to Basel minimum requirements (%) | 0.00% | 0.00% |
| Bank G-SIB and/or D-SIB additional requirements | 0.00% | 0.00% |
| **Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)** | 2.50% | 2.50% |
| **CET1 available after meeting the bank's minimum capital requirements (%)** | 13.83% | 13.58% |
| **Target capital ratios according to Annex 8 CAO (% of RWA)** | | |
| Capital conservation buffer according to Annex 8 CAO (%) | 3.20% | 3.20% |
| Countercyclical capital buffer according to Articles 44 and 44a CAO (%) | 0.01% | 0.00% |
| CET1 capital target (%) according to Annex 8 CAO + countercyclical buffer according to Articles 44 and 44a CAO | 7.41% | 7.40% |
| T1 capital target according to Annex 8 CAO + countercyclical buffer according to Articles 44 and 44a CAO | 9.01% | 9.00% |
| **Total capital target according to Annex 8 CAO + countercyclical buffer according to Articles 44 and 44a CAO** | 11.21% | 11.20% |
| **Basel III leverage ratio** | | |
| Total Basel III leverage ratio exposure measure (CHF) | 6 027 915 | 5 981 132 |
| Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) | 11.46% | 10.98% |
| Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) | 11.46% | 10.98% |
| Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets (SIBs only) | 0.00% | 0.00% |
| Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets (SIBs only) | 0.00% | 0.00% |
| **Minimum capital requirement (Art. 42 CAO)** | 278 700 | 268 389 |
| **Net stable funding ratio (NSFR)** | | |
| Total available stable funding | 2 453 824 | 2 424 777 |
| Total required stable funding | 1 618 868 | 1 571 110 |
| **NSFR ratio (%)** | 151.58% | 154.34% |

| CHF 1 000 | Q4 2025 AVERAGE | Q3 2025 AVERAGE | Q2 2025 AVERAGE | Q1 2025 AVERAGE | Q4 2024 AVERAGE |
|---|---|---|---|---|---|
| **Liquidity ratio** | | | | | |
| Total High Quality Liquid Assets | 1 752 842 | 1 796 590 | 1 678 429 | 1 969 937 | 1 769 226 |
| Total Net Cash Outflows | 359 327 | 302 270 | 279 003 | 372 957 | 261 816 |
| **Liquidity coverage ratio** | 492.60% | 594.62% | 605.38% | 554.64% | 676.11% |

# KEY REGULATORY FIGURES

## ARAB BANK GROUP

| CHF 1 000 | 2025 | 2024 |
|---|---|---|
| **Available capital (amounts)** | | |
| Common Equity Tier 1 (CET1) | 595 918 | 584 946 |
| Tier 1 | 601 776 | 590 804 |
| **Total capital** | 601 776 | 590 804 |
| **Risk-weighted assets (amounts)** | | |
| Total risk-weighted assets (RWA) | 3 385 967 | 3 093 839 |
| **Total risk-weighted assets (pre-floor)** | 3 385 967 | 3 093 839 |
| **Risk-based capital ratios (as a percentage % of RWA)** | | |
| CET1 ratio (%) | 17.60% | 18.91% |
| T1 ratio (%) | 17.77% | 19.10% |
| **Total capital ratio (%)** | 17.77% | 19.10% |
| **Additional CET1 requirements (buffers) as a percentage of RWA** | | |
| Capital conservation buffer requirement according to Basel minimum requirements (%) | 2.50% | 2.50% |
| Countercyclical buffer requirement according to Basel minimum requirements (%) | 0.00% | 0.00% |
| Bank G-SIB and/or D-SIB additional requirements | 0.00% | 0.00% |
| **Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)** | 2.50% | 2.50% |
| **CET1 available after meeting the bank's minimum capital requirements (%)** | 9.77% | 11.10% |
| **Target capital ratios according to Annex 8 CAO (% of RWA)** | | |
| Capital conservation buffer according to Annex 8 CAO (%) | 3.20% | 3.20% |
| Countercyclical capital buffer according to Articles 44 and 44a CAO (%) | 0.03% | 0.00% |
| CET1 capital target (%) according to Annex 8 CAO + countercyclical buffer according to Articles 44 and 44a CAO | 7.43% | 7.40% |
| T1 capital target according to Annex 8 CAO + countercyclical buffer according to Articles 44 and 44a CAO | 9.03% | 9.00% |
| **Total capital target according to Annex 8 CAO + contercyclical buffer according to Articles 44 and 44a CAO** | 11.23% | 11.20% |
| **Basel III leverage ratio** | | |
| Total Basel III leverage ratio exposure measure (CHF) | 7 207 005 | 6 364 036 |
| Basel IIII Leverage Ratio (including the impact of any applicable temporary exemption of central bank reserves) | 8.35% | 9.28% |
| Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) | 8.35% | 9.28% |
| Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets (SIBs only) | 0.00% | 0.00% |
| Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets (SIBs only) | 0.00% | 0.00% |
| **Minimum capital requirement (Art. 42 CAO)** | 270 877 | 247 507 |
| **Net stable funding ratio (NSFR)** | | |
| Total available stable funding | 3 116 668 | 2 790 151 |
| Total required stable funding | 1 776 953 | 1 644 925 |
| **NSFR ratio (%)** | 175.39% | 169.62% |

| CHF 1 000 | Q4 2025 AVERAGE | Q3 2025 AVERAGE | Q2 2025 AVERAGE | Q1 2025 AVERAGE | Q4 2024 AVERAGE |
|---|---|---|---|---|---|
| **Liquiditiy coverage ratio (LCR)** | | | | | |
| Total High Quality Liquid Assets | 2 343 016 | 2 265 228 | 2 131 738 | 2 297 233 | 2 077 960 |
| Total Net Cash Outflows | 447 180 | 388 895 | 353 588 | 424 225 | 300 579 |
| **LCR ratio (%)** | 525.80% | 582.71% | 610.83% | 570.95% | 693.62% |

# OVERVIEW OF RISK-WEIGHTED ASSETS

| | | RISK-WEIGHTED ASSETS | | MINIMUM CAPITAL REQUIREMENTS | |
|---|---|---|---|---|---|
| CHF 1 000 | *APPROACHES* | 2025 | 2024 | 2025 | 2024 |
| Credit risks | *Standardised approach (SA-BIS)* | 2 722 669 | 2 628 200 | 217 814 | 210 256 |
| Market risks | *Simplified Standard approach* | 283 212 | 112 551 | 22 657 | 9 004 |
| Operational risks | *Business Indicator Component* | 380 084 | 353 088 | 30 406 | 28 247 |
| **Total** | | **3 385 967** | **3 093 839** | **270 877** | **247 507** |

# LIQUIDITY RISK MANAGEMENT

The liquidity strategy undergoes approval by both the Executive Committee and the Board of Directors within each entity of ABS Group. These Boards determine the liquidity risk management policy, as well as establish the appetite and maximum tolerance levels. The risk appetite primarily relies on metrics like the Short-Term Liquidity Ratio (LCR) and the Net Stable Funding Ratio (NSFR). Regular monitoring of the group's risk profile occurs under the oversight of the ALCO committee within the parent company. Treasury services within each entity ensure adherence to set limits and objectives.

The overarching goal of liquidity management is to fortify the ABS Group's liquidity position, ensuring the capability to meet payment obligations promptly. Refinancing risk is also addressed through principles aimed at optimizing the balance sheet structure. Diversification of finance sources, primarily from customer deposits, protects the ABS Group against liquidity crises. Rigorous scrutiny of significant cash flows and the availability of high-quality collateral, eligible for procuring additional liquidity, is conducted on a regular basis.

In compliance with Article 10 of the Swiss Federal Liquidity Ordinance, each ABS Group entity maintains a contingency funding plan to address potential liquidity shortfalls. This plan encompasses an early warning system and escalation rules. An annual review of the contingency funding plan is conducted by the competent committees.

# CREDIT RISK

## CREDIT QUALITY OF ASSETS

| | GROSS CARRYING VALUES OF | | | | VALUE ADJUSTMENTS / IMPAIRMENTS | | NET VALUES | |
|---|---|---|---|---|---|---|---|---|
| | DEFAULTED EXPOSURES | | NON-DEFAULTED EXPOSURES | | | | | |
| CHF 1 000 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Loans (excluding debt securities) | 48 380 | 43 274 | 3 203 117 | 3 096 331 | 48 170 | 43 274 | 3 203 327 | 3 096 331 |
| Debt securities | 2 168 | 2 719 | 2 192 419 | 1 995 253 | 2 045 | 2 338 | 2 192 542 | 1 995 253 |
| Off-balance-sheet exposures | 0 | 0 | 1 395 877 | 1 160 314 | 0 | 0 | 1 395 877 | 1 160 314 |
| Total | 50 548 | 45 993 | 6 791 413 | 6 251 769 | 50 215 | 45 612 | 6 791 746 | 6 251 898 |

# CREDIT RISK EXPOSURE AND EFFECT OF THE CREDIT RISK MITIGATION (CRM) UNDER THE STANDARDISED APPROACH

| | 2025 | | | | | |
|---|---|---|---|---|---|---|
| | EXPOSURES BEFORE CCF AND CRM (1) | | EXPOSURES POST-CCF AND CRM (2) | | | |
| CHF 1 000 | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA DENSITY |
| Sovereigns and their central banks | 1 251 770 | 0 | 1 296 046 | 19 900 | 36 497 | 3% |
| Public-sector entities | 202 734 | 0 | 244 704 | 0 | 57 329 | 23% |
| Multilateral Development Banks | 342 058 | 0 | 342 058 | 0 | 0 | 0% |
| Banks | 1 701 146 | 431 882 | 1 510 342 | 120 900 | 699 154 | 43% |
| Of which Securities dealers and financial companies that are not subject to the banking law, but have a comparable supervision | 30 616 | 133 | 5 599 | 0 | 1 960 | 35% |
| Swiss Pfandbriefe and foreign covered bonds | 507 279 | 0 | 507 279 | 0 | 50 728 | 10% |
| Of which Swiss Pfandbriefe | 507 279 | 0 | 507 279 | 0 | 50 728 | 10% |
| Corporate | 1 382 332 | 870 005 | 1 047 699 | 225 794 | 1 049 179 | 82% |
| Of which securities firms not managing accounts and other financial institutions, unless included in the line 4 | 307 718 | 633 | 263 663 | 53 | 166 526 | 63% |
| Of which Specialised Lending | 0 | 0 | 0 | 0 | 0 | 0% |
| Equity and Subordinated Debt | 13 941 | 0 | 13 941 | 0 | 31 086 | 223% |
| Retail | 453 403 | 123 204 | 68 699 | 14 923 | 88 307 | 106% |
| Exposures directly or indirectly secured by Real Estate | 251 636 | 0 | 233 371 | 0 | 91 419 | 39% |
| Of which Self-used residential real estate exposures | 191 565 | 0 | 177 536 | 0 | 56 598 | 32% |
| Of which Other residential real estate exposures | 41 572 | 0 | 37 335 | 0 | 21 870 | 59% |
| Of which Self-used commercial real estate exposures | 0 | 0 | 0 | 0 | 0 | 0% |
| Of which Other commercial real estate exposures | 18 500 | 0 | 18 500 | 0 | 12 950 | 70% |
| Of which construction loans and land acquisition loans | 0 | 0 | 0 | 0 | 0 | 0% |
| Defaulted exposures | 200 | 0 | 200 | 0 | 200 | 100% |
| Other assets | 185 852 | 33 322 | 185 852 | 0 | 158 020 | 85% |
| **Total** | **6 292 350** | **1 458 412** | **5 450 191** | **381 517** | **2 261 920** | **39%** |

# CREDIT RISK MITIGATION TECHNIQUES

| | 2024 | | |
|---|---|---|---|
| CHF 1 000 | UNSECURED EXPOSURES / CARRYING AMOUNT | SECURED EXPOSURES, ACTUAL COLLATERIZED AMOUNT | EXPOSURES SECURED WITH FINANCIAL GUARANTEES OR CREDIT DERIVATIVES, ACTUAL COLLATERALIZED AMOUNT |
| Loans (including debt securities) | 4 160 433 | 933 514 | 43 501 |
| Off-balance sheet transactions | 880 092 | 177 639 | 102 582 |
| **Total** | **5 030 525** | **1 111 154** | **146 083** |
| Of which: defaulted | 0 | 0 | 0 |

# INTEREST RATE RISK

The responsibility for organizing and implementing Interest Rate Risk in the Banking Book (IRRBB) management lies with the Board of Directors of each entity, which delegates implementation to their respective Executive Committees. Monitoring of IRRBB within the ABS Group entities is conducted through indicators such as net interest income (NII) and economic value of equity (EVE), reflecting potential impacts of adverse interest rate changes on both on- and off-balance sheet banking-book positions. Oversight of the group's risk profile is conducted regularly by the ALCO committee of the parent company, while treasury services within each entity ensure adherence to established limits and objectives.

The ABS Group's IRRBB exposure encompasses two main types:

- Gap risk, which involves mismatches within the term structure of banking-book positions (i.e., among volumes and repricing maturities) for assets, liabilities, and off-balance-sheet positions.
- Behavioural risk, which relates to positions, especially non-maturity deposits, susceptible to competitive pricing practices or changes in customer behaviour.

To hedge IRRBB, derivatives financial instruments can be utilised to convert long-term exposure into short-term risk on case by case. The ABS Group entities apply six-rate shock scenarios as defined in Appendix 2 of circular 2019/02, with primary currencies being CHF, USD, and EUR, and maturity buckets as documented in Appendix 2 of FINMA circular 2019/02 (19 maturity buckets). Risk exposure to interest rate fluctuations is determined by respective risk control functions and periodically reported to the competent Committees.

# QUANTITATIVE INFORMATION ON THE STRUCTURE AND ON THE REPRICING

| | CHF 1000 | 2025 VOLUMES TOTAL | Of which in CHF | Of which other significant currencies that make up more than 10% of assets or liabilities of total assets | 2025 AVERAGE INTEREST RATE RESET PERIOD (IN YEARS) TOTAL | Of which in CHF |
|---|---|---|---|---|---|---|
| DETERMINED REPRICING MATURITY | Amounts due from banks | 876 991 | 479 382 | 378 225 | 0.15 | 0.15 |
| | Amounts due from customers | 778 317 | 375 231 | 247 797 | 0.22 | 0.32 |
| | Money market mortgages | 107 337 | 92 713 | 0 | 0.26 | 0.30 |
| | Fixed-rate mortgages | 35 003 | 31 190 | 0 | 1.35 | 1.05 |
| | Financial investments | 2 375 904 | 762 350 | 1 432 506 | 2.52 | 2.71 |
| | Receivables from interest-rate derivatives | 1 106 494 | 475 036 | 631 458 | 0.00 | 0.00 |
| | Amounts due to banks | 766 314 | 46 998 | 717 454 | 0.12 | 0.04 |
| | Amounts due in respect of client deposits | 197 743 | 525 | 186 279 | 0.06 | 1.00 |
| | Payables to interest-rate derivatives | 1 196 381 | 499 516 | 696 866 | 3.98 | 3.79 |
| UNDE-TERMINED REPRICING MATURITY | Amounts due from banks | 446 752 | 71 271 | 160 533 | 0.08 | 0.08 |
| | Amounts due from customers | 779 717 | 70 142 | 630 331 | 0.29 | 0.36 |
| | Mortgages with floating rates | 129 748 | 122 368 | 0 | 1.04 | 1.04 |
| | Payables on demand from personal accounts and current accounts | 2 691 714 | 1 003 917 | 1 091 235 | 0.22 | 0.22 |
| | Other payables on demand | 1 709 074 | 235 349 | 1 426 646 | 0.08 | 0.08 |
| | Payables arising from client deposits, terminable but not transferable (savings) | 68 | 52 | 6 | 1.04 | 1.04 |
| | Total | 13 197 557 | 4 266 039 | 7 599 337 | | |

| | CHF 1000 | 2024 VOLUMES TOTAL | Of which in CHF | Of which other significant currencies that make up more than 10% of assets or liabilities of total assets | 2024 AVERAGE INTEREST RATE RESET PERIOD (IN YEARS) TOTAL | Of which in CHF |
|---|---|---|---|---|---|---|
| DETERMINED REPRICING MATURITY | Amounts due from banks | 926 495 | 481 665 | 414 303 | 0.16 | 0.15 |
| | Amounts due from customers | 578 494 | 251 489 | 205 503 | 0.17 | 0.19 |
| | Money market mortgages | 68 711 | 52 216 | 0 | 0.13 | 0.17 |
| | Fixed-rate mortgages | 42 933 | 38 677 | 0 | 1.78 | 1.49 |
| | Financial investments | 2 204 111 | 683 925 | 1 415 640 | 3.18 | 3.93 |
| | Receivables from interest-rate derivatives | 2 026 112 | 969 367 | 1 056 745 | 0.09 | 0.10 |
| | Amounts due to banks | 631 163 | 0 | 611 971 | 0.12 | 0 |
| | Amounts due in respect of client deposits | 193 076 | 525 | 183 591 | 0.09 | 1.00 |
| | Payables to interest-rate derivatives | 2 115 428 | 1 006 694 | 1 108 734 | 2.58 | 2.48 |
| UNDE-TERMINED REPRICING MATURITY | Amounts due from banks | 395 952 | 199 843 | 117 488 | 0.08 | 0.08 |
| | Amounts due from customers | 948 576 | 21 624 | 894 302 | 0.27 | 0.23 |
| | Mortgages with floating rates | 127 230 | 111 685 | 0 | 0.37 | 0.28 |
| | Payables on demand from personal accounts and current accounts | 2 456 335 | 879 621 | 1 134 533 | 0.22 | 0.22 |
| | Other payables on demand | 1 746 112 | 35 924 | 1 584 185 | 0.08 | 0.08 |
| | Payables arising from client deposits, terminable but not transferable (savings) | 70 | 70 | 0 | 1.04 | 1.04 |
| | Total | 14 460 798 | 4 733 326 | 8 726 995 | | |

## QUANTITATIVE INFORMATION ON THE EXPOSURE'S NET PRESENT VALUE AND INTEREST RATE INCOME

| | CHANGE IN NET PRESENT VALUE | | CHANGE IN NET INTEREST INCOME | |
|---|---|---|---|---|
| CHF 1 000 | 2025 | 2024 | 2025 | 2024 |
| Parallel shift up | - 23 738 | - 28 726 | - 3 408 | - 6 698 |
| Parallel shift down | 25 393 | 30 146 | 3 270 | 6 437 |
| Steepener shock | 3 261 | 3 738 | | |
| Flattener shock | - 8 079 | - 9 841 | | |
| Rise in short-term interest rates | - 16 014 | - 19 724 | | |
| Fall in short-term interest rates | 16 723 | 20 610 | | |
| Maximum | 23 738 | 28 726 | 3 408 | 6 698 |
| Tier 1 Capital | 595 918 | 590 804 | | |

# OPERATIONAL RISKS & RESILIENCE

Operational risks are defined as the risk of losses resulting from mismatch or failure attributable to procedures, human error, systems or external events. Assessment of operational and compliance risks relates to direct financial losses and the consequences that a loss of confidence among customers would carry. Risk control units within each entity maintain incident databases, reporting to the parent company for consolidated oversight and evaluation. The Board of Directors is regularly informed of operational risk incidents and the measures taken to manage them. Measures are taken to mitigate the occurrence of any loss regarding processes, data security, control systems and training. The business continuity plan helps to ensure operational security in the event of both internal and external incidents.

In line with FINMA requirements on operational resilience, the Bank identifies its critical functions and assesses the associated risks, vulnerabilities and dependencies. Appropriate mitigation measures are defined to ensure the continuity of these functions under stress conditions, including through business continuity and recovery arrangements. The ABS Group also develops severe but plausible scenarios to test its resilience and response capabilities. The Board of Directors is informed of the operational resilience framework and its outcomes at least annually, and more frequently if required.


ARAB BANK
SWITZERLAND