



**EMIRATES NBD
BANK PJSC**
BASEL II – PILLAR III
DISCLOSURES

FOR THE YEAR
ENDED 31 DECEMBER 2019

REACHING NEW HEIGHTS



BASEL II – PILLAR III DISCLOSURES

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OVERVIEW

In November 2009, The Central Bank of the United Arab Emirates ("CBUAE") issued guidelines for implementation of Basel II Capital Accord in the banks in UAE. As per the circular, the Standardised Approach for Credit Risk was to apply immediately with an expectation that internationally active UAE banks and larger institutions will migrate to the Foundation Internal Rating Based (FIRB) in due course. The CBUAE Basel II framework is intended to strengthen the market discipline and risk management while enhancing the safety and soundness of the banking industry in UAE.

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

The guidelines for Pillar 1 – Calculation of Credit Risk pertain to the Standardised Approach of Basel II only. One of the major changes brought in with the new guidelines is the ability to apply, on an asset class basis, risk weightings determined from ratings provided by External Credit Assessment Institutions ("ECAI") approved by CBUAE.

CBUAE requires the Pillar 2 – Supervisory Review Process to focus on each bank's Internal Capital Adequacy Assessment Process (ICAAP) in addition to Pillar 1 Capital calculations. The ICAAP should include a risk based forward looking view of, but not limited to, Credit, Market and Operational risk Capital.

The purpose of Pillar 3 – Market Discipline is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The CBUAE supports the enhanced market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on the scope of application, capital, risk exposure, risk assessment process and hence the capital adequacy of the institution. The Pillar 3 disclosures, based on a common framework, are an effective means of informing the market about the risks faced by a bank, and provide a consistent and understandable disclosure framework that enhances transparency and comparability.

In compliance with the CBUAE guidelines and Basel II accord, these disclosures include information on the Group's risk management objectives and policies, risk assessment processes and computation, capital management and capital adequacy.

Quantitative information on risk assessment (per standardised approach) includes:

- Risk weighted assets of the Group - credit risk, market risk and operational risk
- Credit risk profile of gross credit exposure by counterparty classifications, rated/unrated
- Profile of gross credit exposure by economic activity, geographical region and maturity
- Profile of credit risk mitigation by economic activity, geographical region and maturity
- Profile of impaired loans by economic activity and geographical region

Information on capital adequacy includes:

- Capital adequacy computation
- Capital profile – CET 1, Tier I and Tier II

OVERVIEW (continued)

Introduction

The CBUAE supervises Emirates NBD ("ENBD" or the "bank") and its subsidiaries (together referred to as the "Group") on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. The capital requirements are computed at a Group 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 (Pillar I); supervisory review process (Pillar II); and market discipline (Pillar III).

Pillar III disclosures 2019

Pillar III complements the minimum capital requirements and the supervisory review process. Its aim is to encourage market discipline by developing disclosure requirements which allow market participants to assess certain specified information on the scope of application of Basel III, capital, particular risk exposures and risk assessment processes, and hence the capital adequacy of the institution. Disclosures consist of both quantitative and qualitative information and are provided at the consolidated level.

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. Additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) introduced are over and above the minimum CET1 requirement of 7%.

2019 Developments

Acquisition of DenizBank A.S

On 2 April 2019, the Group entered into a revised sale purchase agreement (Restated SPA) with Sberbank of Russia to acquire its 99.85% stake in DenizBank. In accordance with the Restated SPA, the consideration for 99.85% of shares in DenizBank was agreed at Turkish Lira (TRY) 15.48 billion. The transaction was completed on 31 July 2019 and accordingly the Group assumed control and consolidated the net assets of DenizBank as of that date.

Subsequent to 31 July 2019, as per the requirements of Turkish Capital Markets Board for a mandatory tender offer and after exercising squeeze out rights, the Group acquired the remaining 0.15% stake in DenizBank for a consideration of AED 65 million and as a result now holds 100% of equity in DenizBank. (Refer Note No. 12 of the annual financial statements)

Disposal of stake in Jointly controlled entity

On 15th April 2019, Network International Holdings Plc (a listing vehicle created as a holding entity of Network International LLC), was admitted to the premium-listing segment of the Official List maintained by Financial Conduct Authority and to the London Stock Exchange Plc.

The Group disposed its holdings in Network International Holdings Plc in two tranches. In total 39.1% shareholding was disposed, for a net consideration of AED 4,222 million compared to a book value of AED 1,076 million and as a result recorded a gain on disposal of AED 3,146 million. As of that date, the Group retained 11.9% interest in Network International Holdings Plc and no longer held significant influence and discontinued equity accounting. The retained interest was classified as investment at Fair Value through OCI. The fair value gain on measurement of the retained interest was AED 1,243 million and recognised in the income statement.

Subsequent to the above transactions, 6.2% shareholding was disposed for a net consideration of AED 749 million compared to a book value of AED 814 million. As a result, realised loss of AED 65 million was transferred to retained earnings on the investment held at Fair Value through OCI. The Group now retains 5.7% interest in Network International Holdings. (Refer Note No. 13 of annual financial statements)

OVERVIEW (continued)

Future Developments

In 2017, the CBUAE issued 'Regulations regarding Capital adequacy', supplementing the introduction of these regulations, in June 2019, CBUAE issued 'standard regarding capital adequacy'. These standards support the implementation of the regulations. The CBUAE has also developed 'Guidance regarding capital adequacy' to assist banks in the application of the regulations.

Based on these standards, revised pillar 1 capital adequacy standards and revised pillar 3 disclosures requirements will be effective from June 2020.

Verification

The Pillar III Disclosures for the year 2019 have been reviewed by the Group's statutory auditors.

Implementation of Basel II guidelines

The Group is compliant with Standardised Approach for Credit, Market and Operational Risk (Pillar I) with effect from 31st October 2007.

The Bank also assigns capital on other than Pillar I risk categories, for 'Interest Rate risk on Banking Book' and for 'Business Risk', within the Pillar II framework.

Group Structure

Emirates NBD Bank PJSC (the "Bank") was incorporated in the United Arab Emirates on 16 July 2007 consequent to the merger between Emirates Bank International PJSC ("EBI") and National Bank of Dubai PJSC ("NBD"), under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the Federal Law No. 8 of 1984.

The consolidated financial statements for the year ended 31 December 2019 comprise the financial statements of the Bank and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

The Bank is listed on the Dubai Financial Market (TICKER: "EMIRATESNBD").

The Group's principal business activities are corporate banking, consumer banking, treasury and Islamic banking. The Bank's website is www.emiratesnbd.com.

The complete listing of all direct subsidiaries and associate companies of Emirates NBD as of 31 December 2019 is as follows:

Subsidiaries:	Group % Shareholding	Nature of Business	Country of Incorporation	Description of Accounting Treatment (Consolidation/ Investment Accounting)	Description of Regulatory Capital Treatment/ (Consolidation/ Deduction from Capital/Neither)	Bank's total Interests (Current Book Value) in Insurance Entities (AED 000)
Buzz Contact Centre Solutions LLC	100	Call Centre Management Services	Dubai, U.A.E.	Consolidation	Consolidation	-
DenizBank Anonim Sirketi	100	Banking	Turkey	Consolidation	Consolidation	-
Dubai Bank PJSC	100	Islamic Banking	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates Funds LLC	100	Asset Management	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates Funds Managers (Jersey) Limited	100	Asset Management	Jersey	Consolidation	Consolidation	-
Emirates Islamic Bank PJSC	99.9	Islamic Banking	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates Money Consumer Finance LLC	100	Consumer Finance	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Asset Management Limited	100	Asset Management	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Capital (KSA) LLC	100	Investment Services	K.S.A.	Consolidation	Consolidation	-
Emirates NBD Capital PSC	100	Funds Management	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Egypt S.A.E	100	Banking	Egypt	Consolidation	Consolidation	-
Emirates NBD Global Funding Limited	100	Medium Term Borrowing and Money Market Transactions	Cayman Islands	Consolidation	Consolidation	-
Emirates NBD Properties LLC	100	Real Estate	Dubai, U.A.E.	Consolidation	Neither - Included in gross credit exposure as investment at carrying value	-
Emirates NBD Securities LLC	100	Brokerage Services	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Trust Company (Jersey) Limited	100	Trust Administration Services	Jersey	Consolidation	Consolidation	-
ENBD London Branch Nominee Company	100	Asset Management	England	Consolidation	Consolidation	-
Tanfeeth LLC	100	Shared Services Organization	Dubai, U.A.E.	Consolidation	Consolidation	-
The Emirates National Dubai Real Estate Company LLC	100	Nominee Company for Mortgage Business	K.S.A.	Consolidation	Consolidation	-

Associate:	Group % Shareholding	Nature of Business	Country of Incorporation	Description of Accounting Treatment (Consolidation/Investment Accounting)	Description of Regulatory Capital Treatment (Consolidation/Deduction from Capital/Neither)	Bank's total Interests (Current Book Value) in Insurance Entities (AED 000)
National General Insurance Company PSC	36.7	General and Life Insurance	Dubai, U.A.E.	Equity Accounting	Neither - Included in gross credit exposure as investment at carrying value	116,624

Other entities consolidated by the Group based on an assessment of control are as follows:

Group Tranche of Emblem Finance Company No. 2 Limited		SPE for asset securitisation		Consolidation	Consolidation	-
Emirates NBD Global Markets Limited		SPE for funding purpose		Consolidation	Consolidation	-
ENBD Asset Finance Company No. 1 DAC (under liquidation)		SPE for asset securitisation		Consolidation	Consolidation	-
ENBD Asset Finance Company No. 2 Limited		SPE for asset securitisation		Consolidation	Consolidation	-
Emirates NBD Tier 1 Limited		SPE for funding purpose		Consolidation	Consolidation	-
Emirates NBD 2014 Tier 1 Limited		SPE for funding purpose		Consolidation	Consolidation	-
EIB Sukuk Company Limited		SPE for asset securitisation		Consolidation	Consolidation	-
EI Funding Limited		SPE for asset securitisation		Consolidation	Consolidation	-

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III

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.

Additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) introduced over and above the minimum CET1 requirement of 7%.

For 2019, CCB is required to be kept at 2.5% of the Capital base. CCyB is not in effect and is not required to be kept for 2019.

Over and above additional capital buffers, the Group as a Domestic Systematically Important Bank (D-SIB) is required to keep an additional D-SIB buffer of 1.5% of the Capital base for 2019.

Regulatory Capital

The Bank's capital base is divided into three main categories, namely CET1, AT1 and Tier 2 ('T2'), depending on their characteristics.

- 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 'CBUAE' guidelines.
- AT1 capital comprises eligible non-common equity capital instruments.
- T2 capital comprises qualifying subordinated debt, and undisclosed reserve.

The capital overview as per Basel III framework is given below:

	2019 AED 000	2018 AED 000
Available capital		
Common equity Tier 1 capital	65,452,344	46,678,016
Tier 1 capital	74,559,700	55,607,384
Total eligible capital	79,375,840	58,802,536
Risk-weighted assets		
Credit risk	385,291,210	243,860,147
Market risk	10,190,488	9,035,854
Operational risk	33,027,671	28,043,576
Total risk-weighted assets	428,509,369	280,939,577

The capital adequacy ratios as per Basel III capital regulation are given below:

Capital Ratio	2019	2018
a. Total capital ratio for consolidated Group	18.52%	20.93%
b. Tier 1 ratio only for consolidated Group	17.40%	19.79%
c. CET1 ratio only for consolidated Group	15.27%	16.61%

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III (continued)

The consolidated capital structure as per Basel III is given below:

	2019 AED 000	2018 AED 000
Common Equity Tier 1 (CET1) Capital		
Share Capital	6,316,598	5,557,775
Share premium account	17,954,164	12,270,124
Eligible Reserves	4,456,124	4,384,056
Retained Earnings/(-) Loss	43,375,416	32,412,538
Dividend Expected/Proposed	-	(2,223,110)
Eligible amount of minority interest	3,638	9,066
CET1 capital before the regulatory adjustments and threshold deduction	72,105,940	52,410,449
Less: Regulatory deductions	(6,653,596)	(5,732,433)
Total CET1 capital after the regulatory adjustments and threshold deduction	65,452,344	46,678,016
Total CET1 capital after transitional arrangement for deductions (CET1) (A)	65,452,344	46,678,016
Additional Tier 1 (AT1) Capital		
Eligible AT1 capital	9,107,356	8,929,368
Other AT1 Capital e.g. (Share premium, minority interest)	-	-
Total AT1 capital	9,107,356	8,929,368
Total AT1 capital after transitional arrangements (AT1) (B)	9,107,356	8,929,368
Tier 2 (T2) Capital		
Tier 2 Instruments e.g. subordinated loan	-	146,900
Other Tier 2 capital (including General Provisions, etc.)	4,816,140	3,048,252
Total T2 Capital	4,816,140	3,195,152
Total T2 capital after transitional arrangements (T2) (C)	4,816,140	3,195,152
Total Regulatory Capital (A+B+C)	79,375,840	58,802,536

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III (continued)

TIER I CAPITAL NOTES

The Group has issued a number of regulatory Tier 1 capital notes with details mentioned in the table below. The notes are perpetual, subordinated and unsecured. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. The notes carry no maturity date and have been classified as equity.

Issuance Month/Year	Issued Amount	Coupon Rate
March 2019	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years
September 2014	USD 500 million (AED 1.83 billion)	Fixed interest rate with a reset after six years
June 2009	AED 4 billion	Fixed interest rate for the first five years and on a floating rate basis thereafter.

The Group has exercised its option to call back the following notes in May 2019 and as a result have been repaid in full.

Issuance Month/Year	Issued Amount	Coupon Rate
May 2013	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years

CAPITAL ADEQUACY (STANDARDISED APPROACH)

	2019 Capital Charge AED 000	2018 Capital Charge AED 000
Total Capital Requirements		
Credit Risk	55,867,225	32,921,120
Market Risk	1,070,001	948,765
Operational Risk	3,467,905	2,944,575
Total Capital Requirements	60,405,131	36,814,460

CAPITAL ADEQUACY (STANDARDISED APPROACH) (continued)

Standardised Approach – Credit risk & credit risk mitigation

Under Standardised Approach, all credit exposures are assessed according to the counterparty classifications and against the External Credit Assessment Institutions (“ECAI”) ratings as advised under national discretion (November 2009):

- Claims on sovereign and central banks in the GCC are risk weighted at 0% (where applicable).
- Domestic currency claims on a non-commercial GCC Public Sector Enterprise (PSE) are treated as claims on their sovereigns if their central bank or monetary authority treats them as such. Foreign currency claims on such a PSE are risk weighted one grade less favorable than its sovereign i.e. 20% risk weight. Claims on other foreign PSEs are risk weighted one grade less favorable than its sovereign.
- Claims on commercial companies owned by a GCC sovereign or PSEs that operate as commercial organisations are treated as claims on a corporate and risk weighted in accordance with ratings from acceptable ECAIs.
- ECAI ratings are also used to determine the capital requirements against exposures to banks and financial institutions. The group uses option 2 (one of alternative risk weight and ECAI ratings matrices as prescribed in the Basel II accord) for determining the capital requirements in line with the supervisory discretion adopted by the CBUAE.
- Claims on corporate entities are risk weighted at prescribed risk weights applicable per the latest ECAI rating of the counterparty. Claims on unrated corporate entities are risk weighted at 100%.
- Consumer banking exposure is classified into ‘Qualified Residential Mortgage’, ‘Qualified Regulatory Retail Portfolio’ and ‘Others’; per the CBUAE Basel II guidelines and are risk weighted at 35%, 75% and 100% respectively.
- All other assets are classified between ‘assets under higher risk categories’ and ‘others’; and risk weighted at prescribed risk weights.

For standardised capital adequacy calculations, the following rules are applied consistently to determine the appropriate ECAI ratings:

- Where more ECAI ratings of two acceptable rating agencies are available, the lower (worse) of the two is considered.
- Where the ECAI ratings are split evenly between all four rating agencies, the more conservative ratings are considered.
- Acceptable ECAI agencies are Moody’s, S&P, Fitch and Capital Intelligence.

Credit Risk

The total capital charge for credit risk as at 31 December 2019 is AED 55,867 million (2018: AED 32,921 million).

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

	2019		2018	
	Gross Exposure AED 000	Risk Weighted Assets AED 000	Gross Exposure AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	308,088,724	41,060,094	244,435,745	8,246,168
Claims on non-central government public sector entities	1,317,355	122,849	848,800	88,294
Claims on multi-lateral development banks	113,847	-	14,690	-
Claims on banks	55,540,475	25,916,226	53,008,264	27,601,538
Claims on securities firms	3,929	3,929	-	-
Claims on corporate and Government related entities (GRE)	218,675,965	190,959,340	126,319,074	111,800,921
Claims included in the regulatory retail portfolio	73,032,780	52,871,754	36,337,595	26,620,806
Claims secured by residential property	16,699,384	8,127,016	15,856,498	10,999,715
Claims secured by commercial real estate	41,618,482	41,618,482	44,404,477	44,404,477
Past due loans	35,423,980	7,777,137	28,568,606	2,786,401
Higher-risk categories	273,191	409,787	429,971	644,957
Other assets	23,436,398	16,424,596	16,347,646	10,666,870
Claims on securitised assets	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-
Total	774,224,510	385,291,210	566,571,366	243,860,147

Market Risk

Market risks subject to capital charge are as follows:

- Interest Rate Risk
- Foreign Exchange Risk
- Equity Exposure Risk
- Commodity Risk
- Options Risk

Capital charge on interest rate risk and equity exposure risk is restricted to Bank's 'trading book', while capital charge on Foreign exchange risk applies on the bank's entire positions.

The total Capital requirement for Market Risk as at 31 December 2019 is AED 1,070 million (2018: AED 949 million) as detailed below:

CAPITAL REQUIREMENT FOR MARKET RISK AS PER STANDARDISED APPROACH

	2019 AED 000	2018 AED 000
Interest rate risk	875,773	847,009
Equity position risk	-	-
Options risk	64,503	74,935
Foreign exchange risk	129,725	26,821
Total capital requirement	1,070,001	948,765

Operational Risk

Basel II framework outlines three methods for calculating the risk charge for operational risk – Basic Indicator, Standardised Approach and Advanced Measurement Approach. The Group presently follows the Standardised Approach.

The total capital requirement for Operational Risk as at 31 December 2019 is AED 3,468 million (2018: AED 2,945 million). This charge is computed by categorising the Group's activities into 8 business lines (as defined by Basel II guidelines) and multiplying the line's three year average gross income by a pre-defined beta factor.

RISK MANAGEMENT OBJECTIVES AND POLICIES

CREDIT RISK

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives and policies on Credit risk.

GROSS CREDIT EXPOSURE – CURRENCY CLASSIFICATION

31 DECEMBER 2019

	Loans & Islamic Financing AED 000	Debt securities AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	derivatives AED 000	OTC AED 000	Other off-balance sheet exposures AED 000	Total non-funded AED 000	Total AED 000
Foreign Currency	152,390,079	49,542,542	82,005,464	283,938,085	4,342,980	9,462,183	40,037,961	53,843,124	337,781,209	
AED	322,390,635	1,346	92,808,307	415,200,288	4,568,025	1,235,175	15,439,813	21,243,013	436,443,301	
Total	474,780,714	49,543,888	174,813,771	699,138,373	8,911,005	10,697,358	55,477,774	75,086,137	774,224,510	

31 DECEMBER 2018

	Loans & Islamic Financing AED 000	Debt securities AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	derivatives AED 000	OTC AED 000	Other off-balance sheet exposures AED 000	Total non-funded AED 000	Total AED 000
Foreign Currency	57,108,773	16,226,444	57,644,217	130,979,434	1,012,157	8,793,023	20,963,490	30,768,670	161,748,104	
AED	304,619,063	118	80,874,125	385,493,306	3,147,013	766,904	15,416,039	19,329,956	404,823,262	
Total	361,727,836	16,226,562	138,518,342	516,472,740	4,159,170	9,559,927	36,379,529	50,098,626	566,571,366	

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities [net of Debt Securities], Investment properties, Property & Equipment & Other Assets.

The group's credit exposure by Geography and Economic activity, both funded and non-funded is detailed below:

GROSS CREDIT EXPOSURE BY GEOGRAPHY

31 DECEMBER 2019

	Loans & Islamic Financing AED 000	Debt securities AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off-balance sheet exposures AED 000	Total non-funded AED 000	Total AED 000
United Arab Emirates	362,994,299	6,897,187	99,122,010	469,013,496	5,909,574	3,893,082	37,373,015	47,175,671	516,189,167
GCC excluding UAE*	12,706,195	10,609,427	14,720,132	38,035,754	226,719	958,354	949,307	2,134,380	40,170,134
Arab League (excluding GCC)	7,753,561	4,203,077	9,057,404	21,014,042	102,600	71,581	1,138,314	1,312,495	22,326,537
Asia	70,763,176	13,584,103	28,794,283	113,141,562	1,995,963	795,665	13,418,567	16,210,195	129,351,757
Africa	32,006	-	899,630	931,636	-	4,175	3,110	7,285	938,921
North America	621,867	8,551,578	2,162,356	11,335,801	61,993	43,552	2,171	107,716	11,443,517
South America	4,547	-	74	4,621	16	-	465	481	5,102
Caribbean	19,097	-	-	19,097	-	-	-	-	19,097
Europe	19,657,795	5,487,790	19,993,426	45,139,011	584,515	4,902,061	1,650,173	7,136,749	52,275,760
Australia	228,171	25,699	64,456	318,326	-	25,410	10	25,420	343,746
Others	-	185,027	-	185,027	29,625	3,478	942,642	975,745	1,160,772
Total	474,780,714	49,543,888	174,813,771	699,138,373	8,911,005	10,697,358	55,477,774	75,086,137	774,224,510

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities [net of Debt Securities], Investment properties, Property & Equipment & Other Assets.

*This includes Saudi Arabia, Bahrain, Kuwait, Oman and Qatar.

The group's credit exposure by Geography and Economic activity, both funded and non-funded is detailed below (Continued):

GROSS CREDIT EXPOSURE BY GEOGRAPHY (continued)

31 DECEMBER 2018

	Loans & Islamic Financing AED 000	Debt securities AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off-balance sheet exposures AED 000	Total non-funded AED 000	Total AED 000
United Arab Emirates	337,819,188	3,300,858	97,144,171	438,264,217	3,450,797	3,213,130	31,105,299	37,769,226	476,033,443
GCC excluding UAE*	10,144,007	4,712,878	12,365,969	27,222,854	290,178	994,707	2,920,059	4,204,944	31,427,798
Arab League (excluding GCC)	6,826,994	2,982,820	4,760,244	14,570,058	40,622	116,658	894,532	1,051,812	15,621,870
Asia	2,448,163	495,841	10,943,942	13,887,946	-	552,363	362,365	914,728	14,802,674
Africa	8,976	-	27,510	36,486	-	331	204	535	37,021
North America	1,186,159	3,238,831	1,948,917	6,373,907	-	680,174	1,464	681,638	7,055,545
South America	11,003	-	-	11,003	-	-	2,917	2,917	13,920
Caribbean	-	-	-	-	-	-	-	-	-
Europe	3,183,712	1,469,640	11,322,590	15,975,942	377,573	3,967,425	214,356	4,559,354	20,535,296
Australia	-	25,694	935	26,629	-	35,139	-	35,139	61,768
Others	99,634	-	4,064	103,698	-	-	878,333	878,333	982,031
Total	361,727,836	16,226,562	138,518,342	516,472,740	4,159,170	9,559,927	36,379,529	50,098,626	566,571,366

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities [net of Debt Securities], Investment properties, Property & Equipment & Other Assets.

*This includes Saudi Arabia, Bahrain, Kuwait, Oman and Qatar.

The group's credit exposure by Geography and Economic activity, both funded and non-funded is detailed below (Continued):

GROSS CREDIT EXPOSURE BY ECONOMIC ACTIVITY

31 DECEMBER 2019

	Loans & Islamic Financing AED 000	Debt securities AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off-balance sheet exposures AED 000	Total non-funded AED 000	Total AED 000
Agriculture, Fishing & Related Activities	8,127,555	-	259,915	8,387,470	28,108	6	645,994	674,108	9,061,578
Crude oil, Gas, Mining & Quarrying	3,171,336	103,884	-	3,275,220	202,574	39,124	1,517,746	1,759,444	5,034,664
Manufacturing	20,085,293	45,380	580,983	20,711,656	338,345	153,494	7,196,427	7,688,266	28,399,922
Electricity & Water	2,093,821	203,882	-	2,297,703	103,831	397,727	333,621	835,179	3,132,882
Construction	17,178,387	4,872	156,630	17,339,889	1,262,802	114,886	14,202,041	15,579,729	32,919,618
Trade	32,078,059	39,956	21	32,118,036	841,711	1,118,491	10,998,969	12,959,171	45,077,207
Transport, Storage & Communication	8,387,521	262,276	56,965	8,706,762	117,559	102,121	1,040,234	1,259,914	9,966,676
Financial Institutions and Investment Companies	33,706,946	3,576,890	156,309,959	193,593,795	1,192,821	8,127,734	6,918,862	16,239,417	209,833,212
Real Estate	51,918,225	505,133	499,372	52,922,730	1,956,842	253,358	3,024,370	5,234,570	58,157,300
Services	33,672,954	610,725	387,780	34,671,459	906,090	244,554	3,412,649	4,563,293	39,234,752
Sovereign	163,193,353	42,500,483	1,884,340	207,578,176	128,970	2,334	232,696	364,000	207,942,176
Personal	83,349,075	-	6	83,349,081	1,016,573	126,055	3,684,894	4,827,522	88,176,603
All Others	9,693,897	1,690,407	14,677,800	26,062,104	814,779	17,474	2,269,271	3,101,524	29,163,628
Add: Grossing up of interest in suspense	8,124,292	-	-	8,124,292	-	-	-	-	8,124,292
Total	474,780,714	49,543,888	174,813,771	699,138,373	8,911,005	10,697,358	55,477,774	75,086,137	774,224,510

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities [net of Debt Securities], Investment properties, Property & Equipment & Other Assets.

The group's credit exposure by Geography and Economic activity, both funded and non-funded is detailed below (continued):

GROSS CREDIT EXPOSURE BY ECONOMIC ACTIVITY (continued)

31 DECEMBER 2018

	Loans & Islamic Financing AED 000	Debt securities AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off-balance sheet exposures AED 000	Total non-funded AED 000	Total AED 000
Agriculture, Fishing & Related Activities	186,822	-	-	186,822	3,030	-	22,630	25,660	212,482
Crude oil, Gas, Mining & Quarrying	675,791	-	-	675,791	14,949	-	174,144	189,093	864,884
Manufacturing	8,346,629	-	4,022	8,350,651	74,084	63,105	2,528,782	2,665,971	11,016,622
Electricity & Water	1,333,271	266,644	303,055	1,902,970	18,931	36,558	106,528	162,017	2,064,987
Construction	9,318,290	-	58,775	9,377,065	751,611	26,013	11,900,923	12,678,547	22,055,612
Trade	28,223,771	-	-	28,223,771	81,130	406,204	2,854,156	3,341,490	31,565,261
Transport, Storage & Communication	3,290,781	89,254	112,572	3,492,607	14,119	39,206	782,047	835,372	4,327,979
Financial Institutions and Investment Companies	24,498,080	2,262,230	121,766,427	148,526,737	281,327	8,431,543	7,665,258	16,378,128	164,904,865
Real Estate	45,477,992	292,885	1,127,439	46,898,316	1,443,923	115,141	1,728,157	3,287,221	50,185,537
Services	9,640,235	656,991	118,963	10,416,189	48,100	154,649	1,881,560	2,084,309	12,500,498
Sovereign	151,375,100	11,329,604	1,957,932	164,662,636	-	144,613	6,226	150,839	164,813,475
Personal	63,553,289	-	-	63,553,289	18,900	51,489	836,877	907,266	64,460,555
All Others	8,712,957	1,328,954	13,069,157	23,111,068	1,409,066	91,406	5,892,241	7,392,713	30,503,781
Add: Grossing up of interest in suspense	7,094,828	-	-	7,094,828	-	-	-	-	7,094,828
Total	361,727,836	16,226,562	138,518,342	516,472,740	4,159,170	9,559,927	36,379,529	50,098,626	566,571,366

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities [net of Debt Securities], Investment properties, Property & Equipment & Other Assets.

GROSS CREDIT EXPOSURE BY MATURITY

The following table lists the Group's exposures by Residual Maturity:

31 DECEMBER 2019

	Loans & Islamic Financing AED 000	Debt securities AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off-balance sheet exposures AED 000	Total non-funded AED 000	Total AED 000
Less than 3 months	219,987,061	13,653,989	123,556,739	357,197,789	906,323	1,595,333	6,034,364	8,536,020	365,733,809
3 months to 1 year	50,751,926	3,197,911	29,983,310	83,933,147	7,584,677	2,488,162	21,730,273	31,803,112	115,736,259
1 year to 5 years	125,822,083	19,111,656	6,665,751	151,599,490	168,882	4,500,477	3,985,948	8,655,307	160,254,797
Over 5 years	40,868,957	13,580,332	14,607,971	69,057,260	251,123	2,113,386	23,727,189	26,091,698	95,148,958
Add: Grossing up of interest in suspense & provisions	37,350,687	-	-	37,350,687	-	-	-	-	37,350,687
Total	474,780,714	49,543,888	174,813,771	699,138,373	8,911,005	10,697,358	55,477,774	75,086,137	774,224,510

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities [net of Debt Securities], Investment properties, Investment in associate and joint ventures, Property & Equipment & Other Assets.

GROSS CREDIT EXPOSURE BY MATURITY (continued)

The following table lists the Group's exposures by Residual Maturity (continued):

31 DECEMBER 2018

	Loans & Islamic Financing AED 000	Debt securities AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off-balance sheet exposures AED 000	Total non-funded AED 000	Total AED 000
Less than 3 months	185,105,421	1,987,413	99,435,093	286,527,927	1,943,113	2,054,364	19,821,034	23,818,511	310,346,438
3 months to 1 year	25,947,506	1,663,642	29,412,501	57,023,649	2,216,057	1,807,978	9,813,365	13,837,400	70,861,049
1 year to 5 years	64,698,039	7,825,241	3,157,439	75,680,719	-	4,462,561	6,254,131	10,716,692	86,397,411
Over 5 years	52,179,534	4,750,266	6,513,309	63,443,109	-	1,235,024	490,999	1,726,023	65,169,132
Add: Grossing up of interest in suspense & provisions	33,797,336	-	-	33,797,336	-	-	-	-	33,797,336
Total	361,727,836	16,226,562	138,518,342	516,472,740	4,159,170	9,559,927	36,379,529	50,098,626	566,571,366

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities [net of Debt Securities], Investment properties, Investment in associate and joint ventures, Property & Equipment & Other Assets.

The details of impaired loans by Geography and Economic Activity are as below:

IMPAIRED LOANS BY ECONOMIC ACTIVITY

31 DECEMBER 2019

	Overdue (Gross of Interest in Suspense/ Provisions)		Provisions		Adjustments			Interest in Suspense AED 000	Total Impaired Assets AED 000
	Less than 90 days AED 000	90 days and above AED 000	Total AED 000	Specific* AED 000	General** AED 000	Write-offs AED 000	Write-backs AED 000		
Agriculture, Fishing & Related Activities	-	854,973	854,973	197,640	-	2,379	51,362	5	657,328
Crude oil, Gas, Mining & Quarrying	-	123,748	123,748	24,604	-	37,671	8,474	1,070	98,074
Manufacturing	-	1,144,631	1,144,631	561,255	-	90,202	187,273	117,489	465,887
Electricity and Water	-	35,207	35,207	102,064	-	-	67,399	-	(66,857)
Construction	-	4,369,449	4,369,449	3,184,267	-	10,112	163,253	1,052,929	132,253
Trade	-	2,985,637	2,985,637	1,672,686	-	194,608	138,363	420,696	892,255
Transport, Storage & Communication	-	556,436	556,436	270,199	-	11,578	18,484	53,146	233,091
Financial Institutions	-	8,151,034	8,151,034	6,280,434	-	301,835	-	1,999,823	(129,223)
Real Estate	-	6,504,039	6,504,039	3,833,911	-	109,400	443,516	1,915,262	754,866
Services	-	4,264,247	4,264,247	2,718,540	-	303,984	128,683	1,056,470	489,237
Sovereign	-	-	-	-	-	-	-	-	-
Personal	-	4,273,002	4,273,002	1,849,593	-	926,008	275,010	1,431,217	992,192
All Others	-	886,344	886,344	224,059	-	18,176	39,545	76,185	586,100
Total	-	34,148,747	34,148,747	20,919,252	8,307,143	2,005,953	1,521,362	8,124,292	5,105,203

*Specific provisions represent Stage 3 Expected Credit Loss ('ECL').

**General provisions represent Stage 1 and Stage 2 Expected Credit Loss ('ECL').

IMPAIRED LOANS BY ECONOMIC ACTIVITY (continued)

31 DECEMBER 2018

	Overdue (Gross of Interest in Suspense/ Provisions)		Provisions		Adjustments			Interest in Suspense AED 000	Total Impaired Assets AED 000
	Less than 90 days AED 000	90 days and above AED 000	Total AED 000	Specific* AED 000	General** AED 000	Write-offs AED 000	Write-backs AED 000		
Agriculture, fishing & related activities	-	4,177	4,177	3,706	-	-	28	496	(25)
Crude oil, Gas, Mining & Quarrying	-	41,615	41,615	37,847	-	17,160	-	4,195	(427)
Manufacturing	-	1,382,097	1,382,097	871,900	-	79,830	37,151	423,954	86,243
Electricity and Water	-	246	246	78	-	-	-	17	151
Construction	-	3,447,004	3,447,004	3,066,338	-	94,508	10,033	927,277	(546,611)
Trade	-	2,510,324	2,510,324	2,547,515	-	960,908	66,739	682,354	(719,545)
Transport, Storage & Communication	-	843,435	843,435	468,343	-	9,372	391,709	181,425	193,667
Financial Institutions	-	9,028,553	9,028,553	6,673,877	-	30,393	63,833	1,773,747	580,929
Real Estate	-	4,411,470	4,411,470	2,832,474	-	105,409	236,035	1,802,463	(223,467)
Services	-	2,524,217	2,524,217	958,159	-	336,387	418,203	104,723	1,461,335
Sovereign	-	-	-	-	-	-	-	-	-
Personal	-	3,228,752	3,228,752	1,494,057	-	1,216,571	267,856	1,156,744	577,951
All Others	-	666,802	666,802	305,389	-	298,306	139,623	37,433	323,980
Total	-	28,088,692	28,088,692	19,259,683	7,442,825	3,148,844	1,631,210	7,094,828	1,734,181

*Specific provisions represent Stage 3 Expected Credit Loss ('ECL').

**General provisions represent Stage 1 and Stage 2 Expected Credit Loss ('ECL').

IMPAIRED LOANS BY GEOGRAPHY

31 DECEMBER 2019

	Overdue (Gross of Interest in Suspense/ Provisions)		Provisions		Adjustments			Total Impaired Assets AED,000	
	Less than 90 days AED,000	90 days and above AED,000	Total AED,000	Specific* AED,000	General** AED,000	Write-offs AED,000	Write-backs AED,000		Interest in Suspense AED,000
United Arab Emirates	-	27,013,242	27,013,242	18,780,420	-	1,960,595	1,051,739	7,688,704	544,118
GCC excluding UAE***	-	2,112,498	2,112,498	618,580	-	-	2,244	388,733	1,105,185
Arab League (excluding GCC)	-	137,082	137,082	153,849	-	45,358	36,629	27,613	(44,380)
Asia	-	4,735,843	4,735,843	1,226,867	-	-	427,259	8,187	3,500,789
Africa	-	22	22	18	-	-	-	-	4
North America	-	161	161	51	-	-	-	-	110
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	149,890	149,890	139,439	-	-	3,491	11,055	(604)
Australia	-	-	-	-	-	-	-	-	-
Others	-	9	9	28	-	-	-	-	(19)
Total	-	34,148,747	34,148,747	20,919,252	8,307,143	2,005,953	1,521,362	8,124,292	5,105,203

*Specific provisions represent Stage 3 Expected Credit Loss ('ECL').

**General provisions represent Stage 1 and Stage 2 Expected Credit Loss ('ECL').

***This includes Saudi Arabia, Bahrain, Kuwait, Oman and Qatar.

IMPAIRED LOANS BY GEOGRAPHY (continued)

31 DECEMBER 2018

	Overdue (Gross of Interest in Suspense/ Provisions)		Provisions		Adjustments			Total Impaired Assets AED,000	
	Less than 90 days AED,000	90 days and above AED,000	Total AED,000	Specific* AED,000	General** AED,000	Write-offs AED,000	Write-backs AED,000		Interest in Suspense AED,000
United Arab Emirates	-	25,449,520	25,449,520	18,133,019	-	2,937,252	1,623,074	6,610,009	706,492
GCC excluding UAE ***	-	2,077,141	2,077,141	911,137	-	210,996	8,108	460,347	705,657
Arab League (excluding GCC)	-	253,973	253,973	182,179	-	-	-	14,394	57,400
Asia	-	11,849	11,849	5,514	-	-	-	7,742	(1,407)
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	293,346	293,346	24,193	-	596	28	2,336	266,817
Australia	-	-	-	-	-	-	-	-	-
Others	-	2,863	2,863	3,641	-	-	-	-	(778)
Total	-	28,088,692	28,088,692	19,259,683	7,442,825	3,148,844	1,631,210	7,094,828	1,734,181

*Specific provisions represent Stage 3 Expected Credit Loss ('ECL').

**General provisions represent Stage 1 and Stage 2 Expected Credit Loss ('ECL').

***This includes Saudi Arabia, Bahrain, Kuwait, Oman and Qatar.

RECONCILIATION OF CHANGES IN PROVISION FOR IMPAIRED LOANS

	2019 AED 000	2018 AED 000
Balance of provision for impaired loans as at 1 January (as per IAS 39)	26,702,508	25,293,047
Reversal on transition to IFRS 9	-	(7,611,048)
ECL recognised under IFRS 9	-	10,025,398
Balance at 1 January (Adjusted opening as per IFRS 9)	26,702,508	27,707,397
Add: Charge for the year		
Specific Provisions (ECL Stage 3)	5,212,367	3,822,879
General Provisions (ECL Stage 1 and Stage 2)	1,419,340	(46,253)
Less: Write-off of impaired loans	(2,005,953)	(3,148,844)
Less: Recovery of loans previously written off	-	-
Less: Write back/Recovery of loan loss provisions	(1,521,362)	(1,631,210)
Less: Exchange and other adjustments of loan loss provisions	(580,505)	(1,461)
Balance of provision for impaired loans as at 31 December	29,226,395	26,702,508

The Gross Credit Exposures as per Standardised Approach with the effect of CRM as detailed below:

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

31 DECEMBER 2019

	On Balance Sheet Gross Outstanding AED 000	Off-Balance Sheet Net Exposure after Credit Conversion Factors (CCF) AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	307,879,445	209,279	308,088,724	308,088,724	-	308,088,724	41,060,094
Claims on non-central government public sector entities	1,138,177	179,178	1,317,355	1,317,355	-	1,317,355	122,849
Claims on multi-lateral development banks	113,847	-	113,847	113,847	-	113,847	-
Claims on banks	43,593,660	11,946,815	55,540,475	55,540,475	10,182,964	45,357,511	25,916,226
Claims on securities firms	-	3,929	3,929	3,929	-	3,929	3,929
Claims on corporate and Government related entities (GRE)	162,824,783	55,851,182	218,675,965	218,675,965	25,726,364	192,949,601	190,959,340
Claims included in the regulatory retail portfolio	69,831,597	3,201,183	73,032,780	73,032,780	4,644,960	68,387,820	52,871,754
Claims secured by residential property	16,699,384	-	16,699,384	16,699,384	1,211	16,698,173	8,127,016
Claims secured by commercial real estate	39,243,989	2,374,493	41,618,482	41,618,482	-	41,618,482	41,618,482
Past due loans	34,148,747	1,275,233	35,423,980	6,380,436	21,050	6,359,386	7,777,137
Higher-risk categories	273,191	-	273,191	273,191	-	273,191	409,787
Other assets	23,391,553	44,845	23,436,398	23,436,398	-	23,436,398	16,424,596
Claims on securitised assets	-	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-	-
Total	699,138,373	75,086,137	774,224,510	745,180,966	40,576,549	704,604,417	385,291,210

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (CONTINUED)

31 DECEMBER 2018

	On Balance Sheet Gross Outstanding AED,000	Off-Balance Sheet Net Exposure after Credit Conversion Factors (CCF) AED,000	Total Gross Exposure AED,000	Exposure Before CRM AED,000	CRM AED,000	After CRM AED,000	Risk Weighted Assets AED,000
Claims on sovereigns	244,268,250	167,495	244,435,745	244,435,745	-	244,435,745	8,246,168
Claims on non-central government public sector entities	783,931	64,869	848,800	848,800	-	848,800	88,294
Claims on multi-lateral development banks	14,690	-	14,690	14,690	-	14,690	-
Claims on banks	41,226,055	11,782,209	53,008,264	52,971,035	7,466,640	45,504,395	27,601,538
Claims on securities firms	-	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	90,533,307	35,785,767	126,319,074	126,319,074	13,550,594	112,768,480	111,800,921
Claims included in the regulatory retail portfolio	35,660,593	677,002	36,337,595	36,337,595	1,659,882	34,677,713	26,620,806
Claims secured by residential property	15,856,498	-	15,856,498	15,856,498	-	15,856,498	10,999,715
Claims secured by commercial real estate	43,263,107	1,141,370	44,404,477	44,404,477	-	44,404,477	44,404,477
Past due loans	28,088,692	479,914	28,568,606	2,214,095	-	2,214,095	2,786,401
Higher-risk categories	429,971	-	429,971	429,971	-	429,971	644,957
Other assets	16,347,646	-	16,347,646	16,347,646	-	16,347,646	10,666,870
Claims on securitised assets	-	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-	-
Total	516,472,740	50,098,626	566,571,366	540,179,626	22,677,116	517,502,510	243,860,147

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (RATED/UNRATED)

31 DECEMBER 2019

	Rated AED,000	Unrated AED,000	Total Gross Exposure AED,000	Exposure Before CRM AED,000	After CRM AED,000	Risk Weighted Assets AED,000
Claims on sovereigns	58,527,316	249,561,408	308,088,724	308,088,724	308,088,724	41,060,094
Claims on non-central government public sector entities	606,255	711,100	1,317,355	1,317,355	1,317,355	122,849
Claims on multi-lateral development banks	113,847	-	113,847	113,847	113,847	-
Claims on banks	46,781,003	8,759,472	55,540,475	55,540,475	45,357,511	25,916,226
Claims on securities firms	-	3,929	3,929	3,929	3,929	3,929
Claims on corporate and Government related entities (GRE)	4,158,325	214,517,640	218,675,965	218,675,965	192,949,601	190,959,340
Claims included in the regulatory retail portfolio	-	73,032,780	73,032,780	73,032,780	68,387,820	52,871,754
Claims secured by residential property	-	16,699,384	16,699,384	16,699,384	16,698,173	8,127,016
Claims secured by commercial real estate	-	41,618,482	41,618,482	41,618,482	41,618,482	41,618,482
Past due loans	-	35,423,980	35,423,980	6,380,436	6,359,386	7,777,137
Higher-risk categories	-	273,191	273,191	273,191	273,191	409,787
Other assets	497,858	22,938,540	23,436,398	23,436,398	23,436,398	16,424,596
Claims on securitised assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	110,684,604	663,539,906	774,224,510	745,180,966	704,604,417	385,291,210

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (RATED/UNRATED) (continued)

31 DECEMBER 2018

	Rated AED,000	Unrated AED,000	Total Gross Exposure AED,000	Exposure Before CRM AED,000	After CRM AED,000	Risk Weighted Assets AED,000
Claims on sovereigns	8,811,937	235,623,808	244,435,745	244,435,745	244,435,745	8,246,168
Claims on non-central government public sector entities	266,642	582,158	848,800	848,800	848,800	88,294
Claims on multi-lateral development banks	14,690	-	14,690	14,690	14,690	-
Claims on banks	36,954,848	16,053,416	53,008,264	52,971,035	45,504,395	27,601,538
Claims on securities firms	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	1,731,119	124,587,955	126,319,074	126,319,074	112,768,480	111,800,921
Claims included in the regulatory retail portfolio	-	36,337,595	36,337,595	36,337,595	34,677,713	26,620,806
Claims secured by residential property	-	15,856,498	15,856,498	15,856,498	15,856,498	10,999,715
Claims secured by commercial real estate	-	44,404,477	44,404,477	44,404,477	44,404,477	44,404,477
Past due loans	-	28,568,606	28,568,606	2,214,095	2,214,095	2,786,401
Higher-risk categories	-	429,971	429,971	429,971	429,971	644,957
Other assets	-	16,347,646	16,347,646	16,347,646	16,347,646	10,666,870
Claims on securitised assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	47,779,236	518,792,130	566,571,366	540,179,626	517,502,510	243,860,147

EXPOSURE SUBJECT TO DEDUCTION AS PER STANDARDISED APPROACH (RATED/UNRATED)

31 DECEMBER 2019

	Rated AED,000	Unrated AED,000	Total Gross Exposure AED,000	Exposure Before CRM AED,000	After CRM AED,000	Risk Weighted Assets AED,000
Claims on sovereigns	-	-	-	-	-	-
Claims on non-central government public sector entities	-	-	-	-	-	-
Claims on multi-lateral development banks	-	-	-	-	-	-
Claims on banks	10,088,767	1,351,903	11,440,670	11,440,670	1,257,706	628,853
Claims on corporate and Government related entities (GRE)	411,654	59,231,272	59,642,926	59,642,926	33,916,562	33,916,562
Claims included in the regulatory retail portfolio	-	7,884,552	7,884,552	7,884,552	3,239,592	2,429,694
Claims secured by residential property	-	1,211	1,211	1,211	-	-
Claims secured by commercial real estate	-	-	-	-	-	-
Past due loans	-	93,049	93,049	46,413	25,363	25,363
Higher-risk categories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Claims on securitised assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	10,500,421	68,561,987	79,062,408	79,015,772	38,439,223	37,000,472

EXPOSURE SUBJECT TO DEDUCTION AS PER STANDARDISED APPROACH (RATED/UNRATED) (continued)

31 DECEMBER 2018

	Rated AED 000	Unrated AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	-	-	-	-	-	-
Claims on non-central government public sector entities	-	-	-	-	-	-
Claims on multi-lateral development banks	-	-	-	-	-	-
Claims on banks	4,383,206	3,408,948	7,792,154	7,792,154	325,514	162,757
Claims on corporate and Government related entities (GRE)	-	47,541,482	47,541,482	47,541,482	33,990,888	33,990,888
Claims included in the regulatory retail portfolio	-	3,714,651	3,714,651	3,714,651	2,054,769	1,541,076
Claims secured by residential property	-	-	-	-	-	-
Claims secured by commercial real estate	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Claims on securitised assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	4,383,206	54,665,081	59,048,287	59,048,287	36,371,171	35,694,721

CREDIT RISK MITIGATION AS PER STANDARDISED APPROACH

	2019	2018
Gross exposure prior to credit risk mitigation	774,224,510	566,571,366
Exposure covered by on-balance sheet netting	(29,043,544)	(26,391,740)
Exposure covered by eligible financial collateral	(39,334,333)	(21,395,632)
Exposure covered by Guarantees	(1,242,216)	(1,281,484)
Net exposure after credit risk mitigation	704,604,417	517,502,510
	Risk weighted assets (AED 000)	Risk weighted assets (AED 000)
	454,911,303	292,929,003
	(29,043,544)	(26,391,740)
	(39,334,333)	(21,395,632)
	(1,242,216)	(1,281,484)
	385,291,210	243,860,147

RISK MANAGEMENT OBJECTIVES AND POLICIES

MARKET RISK

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives, year-end VaR numbers, overall interest sensitivity in the Banking book and policies on Market risk.

QUANTITATIVE DISCLOSURES FOR EQUITY POSITION IN THE BANKING BOOK

31 DECEMBER 2019

(a) Quantitative Details of Equity Position

FS Category (FVOCI/ Amortised cost)	Basel II Category (Banking book)	Publicly Traded	Privately Held	AED 000
1,346,378	1,346,378	998,594	347,784	-
1,346,378	1,346,378	998,594	347,784	347,784

(b) Realised, Unrealised & Latent revaluation gains/(losses) during the year

AED 000	FVOCI
(65,295)	
139,526	
-	
74,231	

Particulars

Gains (Losses)

Realised gains (losses) from sale and liquidations
 Unrealised gains (losses) recognised in the balance sheet but not through profit and loss account
 Latent revaluation gains (losses) for investment recorded at cost but not recognised in balance sheet or profit and loss account

Total

(c) Items in (b) above included in Tier I/Tier II Capital

AED 000	Amount
(65,295)	
(65,295)	

Tier Capital

Amount included in Tier I capital (realised gains)
 Amount included in Tier II capital (unrealised gains)

Total

QUANTITATIVE DISCLOSURES FOR EQUITY POSITION IN THE BANKING BOOK (continued)

31 DECEMBER 2019

(d) Capital requirements by Equity groupings

AED 000	Amount
19,496	
195,225	
-	
214,721	

Grouping

Investments in associate and joint venture
 Investment securities
 Held for trading

Total capital requirement

(e) Equity Investments (Quoted/Unquoted) - Including private equity investments

AED 000	Banking Book (Per Basel II Definition)	Trading Book (Per Basel II Definition)
998,594	-	-
347,784	-	-
1,346,378	-	-

Particulars

Quoted

Unquoted

Total

QUANTITATIVE DISCLOSURES FOR EQUITY POSITION IN THE BANKING BOOK (continued)

31 DECEMBER 2018

(a) Quantitative Details of Equity Position

Type	FS Category (FVOCI/ Amortised cost)	Basel II Category (Banking book)	Current Year		AED 000
			Publicly Traded	Privately Held	
Equities	498,357	498,357	120,488	377,869	
Collective investment schemes	-	-	-	-	
Any other investment	-	-	-	-	
Total	498,357	498,357	120,488	377,869	

(b) Realised, Unrealised & Latent revaluation gains/(losses) during the year

Particulars	AED 000
Gains (Losses)	FVOCI
Realised gains (losses) from sale and liquidations	57,776
Unrealised gains (losses) recognised in the balance sheet but not through profit and loss account	(98,706)
Latent revaluation gains (losses) for investment recorded at cost but not recognised in balance sheet of profit and loss account	-
Total	(40,930)

(c) Items in (b) above included in Tier I/Tier II Capital

Tier Capital	AED 000
Amount included in Tier I capital (realised gains)	57,776
Amount included in Tier II capital (unrealised gains)	-
Total	57,776

QUANTITATIVE DISCLOSURES FOR EQUITY POSITION IN THE BANKING BOOK (continued)

31 DECEMBER 2018

(d) Capital requirements by Equity groupings

Grouping	AED 000
Investments in associate and joint venture	Amount
Investment securities	213,458
Held for trading	67,278
Total capital requirement	280,736

(e) Equity investments (Quoted/Unquoted) - Including private equity investments

Particulars	Banking Book (Per Basel II Definition)	Trading Book (Per Basel II Definition)	AED 000
Quoted	120,488	-	
Unquoted	377,869	-	
Total	498,357	-	

RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign Exchange Risk

Foreign exchange risk hedging strategies are used to ensure that positions are always within established limits. The Group has a conservative policy towards foreign exchange risk and has set limits on positions by currency. Foreign exchange risk is measured using position reports showing the net long or short position for currencies, which are monitored on a real-time basis. Foreign exchange risk is actively managed using spot and forward foreign exchange instruments.

The capital requirement for foreign exchange risk as at 31 December 2019 is AED 129.73 million (as at 31 December 2018 is AED 26.82 million).

Operational Risk

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives and policies for Operational risk.

Liquidity Risk

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives and policies for Liquidity risk.

Reputational Risk

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives and policies for Reputation risk.

Regulatory/Compliance Risk

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives and policies for Regulatory/compliance risk.

Internal Audit's role in overall risk management

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives and policies for details on Internal Audit's role in overall risk management.

Risk management framework and processes at Emirates Islamic Bank (EI)

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives and policies for details on Risk management framework and processes at EIB.

Risk management framework and processes at DenizBank

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives and policies for details on Risk management framework and processes at DenizBank.

