



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

FOR THE YEAR ENDED
31 DECEMBER 2015



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.

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.

OVERVIEW (CONTINUED)

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 – Tier I and Tier II

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 II framework of the Basel Committee on Banking Supervision (“Basel Committee”), after applying the amendments advised by the CBUAE, within national discretion. 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 2015

Pillar III complements the minimum capital requirements and the supervisory review process. Its aim is to encourage market discipline by developing a set of disclosure requirements which allow market participants to assess certain specified information on the scope of application of Basel II, 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.

OVERVIEW (CONTINUED)

Future Developments

The regulation and supervision of financial institutions is currently undergoing a period of ongoing change in response to the global financial crisis. Increased capital requirements and regulatory focus on Liquidity Risk have been announced by the Basel Committee in October 2010, commonly known as Basel III. These developments are being tracked by the Group and necessary dialogue conducted with the Central Bank of UAE, for timely changes to the Capital Management and Disclosure regimes.

Verification

The Pillar III Disclosures for the year 2015 have been appropriately verified internally and 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. Details on Pillar II methodologies are contained in the section – "Capital Management and Stress Testing" of this report.

Development on Advanced IRB Approaches (Credit Risk) is a multi track initiative, the Group will complete migration to advanced approach upon publication of final CBUAE guidelines.

Group Structure

The Bank was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The bank is listed on the Dubai Financial Market (Ticker: "EMIRATESNBD"). The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984. The Bank is currently assessing the impact of the new law and expects to be fully compliant on or before the end of grace period on 30 June 2016.

The Group's principal business activity is corporate banking, consumer banking, treasury and Islamic banking.

The complete listing of all direct subsidiaries, associate companies and joint ventures of Emirates NBD as of 31 December 2015 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	-
ENBD London Branch Nominee Company	100	Asset Management	England	Consolidation	Consolidation	-
E.T.F.S. LLC	100	Trade finance services	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates Financial Services PSC	100	Funds management	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates Funds Managers (Jersey) Limited	100	Asset management	Jersey	Consolidation	Consolidation	-
Emirates NBD Properties LLC	100	Real estate	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Securities LLC	100	Brokerage services	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Asset Management Limited	100	Asset management	Dubai, U.A.E.	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 Funds LLC	100	Asset Management	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Capital (KSA) LLC	100	Investment Services	KSA	Consolidation	Consolidation	-
Emirates NBD Trust Company (Jersey) Limited	100	Trust administration services	Jersey	Consolidation	Consolidation	-
Dubai Bank PJSC	100	Islamic Banking	Dubai, U.A.E.	Consolidation	Consolidation	-
Tanfeeth LLC	100	Shared services organization and medium term borrowing and money market transactions	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Global Funding Limited	100	Nominee Company for Mortgage Business	Cayman Islands	Consolidation	Consolidation	-
KSA Mortgage Company	100	Mortgage Business	KSA	Consolidation	Consolidation	-
Emirates NBD Egypt S.A.E	100	Banking	Egypt	Consolidation	Consolidation	-

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)
ENBD Asset Finance Company No.1 Limited		SPE for asset securitization		Consolidation	Consolidation	-
Emirates NBD Tier 1 Limited		SPE for asset securitization		Consolidation	Consolidation	-
Emirates NBD 2014 Tier 1 Limited		SPE for asset securitization		Consolidation	Consolidation	-
ENBD Asset Finance Company No.2 Limited		SPE for asset securitization		Consolidation	Consolidation	-
Emirates NBD Auto Finance Limited		SPE for asset securitization		Consolidation	Consolidation	-
Group Tranche of Emblem Finance Company No 2 limited		SPE for asset securitization		Consolidation	Consolidation	-
EIB Sukuk Company Limited		SPE for asset securitization		Consolidation	Consolidation	-
Associate:						
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	182,579
Joint venture:						
Network International LLC.	51	Card processing services	Dubai, U.A.E.	Equity Accounting	Neither - Included in gross credit exposure as investment at carrying value	-

CONSOLIDATED CAPITAL STRUCTURE

The Group's regulatory capital is calculated as per the guidelines issued by CBUAE and it comprises:

- Tier 1 Capital** which is considered as the core measure of the Group's financial strength and includes share capital, reserves, retained earnings and minority interests (net of treasury shares and goodwill) and;
- Tier 2 Capital** which consists of qualified subordinated debts and allowed portions of revaluation reserves & general provisions.

The Bank's share capital as at 31 December 2015 comprised of 5,557,774,724 issued and fully paid shares of value AED 1 each. The detailed breakdown of the capital structure of the bank is as follows:

Particulars	2015 AED 000	2014 AED 000
Tier 1 Capital		
1. Paid up share capital/ common stock	17,827,899	17,827,899
2. Reserves		
a. Statutory reserve	2,778,888	2,778,888
b. Special reserve	-	-
c. General reserve	20,228,802	15,829,013
3. Non-controlling interest in the equity of subsidiaries	5,662	4,926
4. Innovative capital instruments	-	-
5. Other capital instruments	9,477,076	9,477,076
6. Surplus capital from insurance companies	-	-
Subtotal	50,318,327	45,917,802
Less: Deductions for regulatory calculation	-	-
Less: Deductions from Tier 1 capital	(6,077,000)	(6,202,555)
Tier 1 Capital - Subtotal (A)	44,241,327	39,715,247
Tier 2 Capital (B)	6,681,459	6,670,128
Less: Other deductions from capitals (C)	-	-
Tier 3 Capital (D)	-	-
Total eligible capital after deductions (A+B+C+D)	50,922,786	46,385,375

Note

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 under equity.

Note (continued)

Issuance Month/year	Issued Amount	Coupon rate
September 2014	USD 500 million (AED 1.83 billion)	Fixed interest rate with a reset after six years
May 2013	USD 1 billion (AED 3.67 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.

Capital Adequacy

The Group's Capital Adequacy ratio as at 31 December 2015 was 20.74% and Tier 1 ratio was 18.02% (in 2014, the Capital Adequacy ratio was 21.06% and Tier 1 ratio 18.03%) against the regulatory requirement of minimum of 12% and 8% respectively. The Group ensures adherence to CBUAE requirements by monitoring its Capital Adequacy against higher internal limits.

Each banking subsidiary is directly regulated by its local banking supervisor which sets and monitors its capital adequacy requirements. CBUAE monitors the Capital Adequacy requirements of Emirates NBD at the Group level and also separately for Emirates Islamic Bank and Dubai Bank, subsidiaries of Emirates NBD.

CAPITAL ADEQUACY (STANDARDISED APPROACH)

RISK WEIGHTED EXPOSURE

	2015 AED 000	2014 AED 000
Credit risk	217,201,778	191,931,999
Market risk	4,192,234	6,961,239
Operational risk	24,110,440	21,346,673
Total	245,504,452	220,239,911
	2015 Capital Charge AED 000	2014 Capital Charge AED 000
Capital Requirements		
Credit Risk	26,064,213	23,031,840
Market Risk	503,068	835,349
Operational Risk	2,893,253	2,561,601
Total Capital Requirements (Refer Note)	29,460,534	26,428,790

CAPITAL ADEQUACY (STANDARDISED APPROACH) (continued)

Capital Ratio

	2015	2014
Total for Top consolidated Group	20.74%	21.06%
Tier 1 ratio only for top consolidated group	18.02%	18.03%
Total for each significant bank subsidiary:		
Emirates Islamic Bank	13.22%	13.83%

Note

Risk weighted assets as at 31 December 2015 were AED 245,504 million and as at 31 December 2014 were AED 220,240 million.

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%.
- 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 organizations 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 2015 is AED 26,064 million (2014: AED 23,032 million).

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

	2015		2014	
	Gross Exposure AED 000	Risk Weighted Assets AED 000	Gross Exposure AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	181,503,324	10,011,807	166,378,644	6,221,834
Claims on non-central government public sector entities	1,060,679	11,337	1,983,006	82,242
Claims on multi-lateral development banks	14,584	-	367,798	-
Claims on banks	51,785,369	24,494,652	29,514,487	14,567,187
Claims on securities firms	-	-	-	-
Claims on corporate and Government related entities (GRE)	116,376,881	105,116,589	107,033,825	97,901,721
Claims included in the regulatory retail portfolio	39,551,368	26,118,886	36,493,054	24,669,282
Claims secured by residential property	9,131,408	6,484,034	7,901,405	4,960,234
Claims secured by commercial real estate	25,598,208	25,598,208	22,000,825	22,000,825
Past due loans	27,035,231	6,531,472	27,331,525	8,341,899
Higher-risk categories	442,451	663,677	716,072	1,074,108
Other assets	17,032,883	12,171,116	18,401,870	12,112,667
Claims on securitized assets	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-
Total	469,532,386	217,201,778	418,122,511	191,931,999

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 2015 is AED 503 million (2014: AED 835 million) as detailed below:

CAPITAL REQUIREMENT FOR MARKET RISK AS PER STANDARDISED APPROACH

	2015 AED 000	2014 AED 000
Interest rate risk	446,922	787,436
Equity position risk	28,436	32,097
Options risk	-	-
Foreign exchange risk	27,710	15,816
Total capital requirement	503,068	835,349

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 2015 is AED 2,893 million (2014: AED 2,562 million). This charge is computed by categorizing 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. 48 in the annual financial statements for detailed risk management objectives and policies on Credit risk

GROSS CREDIT EXPOSURE – CURRENCY CLASSIFICATION

31 DECEMBER 2015

	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
Foreign Currency	46,474,061	13,880,034	60,250,321	120,604,416	2,551,666	8,391,667	19,474,618	30,417,951	151,022,367
AED	252,098,235	28,007	49,408,304	301,534,546	2,487,758	351,069	14,136,646	16,975,473	318,510,019
Total	298,572,296	13,908,041	109,658,625	422,138,962	5,039,424	8,742,736	33,611,264	47,393,424	469,532,386

31 DECEMBER 2014

	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
Foreign Currency	44,907,766	11,631,883	44,688,989	101,228,638	706,071	4,657,391	19,945,235	25,308,697	126,537,335
AED	226,480,423	266,329	49,174,052	275,920,804	2,945,864	205,545	12,512,963	15,664,372	291,585,176
Total	271,388,189	11,898,212	93,863,041	377,149,442	3,651,935	4,862,936	32,458,198	40,973,069	418,122,511

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities [net of Debt Securities], investment in associate and joint venture, 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 2015

	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	281,008,471	2,229,861	67,377,958	350,616,290	3,003,214	7,469,983	27,697,856	38,171,053	388,787,343
GCC excluding UAE	9,201,865	2,151,877	8,805,643	20,159,385	1,074,520	132,107	3,133,675	4,340,302	24,499,687
Arab League (excluding GCC)	3,275,560	5,035,654	9,049,970	17,361,184	430,519	37,749	1,118,445	1,586,713	18,947,897
Asia	845,342	1,435,467	6,494,229	8,775,038	111,441	5,477	593,461	710,379	9,485,417
Africa	67,528	-	1,620,773	1,688,301	-	-	67,642	67,642	1,755,943
North America	545,146	1,958,514	3,494,343	5,998,003	1,488	-	1,555	3,043	6,001,046
South America	-	-	361,499	361,499	-	-	-	-	361,499
Caribbean	-	-	-	-	-	-	-	-	-
Europe	3,628,384	1,034,600	12,386,560	17,049,544	418,242	1,092,241	998,471	2,508,954	19,558,498
Australia	-	62,068	66,023	128,091	-	5,179	59	5,238	133,329
Others	-	-	1,627	1,627	-	-	100	100	1,727
Total	298,572,296	13,908,041	109,658,625	422,138,962	5,039,424	8,742,736	33,611,264	47,393,424	469,532,386

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities [net of Debt Securities], investment in associate and joint venture, 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 GEOGRAPHY (continued)

31 DECEMBER 2014

	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	254,031,207	2,615,487	58,478,400	315,125,094	2,018,621	4,039,116	26,594,025	32,651,762	347,776,856
GCC excluding UAE	8,578,174	3,122,544	17,306,684	29,007,402	1,067,524	15,575	3,490,479	4,573,578	33,580,980
Arab League (excluding GCC)	3,806,754	3,327,312	4,479,505	11,613,571	421,754	32,922	846,243	1,300,919	12,914,490
Asia	515,432	970,682	4,423,648	5,909,762	64,863	1,560	231,057	297,480	6,207,242
Africa	48,995	-	370,422	419,417	-	-	151,180	151,180	570,597
North America	781,436	382,605	1,838,501	3,002,542	-	1,178	4,063	5,241	3,007,783
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	3,626,191	1,479,582	6,965,720	12,071,493	79,173	772,585	1,134,297	1,986,055	14,057,548
Australia	-	-	161	161	-	-	6,854	6,854	7,015
Total	271,388,189	11,898,212	93,863,041	377,149,442	3,651,935	4,862,936	32,458,198	40,973,069	418,122,511

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 2015

	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	176,405	-	-	176,405	-	-	13,946	13,946	190,351
Crude, oil gas, mining & quarrying	591,141	10,819	-	601,960	43,984	67	18,354	62,405	664,365
Manufacturing	9,349,495	-	-	9,349,495	84,384	417	2,763,049	2,847,850	12,197,345
Electricity and water	-	56,687	-	56,687	-	-	105,563	105,563	162,250
Construction	8,612,276	144,322	-	8,756,598	1,202,637	-	7,507,042	8,709,679	17,466,277
Trade	16,792,702	-	-	16,792,702	299,636	134,709	5,771,342	6,205,687	22,998,389
Transport, Storage & Communication	6,296,535	85,234	-	6,381,769	155,966	38,671	800,725	995,362	7,377,131
Financial Institutions and Investment companies	23,929,218	2,722,228	92,867,086	119,518,532	506,263	7,471,836	4,463,113	12,441,212	131,959,744
Real Estate	38,505,338	-	1,080,820	39,586,158	447,609	6,533	200,623	654,765	40,240,923
Services	7,453,814	399,685	51,000	7,904,499	304,383	171,693	4,922,452	5,398,528	13,303,027
Sovereign	120,760,734	7,109,406	2,890	127,873,030	25,830	-	47,269	73,099	127,946,129
Personal	58,269,323	-	-	58,269,323	103,082	-	2,109,993	2,213,075	60,482,398
All Others	3,083,318	3,379,660	15,656,829	22,119,807	1,865,650	918,810	4,887,793	7,672,253	29,792,060
Add: Grossing up of interest in suspense	4,751,997	-	-	4,751,997	-	-	-	-	4,751,997
Total	298,572,296	13,908,041	109,658,625	422,138,962	5,039,424	8,742,736	33,611,264	47,393,424	469,532,386

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 2014

	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	76,700	-	-	76,700	6,859	-	16,064	22,923	99,623
Crude, oil gas, mining & quarrying	422,938	10,965	-	433,903	19,351	1,312	58,978	79,641	513,544
Manufacturing	7,428,224	22,647	-	7,450,871	197,743	285,469	2,512,334	2,995,546	10,446,417
Electricity & Water	204,283	-	-	204,283	44,025	265	51,376	95,666	299,949
Construction	9,446,681	148,596	623,784	10,219,061	1,024,975	29,135	7,348,656	8,402,766	18,621,827
Trade	13,637,160	-	-	13,637,160	680,721	306,912	5,856,634	6,844,267	20,481,427
Transport, Storage & Communication	7,637,070	280,064	15	7,917,149	138,160	373,276	741,649	1,253,085	9,170,234
Financial Institutions and Investment companies	27,181,974	3,091,010	80,359,583	110,632,567	403,683	3,767,686	5,792,345	9,963,714	120,596,281
Real Estate	36,382,087	-	349,190	36,731,277	24,812	58,148	8,116	91,076	36,822,353
Services	4,335,449	764,463	169,796	5,269,708	97,918	21,765	4,098,494	4,218,177	9,487,885
Sovereign	106,661,089	5,524,886	153,750	112,339,725	114,595	-	3,399	117,994	112,457,719
Personal	50,051,320	-	-	50,051,320	55,511	-	2,267,862	2,323,373	52,374,693
All Others	3,532,222	2,055,581	12,206,923	17,794,726	843,582	18,968	3,702,291	4,564,841	22,359,567
Add: Grossing up of interest in suspense	4,390,992	-	-	4,390,992	-	-	-	-	4,390,992
Total	271,388,189	11,898,212	93,863,041	377,149,442	3,651,935	4,862,936	32,458,198	40,973,069	418,122,511

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 2015

	On Balance Sheet		Off Balance Sheet		Credit Risk Mitigation (CRM)		Risk Weighted Assets AED 000
	Gross Outstanding AED 000	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	
Claims on sovereigns	181,501,161	2,163	181,503,324	181,503,324	-	181,503,324	10,011,807
Claims on non-central government public sector entities	1,017,754	42,925	1,060,679	1,060,679	-	1,060,679	11,337
Claims on multi-lateral development banks	14,584	-	14,584	14,584	-	14,584	-
Claims on banks	42,039,279	9,746,090	51,785,369	51,785,369	2,530,564	49,254,805	24,494,652
Claims on securities firms	-	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	81,311,623	35,065,258	116,376,881	116,376,881	10,315,097	106,061,784	105,116,589
Claims included in the regulatory retail portfolio	38,532,365	1,019,003	39,551,368	39,551,368	4,592,772	34,958,596	26,118,886
Claims secured by residential property	9,131,408	-	9,131,408	9,131,408	-	9,131,408	6,484,034
Claims secured by commercial real estate	24,661,550	936,658	25,598,208	25,598,208	-	25,598,208	25,598,208
Past due loans	26,453,904	581,327	27,035,231	5,114,138	-	5,114,138	6,531,472
Higher-risk categories	442,451	-	442,451	442,451	-	442,451	663,677
Other assets	17,032,883	-	17,032,883	17,032,883	-	17,032,883	12,171,116
Claims on securitized assets	-	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-	-
Total	422,138,962	47,393,424	469,532,386	447,611,293	17,438,433	430,172,860	217,201,778

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (continued)

31 DECEMBER 2014

	On Balance Sheet		Off Balance Sheet		Credit Risk Mitigation (CRM)		Risk Weighted Assets AED 000
	Gross Outstanding AED 000	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	
Claims on sovereigns	166,376,884	1,760	166,378,644	166,378,644	-	166,378,644	6,221,834
Claims on non-central government/public sector entities	1,960,217	22,789	1,983,006	1,983,006	-	1,983,006	82,242
Claims on multi-lateral development banks	367,798	-	367,798	367,798	-	367,798	-
Claims on banks	22,354,113	7,160,374	29,514,487	29,514,487	-	29,514,487	14,567,187
Claims on securities firms	-	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	76,033,738	31,000,087	107,033,825	104,644,763	6,075,728	98,569,035	97,901,721
Claims included in the regulatory retail portfolio	35,012,065	1,480,989	36,493,054	36,493,054	4,120,161	32,372,893	24,669,282
Claims secured by residential property	7,901,405	-	7,901,405	7,901,405	-	7,901,405	4,960,234
Claims secured by commercial real estate	21,364,991	635,834	22,000,825	22,000,825	-	22,000,825	22,000,825
Past due loans	26,660,289	671,236	27,331,525	6,111,240	-	6,111,240	8,341,899
Higher-risk categories	716,072	-	716,072	716,072	-	716,072	1,074,108
Other assets	18,401,870	-	18,401,870	18,401,870	-	18,401,870	12,112,667
Claims on securitized assets	-	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-	-
Total	377,149,442	40,973,069	418,122,511	394,513,164	10,195,889	384,317,275	191,931,999

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

31 DECEMBER 2015

	Total Gross Exposure AED 000		Risk Weighted Assets AED 000	
	Rated AED 000	Unrated AED 000	Exposure Before CRM AED 000	After CRM AED 000
Claims on sovereigns	14,302,325	167,200,999	181,503,324	181,503,324
Claims on non-central government/public sector entities	232,740	827,939	1,060,679	1,060,679
Claims on multi-lateral development banks	14,584	-	14,584	14,584
Claims on banks	4,061,899	47,723,470	51,785,369	49,254,805
Claims on securities firms	-	-	-	-
Claims on corporate and Government related entities (GRE)	2,011,459	114,365,422	116,376,881	106,061,784
Claims included in the regulatory retail portfolio	-	39,551,368	39,551,368	34,958,596
Claims secured by residential property	-	9,131,408	9,131,408	9,131,408
Claims secured by commercial real estate	-	25,598,208	25,598,208	25,598,208
Past due loans	-	27,035,231	27,035,231	5,114,138
Higher-risk categories	-	442,451	442,451	442,451
Other assets	5,948	17,026,935	17,032,883	17,032,883
Claims on securitized assets	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-
Total	20,628,955	448,903,431	447,611,293	430,172,860

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

31 DECEMBER 2014

	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	8,094,978	158,283,666	166,378,644	166,378,644	166,378,644	6,221,834
Claims on non-central government/public sector entities	1,003,093	979,913	1,983,006	1,983,006	1,983,006	82,242
Claims on multi-lateral development banks	367,798	-	367,798	367,798	367,798	-
Claims on banks	4,048,382	25,466,105	29,514,487	29,514,487	29,514,487	14,567,187
Claims on securities firms	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	1,220,659	105,813,166	107,033,825	104,644,763	98,569,035	97,901,721
Claims included in the regulatory retail portfolio	-	36,493,054	36,493,054	36,493,054	32,372,893	24,669,282
Claims secured by residential property	-	7,901,405	7,901,405	7,901,405	7,901,405	4,960,234
Claims secured by commercial real estate	-	22,000,825	22,000,825	22,000,825	22,000,825	22,000,825
Past due loans	-	27,331,525	27,331,525	6,111,240	6,111,240	8,341,899
Higher-risk categories	-	716,072	716,072	716,072	716,072	1,074,108
Other assets	-	18,401,870	18,401,870	18,401,870	18,401,870	12,112,667
Claims on securitized assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	14,734,910	403,387,601	418,122,511	394,513,164	384,317,275	191,931,999

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

31 DECEMBER 2015

	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	-	2,531,296	2,531,296	2,531,296	732	367
Claims on securities firms	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	-	38,484,079	38,484,079	38,484,079	28,168,982	28,168,982
Claims included in the regulatory retail portfolio	-	5,461,608	5,461,608	5,461,608	868,836	-
Claims secured by residential property	-	-	-	-	-	-
Claims secured by commercial real estate	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Claims on securitized assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	-	46,476,983	46,476,983	46,476,983	29,038,550	28,169,349

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

31 DECEMBER 2014

	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	-	-	-	-	-	-
Claims on securities firms	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	168,485	27,079,610	27,248,095	27,248,095	21,172,367	18,648,517
Claims included in the regulatory retail portfolio	-	6,526,891	6,526,891	6,526,891	2,406,730	1,631,131
Claims secured by residential property	-	-	-	-	-	-
Claims secured by commercial real estate	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Claims on securitized assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	168,485	33,606,501	33,774,986	33,774,986	23,579,097	20,279,648

CREDIT RISK MITIGATION AS PER STANDARDISED APPROACH

	2015	2014		
	Gross credit exposure (AED 000)	Risk weighted assets (AED 000)	Gross credit exposure (AED 000)	Risk weighted assets (AED 000)
Gross exposure prior to credit risk mitigation	469,532,386	256,561,304	418,122,511	225,737,235
Exposure covered by on-balance sheet netting	(21,921,093)	(21,921,093)	(21,220,285)	(21,220,285)
Exposure covered by eligible financial collateral	(16,184,593)	(16,184,593)	(10,195,889)	(10,195,889)
Exposures covered by Guarantees	(1,253,840)	(1,253,840)	(2,389,062)	(2,389,062)
Net exposure after credit risk mitigation	430,172,860	217,201,778	384,317,275	191,931,999

The details of impaired loans by Geography and Economic Activity are as below:
IMPAIRED LOANS BY ECONOMIC ACTIVITY

31 DECEMBER 2015

	Overdue (Gross of Interest in Suspense/ Provisions) Less than 90 days		90 days and above		Total		Provisions			Adjustments			Interest in Suspense AED 000	Total Impaired Assets AED 000
	AED 000		AED 000		AED 000		Specific	General	Write-offs	Write-backs	AED 000			
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000		
Agriculture, fishing & related activities	-	13,143	-	13,143	-	-	-	-	-	-	-	-	-	13,143
Crude, oil gas, mining & quarrying	-	45,866	-	45,866	-	36,076	-	-	-	52	-	-	9,790	-
Manufacturing	-	1,936,994	-	1,936,994	-	1,063,997	-	-	10,778	75,033	-	-	461,342	411,655
Electricity and water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	3,220,054	-	3,220,054	-	2,733,883	-	-	18,081	71,649	-	-	486,171	-
Trade	-	1,525,005	-	1,525,005	-	1,276,296	-	-	264,702	171,732	-	-	248,709	-
Transport, Storage & Communication	-	431,594	-	431,594	-	340,686	-	-	1,343	19,226	-	-	85,018	5,890
Financial Institutions	-	7,136,606	-	7,136,606	-	4,298,197	-	-	109,194	69,144	-	-	809,644	2,028,765
Real Estate	-	7,732,932	-	7,732,932	-	4,848,548	-	-	22,839	1,213,201	-	-	1,763,872	1,120,512
Services	-	1,014,463	-	1,014,463	-	903,074	-	-	37,716	189,757	-	-	111,389	-
Sovereign	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personal	-	3,213,392	-	3,213,392	-	1,573,394	-	-	405,752	192,227	-	-	767,363	872,635
All Others	-	183,854	-	183,854	-	94,946	-	-	42,121	2,931	-	-	8,699	80,209
Total	-	26,453,903	-	26,453,903	-	17,169,097	-	6,070,344	912,526	2,004,952	-	-	4,751,997	4,532,809

IMPAIRED LOANS BY ECONOMIC ACTIVITY (continued)

31 DECEMBER 2014

	Overdue (Gross of Interest in Suspense/ Provisions) Less than 90 days		90 days and above		Total		Provisions			Adjustments			Interest in Suspense AED 000	Total Impaired Assets AED 000
	AED 000		AED 000		AED 000		Specific	General	Write-offs	Write-backs	AED 000			
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000		
Agriculture, fishing & related activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crude, oil gas, mining & quarrying	-	211,811	-	211,811	-	87,380	-	-	-	-	-	-	7,621	116,810
Manufacturing	-	1,400,402	-	1,400,402	-	1,026,678	-	-	525	48,248	-	-	353,196	20,528
Electricity and water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	2,454,046	-	2,454,046	-	2,059,652	-	-	8,616	65,303	-	-	340,756	53,638
Trade	-	1,917,579	-	1,917,579	-	1,420,807	-	-	932	28,817	-	-	357,454	139,318
Transport, Storage & Communication	-	114,556	-	114,556	-	44,238	-	-	-	3,380	-	-	16,342	53,976
Financial Institutions	-	7,886,680	-	7,886,680	-	5,018,442	-	-	4,627	118,563	-	-	666,956	2,201,282
Real Estate	-	7,325,302	-	7,325,302	-	3,500,225	-	-	67,868	373,584	-	-	1,306,050	2,519,027
Services	-	1,852,341	-	1,852,341	-	1,351,780	-	-	14,406	107,500	-	-	211,852	288,709
Sovereign	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personal	-	3,704,868	-	3,704,868	-	2,274,986	-	-	3,978,486	356,637	-	-	1,117,297	312,585
All Others	-	151,999	-	151,999	-	45,105	-	-	-	29,799	-	-	13,468	93,426
Total	-	27,019,584	-	27,019,584	-	16,829,293	-	4,194,163	4,075,460	1,131,831	-	-	4,390,992	5,799,299

IMPAIRED LOANS BY GEOGRAPHY

31 DECEMBER 2015

	Overdue (Gross of Interest in Suspense/ Provisions)		Provisions		Adjustments		Interest in Suspense	Total Impaired Assets	
	Less than 90 days	90 days and above	Total	Specific	General	Write-offs			Write-backs
United Arab Emirates	-	25,774,870	25,774,870	16,702,964	-	901,913	4,710,229	4,361,677	
GCC excluding UAE	-	518,245	518,245	421,029	-	2,681	41,003	56,213	
Arab League (excluding GCC)	-	96,876	96,876	20,443	-	9,234	-	76,433	
Asia	-	37,820	37,820	-	-	-	-	37,820	
Africa	-	-	-	-	-	-	-	-	
North America	-	-	-	-	-	-	-	-	
South America	-	-	-	-	-	-	-	-	
Caribbean	-	-	-	-	-	-	-	-	
Europe	-	26,092	26,092	24,661	-	(1,302)	765	666	
Australia	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	
Total	-	26,453,903	26,453,903	17,169,097	6,070,344	912,526	4,751,997	4,532,809	

IMPAIRED LOANS BY GEOGRAPHY (continued)

31 DECEMBER 2014

	Overdue (Gross of Interest in Suspense/ Provisions)		Provisions		Adjustments		Interest in Suspense	Total Impaired Assets	
	Less than 90 days	90 days and above	Total	Specific	General	Write-offs			Write-backs
United Arab Emirates	-	26,469,547	26,469,547	16,437,999	-	4,072,165	4,352,393	5,679,155	
GCC excluding UAE	-	451,313	451,313	305,609	-	3,291	35,719	109,985	
Arab League (excluding GCC)	-	30,745	30,745	30,745	-	-	-	-	
Asia	-	9,549	9,549	19,430	-	-	2,387	(12,268)	
Africa	-	-	-	-	-	-	-	-	
North America	-	-	-	-	-	-	-	-	
South America	-	-	-	-	-	-	-	-	
Caribbean	-	-	-	-	-	-	-	-	
Europe	-	58,430	58,430	35,510	-	4	493	22,427	
Australia	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	
Total	-	27,019,584	27,019,584	16,829,293	4,194,163	4,075,460	4,390,992	5,799,299	

RECONCILIATION OF CHANGES IN PROVISION FOR IMPAIRED LOANS

	2015 AED 000	2014 AED 000
Balance of provision for impaired loans as at 1 January	21,023,456	20,611,870
Add: Charge for the year		
Specific Provisions	3,264,637	5,322,224
General Provisions	1,876,852	404,759
Less: Write-off of impaired loans	(912,526)	(4,075,460)
Less: Recovery of loans previously written off	-	-
Less: Write back / Recovery of loan loss provisions	(2,004,952)	(1,131,831)
Less: Adjustments of loan loss provisions	(8,026)	(108,106)
Balance of provision for impaired loans as at 31 December	<u>23,239,441</u>	<u>21,023,456</u>

RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

MARKET RISK

Please refer Note no. 48 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 2015

(a) Quantitative Details of Equity Position	Type	FS Category (AFS/FVPL)	Basel II Category (Banking book)	Current Year		AED 000
				Publicly Traded	Privately Held	
Equities		1,430,124	1,430,124	562,312		867,812
Collective investment schemes		-	-	-	-	-
Any other investment		-	-	-	-	-
Total		1,430,124	1,430,124	562,312		867,812

(b) Realized, Unrealized & Latent revaluation gains/ (losses) during the year

Particulars	AED 000
Gains (Losses)	AFS
Realized gains (losses) from sale and liquidations	840,550
Unrealized gains (losses) recognized in the balance sheet but not through profit and loss account	(384,550)
Latent revaluation gains (losses) For investment recorded at cost but not recognized in balance sheet or profit and loss account	-
Total	456,000

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

Tier Capital	AED 000
Amount included in Tier I capital (realized gains)	840,550
Amount included in Tier II capital (unrealised gains)	(173,047)
Total	667,503

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

31 DECEMBER 2015

(d) Capital requirements by Equity groupings

	AED 000
Grouping	Amount
Investments in associates and joint ventures	193,803
Investment Securities	171,615
Held for Trading	-
Total capital requirement	365,418

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

Particulars	AED 000	
	Banking Book (Per Basel II Definition)	Trading Book (Per Basel II Definition)
Quoted	562,312	-
Unquoted	867,812	-
Total	1,430,124	-

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

31 DECEMBER 2014

(a) Quantitative Details of Equity Position

Type	FS Category (AFS/FVPL)	Basel II Category (Banking book)	Current Year		AED 000
			Publicly Traded	Privately Held	
Equities	1,650,382	1,650,382	747,260	903,122	
Collective investment schemes	-	-	-	-	
Any other investment	-	-	-	-	
Total	1,650,382	1,650,382	747,260	903,122	

(b) Realized, Unrealized & Latent revaluation gains/ (losses) during the year

Particulars	AED 000
Gains (Losses)	AFS
Realized gains (losses) from sale and liquidations	323,297
Unrealized gains (losses) recognized in the balance sheet but not through profit and loss account	13,049
Latent revaluation gains (losses) for investment recorded at cost but not recognized in balance sheet or profit and loss account	-
Total	336,346

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

Tier Capital	AED 000
Amount	Amount
Amount included in Tier I capital (realized gains)	323,297
Amount included in Tier II capital (unrealised gains)	5,872
Total	329,169

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

31 DECEMBER 2014

(d) Capital requirements by Equity groupings

	AED 000
Grouping	Amount
Investments in associates and joint ventures	213,729
Investment Securities	198,046
Held for Trading	-
Total capital requirement	411,775

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

Particulars	AED 000	
	Banking Book (Per Basel II Definition)	Trading Book (Per Basel II Definition)
Quoted	747,260	-
Unquoted	903,122	-
Total	1,650,382	-

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 2015 is AED 27.71 million (as at 31 December 2014 is AED 15.8 million).

Operational Risk

Please refer Note no. 48 in the annual financial statements for detailed risk management objectives and policies for Operational risk.

Liquidity Risk

Please refer Note no. 48 in the annual financial statements for detailed risk management objectives and policies for Liquidity risk.

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

31 DECEMBER 2015

	Loans & Islamic Financing	Debt securities	Other assets	Total funded	Commitments	OTC derivatives	Other off-balance sheet exposures	Total non-funded	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Less than 3 months	134,645,701	1,647,451	77,520,176	213,813,328	911,917	1,201,358	18,816,483	20,929,758	234,743,086
3 months to 1 year	24,678,009	3,316,293	20,116,667	48,110,969	3,578,635	1,165,097	9,184,894	13,928,626	62,039,595
1 year to 5 years	53,903,382	6,163,568	4,491,393	64,558,343	548,872	5,721,834	5,260,420	11,531,126	76,089,469
Over 5 years	63,424,110	2,780,729	7,530,389	73,735,228	-	654,447	349,467	1,003,914	74,739,142
Add: Grossing up of interest in suspense & provisions	21,921,094	-	-	21,921,094	-	-	-	-	21,921,094
Total	298,572,296	13,908,041	109,658,625	422,138,962	5,039,424	8,742,736	33,611,264	47,393,424	469,532,386

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.

31 DECEMBER 2014

	Loans & Islamic Financing	Debt securities	Other assets	Total funded	Commitments	OTC derivatives	Other off-balance sheet exposures	Total non-funded	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Less than 3 months	113,920,043	1,531,271	63,911,466	179,362,780	2,267,477	1,057,698	16,903,464	20,228,639	199,591,419
3 months to 1 year	22,150,404	1,658,593	14,265,549	38,074,546	1,261,944	740,130	7,932,376	9,934,450	48,008,996
1 year to 5 years	62,612,743	3,012,576	4,981,631	70,606,950	122,514	2,619,941	6,855,103	9,597,558	80,204,508
Over 5 years	51,484,714	5,695,772	10,704,395	67,884,881	-	445,167	767,255	1,212,422	69,097,303
Add: Grossing up of interest in suspense & provisions	21,220,285	-	-	21,220,285	-	-	-	-	21,220,285
Total	271,388,189	11,898,212	93,863,041	377,149,442	3,651,935	4,862,936	32,458,198	40,973,069	418,122,511

RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Reputational Risk

Please refer Note no. 48 in the annual financial statements for detailed risk management objectives and policies for reputation risk.

Regulatory/Compliance Risk

Please refer Note no. 48 in the annual financial statements for detailed risk management objectives and policies for Regulatory/compliance risk.

Business Risk

Please refer Note no. 48 in the annual financial statements for detailed risk management objectives and policies for Business risk.

Capital management policies and stress testing

Please refer Note no. 48 in the annual financial statements for detailed risk management objectives and policies for Capital management policies and stress testing.

Internal Audit's role in overall risk management

Please refer Note no. 48 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 (EI)

Please refer Note no. 48 in the annual financial statements for detailed risk management objectives and policies for details on risk management framework and processes at EI.

Risk management framework and processes at Emirates NBD Egypt

Please refer Note no. 48 in the annual financial statements for detailed risk management objectives and policies for details on risk management framework and processes at Emirates NBD Egypt.

