



**EMIRATES NBD
BANK PJSC**
BASEL II - PILLAR III
DISCLOSURES
FOR THE YEAR
ENDED 31 DECEMBER 2018

CELEBRATING 100 YEARS OF ZAYED



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.

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 – CET 1, 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. Effective from 2017, 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 2018

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%.

OVERVIEW (continued)

Future Developments

The CBUAE is in the process of reviewing and incorporating residual Basel III regulations and the Group is tracking these developments and necessary dialogue conducted with the CBUAE, for timely changes to the Capital Management and Disclosure regimes.

In October 2018, CBUAE issued a draft Standard on revised Pillar 3 disclosure requirements that is currently in consultative stage and will supersede the existing pillar 3 disclosure requirements issued in 2009. The revised Pillar 3 disclosure requirements will be implemented in 2019.

Verification

The Pillar III Disclosures for the year 2018 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 – "Internal Capital Adequacy Assessment Process" of this report.

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. 8 of 1984 was replaced by the Federal Law No. 2 of 2015, concerning Commercial Companies which has come into effect from 1 July 2015.

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 2018 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	-
Emirates NBD Capital 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	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 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 Organisation	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Global Funding Limited	100	Medium-term Borrowing and Money Market Transactions	Cayman Islands	Consolidation	Consolidation	-
The Emirates National Dubai Real Estate Company LLC	100	Nominee Company for 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 DAC		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	-
Emirates NBD Global Markets Limited		SPE for funding purpose		Consolidation	Consolidation	-
ENBD Asset Finance Company No.2 Limited		SPE for asset securitisation		Consolidation	Consolidation	-
Group Tranche of Emblem Finance Company No. 2 Limited		SPE for asset securitisation		Consolidation	Consolidation	-
EIB Sukuk Company Limited		SPE for asset securitisation		Consolidation	Consolidation	-
EI Funding Limited		SPE for asset securitisation		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	190,006
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 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 2018, CCB is effective in transition arrangement and is required to keep at 1.88% of the Capital base and from 2019; it will be required to be kept at 2.5% of the Capital base. CCyB is not in effect and is not required to be kept for 2018.

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 1.13% of the Capital base for 2018. This buffer will increase to 1.5% of the Capital base by 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:

	2018 AED 000	2017 AED 000
Available capital		
Common equity tier 1 capital	46,678,016	42,649,802
Tier 1 capital	55,607,384	51,527,359
Total eligible capital	58,802,536	57,782,602
Risk-weighted assets		
Credit risk	243,860,147	238,799,078
Market risk	9,035,854	7,841,446
Operational risk	28,043,576	26,381,543
Total risk-weighted assets	280,939,577	273,022,067

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III (continued)

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

	Minimum capital requirement 2018	2018	2017
Capital Ratio			
a. Total capital ratio for consolidated Group	13.50%	20.93%	21.16%
b. Tier 1 ratio only for consolidated Group	11.50%	19.79%	18.87%
c. CET1 ratio only for consolidated Group	10.00%	16.61%	15.62%
Total for each significant bank subsidiary:			
Emirates Islamic Bank	12.38%	18.19%	17.36%

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.

Note: In January 2018, CBUAE issued Basel III Capital supply standards and guidance, based on this guidance Banks are required to deduct proposed dividend from retained earnings while calculating the Capital Adequacy ratio.

Accordingly, the Capital Adequacy ratio for 2017 and 2018 is calculated after considering the impact of proposed dividend for 2017 and 2018.

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III (continued)

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

	2018 AED 000	2017 AED 000
Common Equity Tier 1 (CET1) Capital		
Share Capital	5,557,775	5,557,775
Share premium account	12,270,124	12,270,124
Eligible Reserves	4,384,056	4,429,333
Retained Earnings / (-) Loss	32,412,538	27,403,808
Dividend Expected/Proposed	(2,223,110)	(2,223,110)
Eligible amount of minority interest	9,066	8,028
CET1 capital before the regulatory adjustments and threshold deduction	52,410,449	47,445,958
Less: Regulatory deductions	(5,732,433)	(5,995,195)
Total CET1 capital after the regulatory adjustments and threshold deduction	46,678,016	41,450,763
Total CET1 capital after transitional arrangement for deductions (CET1) (A)	46,678,016	42,649,802
Additional Tier 1 (AT1) Capital		
Eligible AT1 capital	8,929,368	9,477,076
Other AT1 Capital e.g. (Share premium, minority interest)	-	-
Total AT1 capital	8,929,368	9,477,076
Total AT1 capital after transitional arrangements (AT1) (B)	8,929,368	8,877,557
Tier 2 (T2) Capital		
Tier 2 Instruments e.g. subordinated loan	146,900	3,752,068
Other Tier 2 capital (including General Provisions, etc.)	3,048,252	3,102,694
Total T2 Capital	3,195,152	6,854,762
Total T2 capital after transitional arrangements (T2) (C)	3,195,152	6,255,243
Total Regulatory Capital (A+B+C)	58,802,536	57,782,602

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
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 (STANDARDISED APPROACH)

	2018 Capital Charge AED 000	2017 Capital Charge AED 000
Total Capital Requirements		
Credit Risk	32,921,120	28,531,789
Market Risk	948,765	939,953
Operational Risk	2,944,575	3,165,785
Total Capital Requirements	36,814,460	32,637,527

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 2018 is AED 32,921 million (2017: AED 28,532 million).

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

	2018		2017	
	Gross Exposure AED,000	Risk Weighted Assets AED,000	Gross Exposure AED,000	Risk Weighted Assets AED,000
Claims on sovereigns	244,435,745	8,246,168	217,872,839	6,149,043
Claims on non-central government public sector entities	848,800	88,294	1,266,096	135,416
Claims on multi-lateral development banks	14,690	-	14,503	-
Claims on banks	53,008,264	27,601,538	63,113,156	28,637,975
Claims on securities firms	-	-	-	-
Claims on corporate and Government related entities (GRE)	126,319,074	111,800,921	116,715,892	108,059,242
Claims included in the regulatory retail portfolio	36,337,595	26,620,806	35,783,859	24,822,435
Claims secured by residential property	15,856,498	10,999,715	14,235,643	10,974,152
Claims secured by commercial real estate	44,404,477	44,404,477	42,363,836	42,363,836
Past due loans	28,568,606	2,786,401	30,086,332	6,486,042
Higher-risk categories	429,971	644,957	870,610	1,305,915
Other assets	16,347,646	10,666,870	15,968,280	9,865,022
Claims on securitised assets	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-
Total	566,571,366	243,860,147	538,291,046	238,799,078

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 2018 is AED 949 million (2017: AED 940 million) as detailed below:

CAPITAL REQUIREMENT FOR MARKET RISK AS PER STANDARDISED APPROACH

	2018 AED 000	2017 AED 000
Interest rate risk	847,009	880,038
Equity position risk	-	2,714
Options risk	74,935	7,914
Foreign exchange risk	26,821	49,287
Total capital requirement	948,765	939,953

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 2018 is AED 2,945 million (2017: AED 3,166 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. 50 in the annual financial statements for detailed risk management objectives and policies on Credit Risk

GROSS CREDIT EXPOSURE – CURRENCY CLASSIFICATION

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
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

31 DECEMBER 2017

	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	50,081,152	14,444,532	83,282,329	147,808,013	871,341	7,425,373	22,272,957	30,569,671	178,377,684
AED	285,964,756	64	52,960,897	338,925,717	4,184,505	716,071	16,087,069	20,987,645	359,913,362
Total	336,045,908	14,444,596	136,243,226	486,733,730	5,055,846	8,141,444	38,360,026	51,557,316	538,291,046

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 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.

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 2017

	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	314,187,151	2,060,538	96,841,155	413,088,844	3,791,884	2,896,914	33,970,084	40,658,882	453,747,726
GCC excluding UAE	9,456,381	4,230,763	9,066,523	22,753,667	606,702	937,374	1,398,810	2,942,886	25,696,553
Arab League (excluding GCC)	4,675,487	3,253,223	3,471,035	11,399,745	-	182,457	4,070	186,527	11,586,272
Asia	1,230,794	536,607	9,743,523	11,510,924	-	476,220	324,919	801,139	12,312,063
Africa	10,966	-	226,014	236,980	-	-	-	-	236,980
North America	1,204,643	2,684,648	4,331,707	8,220,998	-	826,576	6,286	832,862	9,053,860
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	4,058,198	1,639,607	12,256,794	17,954,599	657,260	2,769,541	930,566	4,357,367	22,311,966
Australia	-	25,138	-	25,138	-	52,362	6,854	59,216	84,354
Others	1,222,288	14,072	306,475	1,542,835	-	-	1,718,437	1,718,437	3,261,272
Total	336,045,908	14,444,596	136,243,226	486,733,730	5,055,846	8,141,444	38,360,026	51,557,316	538,291,046

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

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.

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 2017

	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	6,374	147,004	-	153,378	52,966	-	156,549	209,515	362,893
Crude, oil gas, mining & quarrying	589,334	-	25,135	614,469	240,838	-	192,301	433,139	1,047,608
Manufacturing	8,500,926	-	-	8,500,926	178,831	39,382	2,854,088	3,072,301	11,573,227
Electricity & Water	435,379	-	-	435,379	-	-	364,407	364,407	799,786
Construction	8,898,949	-	435,831	9,334,780	1,587,828	23,594	12,258,379	13,869,801	23,204,581
Trade	22,883,649	-	-	22,883,649	343,200	627,005	5,137,029	6,107,234	28,990,883
Transport, Storage & Communication	3,342,797	93,284	238,010	3,674,091	38,814	60,529	805,627	904,970	4,579,061
Financial Institutions and Investment companies	23,130,138	5,347,849	123,380,964	151,858,951	184,234	6,600,772	5,853,792	12,638,798	164,497,749
Real Estate	44,681,503	202,621	-	44,884,124	124,043	192,583	1,581,138	1,897,764	46,781,888
Services	11,135,402	493,259	184,465	11,813,126	115,103	57,236	1,418,583	1,590,922	13,404,048
Sovereign	140,545,646	4,717,840	2,220,571	147,484,057	45,878	-	36,960	82,838	147,566,895
Personal	60,872,956	-	-	60,872,956	74,000	-	2,097,200	2,171,200	63,044,156
All Others	4,362,608	3,442,739	9,758,250	17,563,597	2,070,111	540,343	5,603,973	8,214,427	25,778,024
Add: Grossing up of interest in suspense	6,660,247	-	-	6,660,247	-	-	-	-	6,660,247
Total	336,045,908	14,444,596	136,243,226	486,733,730	5,055,846	8,141,444	38,360,026	51,557,316	538,291,046

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

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

31 DECEMBER 2018

	On Balance Sheet Gross Outstanding AED 000	Off-Balance Sheet Exposure after Credit Conversion Factors (CCF) AED 000	Total Gross Exposure AED 000	Credit Risk Mitigation (CRM) Exposure Before CRM AED 000	CRM After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	244,268,250	167,495	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	-	88,294
Claims on multi-lateral development banks	14,690	-	14,690	14,690	-	-
Claims on banks	41,226,055	11,782,209	53,008,264	52,971,035	7,466,640	27,601,538
Claims on corporate and Government related entities (GRE)	90,533,307	35,785,767	126,319,074	126,319,074	13,550,594	111,800,921
Claims included in the regulatory retail portfolio	35,660,593	677,002	36,337,595	36,337,595	1,659,882	26,620,806
Claims secured by residential property	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
Past due loans	28,088,692	479,914	28,568,606	2,214,095	-	2,786,401
Higher-risk categories	429,971	-	429,971	429,971	-	644,957
Other assets	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	243,860,147

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (continued)

31 DECEMBER 2017

	On Balance Sheet Gross Outstanding AED 000	Off-Balance Sheet Net Exposure after Credit Conversion Factors (CCF) AED 000	Total Gross Exposure AED 000	Credit Risk Mitigation (CRM) Exposure Before CRM AED 000	CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	217,819,132	53,707	217,872,839	217,872,839	-	217,872,839	6,149,043
Claims on non-central government public sector entities	1,146,942	119,154	1,266,096	1,266,096	-	1,266,096	135,416
Claims on multi-lateral development banks	14,503	-	14,503	14,503	-	14,503	-
Claims on banks	51,908,583	11,204,573	63,113,156	63,113,156	5,366,827	57,746,329	28,637,975
Claims on corporate and Government related entities (GRE)	78,841,038	37,874,854	116,715,892	116,715,892	7,567,203	109,148,689	108,059,242
Claims included in the regulatory retail portfolio	35,117,499	666,360	35,783,859	35,783,859	3,407,353	32,376,506	24,822,435
Claims secured by residential property	14,235,643	-	14,235,643	14,235,643	-	14,235,643	10,974,152
Claims secured by commercial real estate	41,085,793	1,278,043	42,363,836	42,363,836	-	42,363,836	42,363,836
Past due loans	29,725,707	360,625	30,086,332	5,744,083	-	5,744,083	6,486,042
Higher-risk categories	870,610	-	870,610	870,610	-	870,610	1,305,915
Other assets	15,968,280	-	15,968,280	15,968,280	-	15,968,280	9,865,022
Claims on securitised assets	-	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-	-
Total	486,733,730	51,557,316	538,291,046	513,948,797	16,341,383	497,607,414	238,799,078

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

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 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

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

31 DECEMBER 2017

	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	6,927,542	210,945,297	217,872,839	217,872,839	217,872,839	6,149,043
Claims on non-central government public sector entities	639,479	626,617	1,266,096	1,266,096	1,266,096	135,416
Claims on multi-lateral development banks	14,503	-	14,503	14,503	14,503	-
Claims on banks	32,327,847	30,785,309	63,113,156	63,113,156	57,746,329	28,637,975
Claims on corporate and Government related entities (GRE)	2,356,516	114,359,376	116,715,892	116,715,892	109,148,689	108,059,242
Claims included in the regulatory retail portfolio	-	35,783,859	35,783,859	35,783,859	32,376,506	24,822,435
Claims secured by residential property	-	14,235,643	14,235,643	14,235,643	14,235,643	10,974,152
Claims secured by commercial real estate	-	42,363,836	42,363,836	42,363,836	42,363,836	42,363,836
Past due loans	-	30,086,332	30,086,332	5,744,083	5,744,083	6,486,042
Higher-risk categories	-	870,610	870,610	870,610	870,610	1,305,915
Other assets	-	15,968,280	15,968,280	15,968,280	15,968,280	9,865,022
Claims on securitised assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	42,265,887	496,025,159	538,291,046	513,948,797	497,607,414	238,799,078

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

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

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

IMPAIRED LOANS BY ECONOMIC ACTIVITY

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
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 & 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 ECONOMIC ACTIVITY (continued)

31 DECEMBER 2017

	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
Agriculture, fishing & related activities	-	-	-	-	-	-	-	-	-
Crude, oil gas, mining & quarrying	-	43,095	43,095	36,076	-	-	-	-	7,019
Manufacturing	-	1,725,086	1,725,086	1,266,229	-	1,771	33,925	238,269	220,588
Electricity & water	-	-	-	-	-	-	-	-	-
Construction	-	2,370,404	2,370,404	2,317,710	-	96,372	129,504	596,896	(544,202)
Trade	-	3,244,135	3,244,135	2,656,539	-	32,838	27,375	558,303	29,293
Transport, storage & communication	-	1,367,361	1,367,361	1,057,313	-	561	33,004	321,256	(11,208)
Financial institutions	-	8,158,056	8,158,056	3,781,557	-	3,672	47,061	1,983,052	2,393,447
Real estate	-	5,688,014	5,688,014	2,890,780	-	1,951	642,883	1,643,622	1,153,612
Services	-	779,037	779,037	935,529	-	273	601	61,132	(217,624)
Sovereign	-	-	-	-	-	-	-	-	-
Personal	-	3,271,360	3,271,360	1,926,094	-	6,529	188,159	880,689	464,577
All others	-	1,189,158	1,189,158	814,172	-	1,188,462	674,749	377,028	(2,042)
Total	-	27,835,706	27,835,706	17,681,999	7,611,048	1,332,429	1,777,261	6,660,247	3,493,460

*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 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').

IMPAIRED LOANS BY GEOGRAPHY (continued)

31 DECEMBER 2017

	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	-	25,755,327	25,755,327	15,870,813	-	1,328,656	1,753,708	6,201,175	3,683,339
GCC excluding UAE	-	2,016,301	2,016,301	1,660,432	-	169	10,286	443,948	(88,079)
Arab League (excluding GCC)	-	39,120	39,120	134,846	-	-	1,449	-	(95,726)
Asia	-	19,871	19,871	13,151	-	3,604	11,787	12,789	(6,069)
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	5,076	5,076	2,757	-	-	31	2,335	(16)
Australia	-	-	-	-	-	-	-	-	-
Others	-	11	11	-	-	-	-	-	11
Total	-	27,835,706	27,835,706	17,681,999	7,611,048	1,332,429	1,777,261	6,660,247	3,493,460

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

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

RECONCILIATION OF CHANGES IN PROVISION FOR IMPAIRED LOANS

	2018 AED 000	2017 AED 000
Balance of provision for impaired loans as at 1 January (as per IAS 39)	25,293,047	24,347,296
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)	27,707,397	24,347,296
Add: Charge for the year		
Specific Provisions (ECL Stage 3)	3,822,879	3,464,643
General Provisions (ECL Stage 1 and Stage 2)	(46,253)	591,992
Less: Write-off of impaired loans	(3,148,844)	(1,332,429)
Less: Recovery of loans previously written off	-	-
Less: Write back / Recovery of loan loss provisions	(1,631,210)	(1,777,261)
Less: Adjustments of loan loss provisions	(1,461)	(1,194)
Balance of provision for impaired loans as at 31 December	26,702,508	25,293,047

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 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 FVOCI
Gains (Losses)	
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 or profit and loss account	-
Total	(40,930)

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

Tier Capital	AED 000 Amount
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

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

(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	120,488	-
Unquoted	377,869	-
Total	498,357	-

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

31 DECEMBER 2017

(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	780,862	780,862	11,307	769,555	
Collective investment schemes	-	-	-	-	
Any other investment	-	-	-	-	
Total	780,862	780,862	11,307	769,555	

(b) Realised, unrealised & latent revaluation gains / (losses) during the year

	AED 000
Particulars	FVOCI
Gains (Losses)	
Realised gains (losses) from sale and liquidations	206,436
Unrealised gains (losses) recognised in the balance sheet but not through profit and loss account	158,477
Latent revaluation gains (losses) for investment recorded at cost but not recognised in balance sheet of profit and loss account	-
Total	364,913

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

	AED 000
Tier Capital	
Amount included in Tier I capital (realised gains)	206,436
Amount included in Tier II capital (unrealised gains)	71,314
Total	277,750

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

31 DECEMBER 2017

(d) Capital requirements by Equity groupings

	AED 000
Grouping	Amount
Investments in joint ventures	173,138
Investment securities Held for trading	93,703
Total capital requirement	266,841

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

	AED 000	AED 000
Particulars	Banking Book (Per Basel II Definition)	Trading Book (Per Basel II Definition)
Quoted	11,307	-
Unquoted	769,555	-
Total	780,862	-

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 2018 is AED 26.82 million (2017: AED 49.29 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.

GROSS CREDIT EXPOSURE BY MATURITY

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

31 DECEMBER 2018

	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	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	59,622,359	4,750,266	6,513,309	70,885,934	-	1,235,024	490,999	1,726,023	72,611,957
Add: Grossing up of interest in suspense & provisions	26,354,511	-	-	26,354,511	-	-	-	-	26,354,511
Total	361,727,836	16,226,562	138,518,342	516,472,740	4,159,170	9,559,927	36,379,529	50,096,626	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.

GROSS CREDIT EXPOSURE BY MATURITY (continued)

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

31 DECEMBER 2017

	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	157,669,023	2,520,259	94,058,513	254,247,795	2,335,458	4,555,145	18,708,524	25,599,127	279,846,922
3 months to 1 year	27,841,158	3,098,735	31,263,799	62,203,692	2,720,388	1,144,239	12,180,367	16,044,994	78,248,686
1 year to 5 years	59,971,998	4,607,229	3,887,164	68,466,391	-	1,373,910	6,901,733	8,275,643	76,742,034
Over 5 years	66,221,483	4,218,373	7,033,750	77,473,606	-	1,068,150	569,402	1,637,552	79,111,158
Add: Grossing up of interest in suspense & provisions	24,342,246	-	-	24,342,246	-	-	-	-	24,342,246
Total	336,045,908	14,444,596	136,243,226	486,733,730	5,055,846	8,141,444	38,360,026	51,557,316	538,291,046

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.

RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 Capital Adequacy Assessment Process

Please refer Note no. 50 in the annual financial statements for detailed risk management objectives and policies for Internal Capital Adequacy Assessment Process.

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 (EIB)

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.

