



Vision
Bank

**VISION BANK LIMITED - PILLAR 3
DISCLOSURES
AT 30 SEPTEMBER 2024**

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1. INTRODUCTION

1.1. Legal status and principal activities

Vision Bank Limited (the “Bank”) previously known as Anglo Gulf Trade Bank (AGTB) Limited was incorporated on 12 December 2017 and granted a commercial license by the Abu Dhabi Global Market, UAE on 12 December 2018 as a private company limited by shares.

The Bank is a Prudential Category 1 Islamic Financial Institution registered with Abu Dhabi Global Market (ADGM) and regulated by the Financial Services Regulatory Authority (FSRA) of ADGM and is currently licensed to undertake the following regulated activities:

- Accepting Deposits
- Providing Credit
- Advising on Investments or Credits,
- Shari’ah Compliant Regulated Activities

and is restricted from:

- Dealing with Retail Clients as defined in FSRA’s Conduct of Business Rulebook (COBS)
- Managing Profit Sharing Investment Accounts.

The FSRA has allowed the Bank to re-commence its regulated activities with effect from 26th June 2024.

The Bank’s sole shareholder and ultimate controlling party is Gulf Islamic Investments LLC, incorporated in Abu Dhabi.

Gulf Islamic Investments Group is a Shari’ah compliant financial services entity engaged in financial advisory and financial consultancy services licensed by Securities and Commodities Authority in UAE.

The Bank’s registered office is Floor 30, Al Maqam Tower, Abu Dhabi Global Market Square Al Maryah Island, Abu Dhabi, United Arab Emirates.

1.2. Regulatory framework for disclosures

The FSRA in the “Prudential – Investment, Insurance Intermediation and Banking Rules” (PRU Rules) has provided prudential requirements in relation to the capital adequacy, leverage and maintenance of liquid assets by the Bank as a Prudential Category 1 Islamic Financial Institution and are consistent with the Pillar 1, 2 and 3 requirements of the Basel accord:

- Pillar 1 – Minimum capital requirements: defines rules for the calculation of minimum capital for credit, market and operational risk.
- Pillar 2 – Provides the framework for an enhanced supervisory review process with the objective of assessing the adequacy of the Bank’s capital to cover not only the three primary risks (Credit, Market and Operational), but in addition a series of other risks that the Bank may be exposed to; for example, concentration risk, residual risk, business risk, liquidity risk etc.

- Pillar 3 – Market discipline: requires expanded disclosures, which allow regulators, investors and other market participants to more fully understand the risk profiles of individual banks. The purpose of Pillar 3 - Market Discipline is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2).

The Bank's Pillar 3 disclosures are governed by FSRA's PRU Rules Chapter 11 "Disclosure Requirements" and App12 "Public Disclosure Requirements".

2. SCOPE OF APPLICATION

The FSRA in PRU rules Chapter 11 specifies the disclosures required to be made by the Bank to enable market participants and potential counterparties to exercise market discipline in relation to the firm. The purpose of these requirements is to ensure that minimum public disclosures are made available to market participants to assist them in forming an opinion on the risk profile and capital adequacy of the Bank.

The Bank has prepared quarterly disclosures as at 30 September 2024 on a standalone basis as the Bank does not have any subsidiaries or significant investment as at 30 September 2024.

3. CAPITAL

The Bank's approach to capital management is driven by strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. The Bank aims to maintain a strong capital base to support the risks inherent in the business and invest in accordance with strategy, meeting local regulatory capital requirements consistently.

Largely a bank's capital comprises three main categories, namely CET1, AT1 and Tier 2, depending on their characteristics:

- a) CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under FSRA guidelines.
- b) AT1 capital comprises eligible non-common equity capital instruments. At this point in time, Vision Bank does not have AT1 capital.
- c) Tier 2 capital comprises qualifying subordinated debt, and undisclosed reserve. At this point in time, Vision Bank does not have Tier 2 capital.

Details of the Bank's qualifying Equity are set out as below:

Main features of the regulatory capital instruments

S.No	Particulars	Equity Shares
1	Issuer	Vision Bank Limited
2	Instrument type	Ordinary shares
3	Amount recognised in regulatory capital (USD in '000)	40,603
4	Number of shares	4,060,258
5	Issue price	USD 10 per share
6	Accounting classification	Equity attributable to equity holders / Share Capital
7	Regulatory Treatment	Common Equity Tier 1
8	Redemption price	Not Applicable
9	Perpetual or dated	Perpetual
10	Original maturity dated	No Maturity
11	Issuer call subject to prior supervisory approval	Not Applicable
12	Option call date, contingent call dates and redemption amount	Not Applicable
13	Subsequent call dates, if applicable Coupons / dividends	Not Applicable
14	Fixed or floating dividend / coupon	Not Applicable
15	Coupon rate and any related index	Not Applicable
16	Existence of a dividend stopper	Not Applicable
17	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
18	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
19	Existence of step-up or other incentive to redeem	Not Applicable
20	Non-cumulative or cumulative	Non - Cumulative
21	Convertible or non-convertible	Not Applicable
22	Write down feature	Not Applicable
23	If write down, write down triggers	Not Applicable
24	If write down, full or partial	Not Applicable
25	If write down, permanent or temporary	Not Applicable
26	If temporary write down, description of write down mechanism	Not Applicable
27	Type of subordination	Not Applicable

3.1. Capital Adequacy Ratio (CAR)

The CAR helps the Bank to make sure that it has enough capital to protect depositors' money.

The CAR set standards for banks by looking at a bank's ability to pay liabilities and respond to credit risks, market risks and operational risks. A bank that has a good CAR has enough capital to absorb potential losses.

in USD'000

Particulars	30-Sep-24
Common Equity Tier 1 capital: instruments and reserves	
Paid up Capital instruments	40,603
Share premium accounts	-
Retained earnings	(12,708)
Accumulated other comprehensive income (and other reserves)	42
Common Equity Tier 1 capital before regulatory deductions	27,936
Common Equity Tier 1 capital regulatory adjustments	
Intangibles	(130)
Deferred tax assets that rely on future profitability	(599)
Total regulatory adjustments to Common Equity Tier 1	(729)
Common Equity Tier 1 capital (CET1)	27,208
Additional Tier 1 capital: Instruments	
Capital instruments eligible as AT1 capital	-
Additional Tier 1 capital: Regulatory Adjustments	
Regulatory adjustments to additional Tier 1 capital	-
Additional Tier 1 capital (AT1)	-
Tier 1 capital (T1= CET1 + AT1)	27,208
Tier 2 Capital: Instruments and Provisions	
Capital instruments and subordinated loans eligible as T2 Capital	-
Tier 2 capital before regulatory adjustments	-
Tier 2 Capital: Regulatory Adjustments	
Regulatory adjustments to Tier 2 capital	-
Tier 2 capital (T2)	-
Total regulatory capital (TC = T1 + T2)	27,208
Total risk-weighted assets - Pillar 1	14,622
Total risk-weighted assets - Pillar 2	19,780
Total risk-weighted assets - Pillar 1 and 2	34,402
Pillar 1: Capital ratios	
Common Equity Tier 1 (as a percentage of risk-weighted assets)	186.07%
Tier 1 (as a percentage of risk-weighted assets)	186.07%
Total capital (as a percentage of risk-weighted assets)	186.07%
Pillar 1 and 2: Capital ratios	
Common Equity Tier 1 (as a percentage of risk-weighted assets)	79.09%
Tier 1 (as a percentage of risk-weighted assets)	79.09%
Total capital (as a percentage of risk-weighted assets)	79.09%

The FSRA minimum capital requirements are also set out below.

The FSRA Minimum Capital Requirement	
Common Equity Tier 1 minimum ratio	6.00%
Tier 1 minimum ratio	8.00%
Total capital minimum ratio	10.00%

4. CAPITAL ADEQUACY AND LEVERAGE

It is the Bank's philosophy to manage its capital in a transparent and consistent manner to ensure the most effective outcome for shareholders, while complying with all applicable regulations.

In particular, the Bank's capital management approach aims at ensuring maintenance of targeted capital structure and capitalization standards. It involves balancing the capital supply and capital demand of the Bank and estimates capital requirements on this basis. It also involves the preparation of a forward-looking capital plan, based on the forecast business plan of the Bank, to ensure the Bank is able to meet its capital adequacy goals.

The capital management approach at the Bank is designed to determine the level of capital required to support the nature and level of risk facing the Bank, based on the strategic direction set by the Bank's Board of Directors ('BoD').

The Capital management approach ensures that capital adequacy is maintained at all times and adequate contingent capital sources are available to accommodate requirements from unexpected and stress events.

Capital Risk Appetite:

The capital risk appetite is set to ensure that the Bank has adequate quality and quantity of capital to meet the minimum regulatory requirements, execute its strategic plans and operate in the case of a stress event.

The Bank's risk appetite is aligned to the strategy of the Bank and is set by the BoD. It contains the desired risk and capital targets. It describes and acknowledges the risks inherent in the Bank's business strategy and documents the amount and type of risk the Bank is prepared to assume in pursuit of its business strategy. The explicit formulation of this strategy allows the early detection of deviations from the planned course, and in initiating the corresponding counter measures in a timely manner. It is closely monitored and managed by the Bank's Asset and Liability Committee ('ALCO') and reported to the BoD on periodic basis.

Controls and Risk mitigation Process:

The CFO in coordination with the CRO ensures adequacy of capital, and review compliance with regulation to ensure adherence at all times. The CRO uses stress and scenario testing as part of periodic ICAAP assessment to assess the capital risk of the Bank.

The Bank has adequate systems and controls to monitor its capital requirement to ensure that the amount of its capital resources is, and is likely to remain, adequate at all times.

Capital Adequacy Monitoring:

The capital position is regularly monitored against the triggers provided in the approved Risk Appetite Statement (RAS) and is presented to ALCO on a monthly basis and the BoD on a quarterly basis.

In case of any concerns about the capital position or a potential / actual breach of internal trigger / target capital levels, the same is escalated to the ALCO and the BoD for the necessary corrective action.

Capital triggers and Management:

The Bank's capital risk appetite and metrics forming part of the RAS establishes the BoD target capital ratios. The Risk Appetite Framework (RAF) also establishes key trigger levels (Yellow, Amber and Red) for deviations of the capital ratios from the BoD target ratios along with corresponding escalation processes and action plans required.

These trigger points include cushions in relation to the minimum capital adequacy required under

- a. Pillar I requirements, plus
- b. any additional capital adequacy requirements imposed as part of the SREP process (Pillar 2 capital requirements and Stress test requirements as per the ICAAP assessment).

The approved RAS includes the monitoring of actual capital position against Capital ratios triggers which is presented in the periodic ALCO and BoD meetings:

- a) CET1 ratio;
- b) Tier 1 ratio;
- c) Total Capital Adequacy ratio;
- d) Capital Resources to total risk exposure amount for Credit risk;
- e) Leverage ratio; and
- f) Minimum Capital base % of FSRA requirement.

A summarized commentary is provided to the ALCO and the BoD to explain the movements in the above-mentioned ratios from previous period and the key drivers (including significant movements in credit, market and operational risk weighted assets and movement in components of capital) to give more insights to ALCO and the BoD.

4.1. Risk weighted Exposure Amounts

		<i>in USD'000</i>
		Risk Weighted Assets
Particulars		30-Sep-24
Pillar 1		
Credit risk		14,332
Of which: standardised approach (SA)		
SA exposure classes excluding securitisation positions		
Central government and Central Bank		179
Multilateral Development Banks		-
Banks		9,556
Other items		4,597
Market risk		-
Interest Rate Risk		-
Equity Risk		-
Foreign Exchange Risk		-
Commodities Risk		-
Options Risk		-
Collective Investment Fund Risk		-
Securities Underwriting		-
Other Risk		-
Operational Risk		290
OpR Basic indicator Approach (BIA)		290
Pillar 1: Total Risk Weighted exposure amount		14,622
Pillar 2		
Operational Risk		19,780
OpR Basic indicator Approach (BIA)		19,780
Pillar 2: Total Risk Weighted exposure amount		19,780
Pillar 1 and 2: Total Risk Weighted exposure amount		34,402

The Capital Resources to total risk exposure amount for Credit risk as at 30 September 2024 is 189.84% and is in compliance with the FSRA's stipulated minimum requirement of 25%.

4.2. Leverage Ratio (LR)

The LR is a separate, additional requirement from the risk-based capital requirement. It is defined as the "capital" measure divided by the "exposure" measure. The capital measure is made up of Tier 1 capital. The exposure measure is a sum of on-balance sheet assets, derivative exposures, securities finance transactions and off-balance sheet exposures. It shows how much debt a bank uses to finance its operations.

The Bank is in compliance with the requirements stipulated by FSRA for the Leverage Ratio set at a minimum of 3%.

Particulars	in USD'000
	30-Sep-24
Exposure Measure	
<i>On-balance sheet exposures</i>	
On-balance sheet exposures	29,136
Total on-balance sheet exposures	29,136
<i>Derivative exposures</i>	
Total derivative exposures	-
<i>Securities financing transactions</i>	
Total securities financing transaction exposures	-
<i>Other off-balance sheet exposures</i>	
Off-balance sheet items	-
Total Exposure	29,136
Capital Measure	
Tier 1 capital	27,208
Total Capital	27,208
Leverage Ratio	
Leverage ratio (%)	93.38%

5. LIQUIDITY RISK

5.1. Liquidity Coverage Ratio (LCR)

Liquidity risk is the risk of the Bank not being able to meet efficiently the expected and unexpected current and future cash flows and collateral needs, without affecting either its daily operations or its financial condition. It is the policy of the Bank to maintain adequate liquidity at all times.

The Bank ensures that it maintains an adequate level of HQLA to meet its liquidity needs for a minimum 30 calendar day period under a severe stress scenario.

The Bank is in compliance with the requirement stipulated by FSRA to maintain LCR ratio of at least 150%.

Particulars	in USD'000	
	Total unweighted value	Total weighted value
	30-Sep-24	
High-quality liquid assets		
Level 1 Assets	1,179	1,179
Level 2A Assets	920	782
Total HQLA	2,099	1,961
Cash Outflows		
Unsecured wholesale funding	15	10
- Small business customers - less stable deposits	5	-
- Other legal entity customers	10	10
Other contractual cash outflows	246	246
TOTAL CASH OUTFLOWS	261	256
Cash Inflows		
Other contractual cash inflows	11,066	11,066
TOTAL CASH INFLOWS	11,066	11,066
		Total Adjusted Value
Total HQLA		1,961
Total net cash outflows		64
Liquidity coverage ratio (%)		3055.79%