



EMIRATES NBD BANK PJSC BASEL II - PILLAR III DISCLOSURES

FOR THE YEAR ENDED
31 DECEMBER 2016



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 2016

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 2016 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. 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 2017.

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 2016 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	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Global Funding Limited	100	Medium term borrowing and money market transactions	Cayman Islands	Consolidation	Consolidation	-
KSA Mortgage Company	100	Nominee Company for Mortgage Business	KSA.	Consolidation	Consolidation	-
Emirates NBD Egypt S.A.E	100	Banking	Egypt	Consolidation	Consolidation	-

Bank's total interests (current book value) in insurance entities (AED 000)	Description of Regulatory Capital Treatment (Consolidation/ Deduction from capital/neither)	Description of Accounting Treatment (Consolidation/ Investment Accounting)	Country of Incorporation	Nature of Business	Group % Shareholding
-	Consolidation	Consolidation		SPE for asset securitization	
-	Consolidation	Consolidation		SPE for asset securitization	
-	Consolidation	Consolidation		SPE for asset securitization	
-	Consolidation	Consolidation		SPE for asset securitization	
-	Consolidation	Consolidation		SPE for asset securitization	
-	Consolidation	Consolidation		SPE for asset securitization	
-	Consolidation	Consolidation		SPE for asset securitization	
173,726	Neither - Included in gross credit exposure as investment at carrying value	Equity Accounting	Dubai, U.A.E.	General and life insurance	36.7
-	Neither - Included in gross credit exposure as investment at carrying value	Equity Accounting	Dubai, U.A.E.	Card processing services	51

Subsidiaries:

ENBD Asset Finance Company No. 1 Limited

Emirates NBD Tier 1 Limited

Emirates NBD 2014 Tier 1 Limited

Emirates NBD Global Markets Limited

ENBD Asset Finance Company No. 2 Limited

Group Tranche of Emblem Finance Company No. 2 Limited

EIB Sukuk Company Limited

Associate:

National General Insurance Company PSC

Joint venture:

Network International LLC.

CONSOLIDATED CAPITAL STRUCTURE

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

- a) **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;
- b) **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 2016 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	2016 AED 000	2015 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	23,705,183	20,228,802
3. Non-controlling interest in the equity of subsidiaries	7,256	5,662
4. Innovative capital instruments	-	-
5. Other capital instruments	9,477,076	9,477,076
6. Surplus capital from insurance companies	-	-
Subtotal	53,796,302	50,318,327
Less: Deductions for regulatory calculation	-	-
Less: Deductions from Tier 1 capital	(5,873,325)	(6,077,000)
Less: Significant investment in insurance entities	(86,863)	-
Tier 1 Capital - Subtotal (A)	47,836,114	44,241,327
Tier 2 Capital	6,619,588	6,681,459
Less: Significant investment in insurance entities	(86,863)	-
Tier 2 Capital (B)	6,532,725	6,681,459
Less: Other deductions from capitals (C)	-	-
Tier 3 Capital (D)	-	-
Total eligible capital after deductions (A+B+C+D)	54,368,839	50,922,786

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 as 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 2016 was 21.22% and Tier 1 ratio was 18.67% (in 2015, the Capital Adequacy ratio was 20.74% and Tier 1 ratio 18.02%) 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**

	2016 AED 000	2015 AED 000
Credit risk	225,413,053	217,201,778
Market risk	5,048,821	4,192,234
Operational risk	25,706,714	24,110,440
Total	256,168,588	245,504,452

	2016 Capital Charge AED 000	2015 Capital Charge AED 000
Capital Requirements		
Credit Risk	27,049,566	26,064,213
Market Risk	605,859	503,068
Operational Risk	3,084,806	2,893,253
Total Capital Requirements	30,740,231	29,460,534

CAPITAL ADEQUACY (STANDARDISED APPROACH) (continued)**Capital Ratio**

	2016	2015
Total for Top consolidated Group	21.22%	20.74%
Tier 1 ratio only for top consolidated group	18.67%	18.02%
Total for each significant bank subsidiary:		
Emirates Islamic Bank	16.05%	13.22%

Note

Risk weighted assets as at 31 December 2016 were AED 256,169 million and as at 31 December 2015 were AED 245,504 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 2016 is AED 27,050 million (2015: AED 26,064 million).

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

	2016		2015	
	Gross Exposure AED 000	Risk Weighted Assets AED 000	Gross Exposure AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	192,434,449	5,014,193	181,503,324	10,011,807
Claims on non-central government public sector entities	875,973	39,591	1,060,679	11,337
Claims on multi-lateral development banks	14,514	-	14,584	-
Claims on banks	68,744,027	32,143,281	51,785,369	24,494,652
Claims on securities firms	-	-	-	-
Claims on corporate and Government related entities (GRE)	125,836,958	109,372,389	116,376,881	105,116,589
Claims included in the regulatory retail portfolio	39,004,718	22,057,271	39,551,368	26,118,886
Claims secured by residential property	11,698,322	7,596,243	9,131,408	6,484,034
Claims secured by commercial real estate	31,828,959	31,828,959	25,598,208	25,598,208
Past due loans	27,216,004	5,253,562	27,035,231	6,531,472
Higher-risk categories	578,184	867,277	442,451	663,677
Other assets	15,792,071	11,240,287	17,032,883	12,171,116
Claims on securitized assets	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-
Total	514,024,179	225,413,053	469,532,386	217,201,778

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 2016 is AED 606 million (2015: AED 503 million) as detailed below:

CAPITAL REQUIREMENT FOR MARKET RISK AS PER STANDARDISED APPROACH

	2016 AED 000	2015 AED 000
Interest rate risk	572,751	446,922
Equity position risk	11,083	28,436
Options risk	-	-
Foreign exchange risk	22,025	27,710
Total capital requirement	605,859	503,068

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 2016 is AED 3,085 million (2015: AED 2,893 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. 49 in the annual financial statements for detailed risk management objectives and policies on Credit risk

GROSS CREDIT EXPOSURE – CURRENCY CLASSIFICATION

31 DECEMBER 2016

	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	50,232,026	12,038,099	80,750,758	143,020,883	1,029,596	7,336,918	23,490,262	31,856,776	174,877,659
AED	270,190,502	9,168	48,713,244	318,912,914	4,790,377	649,513	14,793,716	20,233,606	339,146,520
Total	320,422,528	12,047,267	129,464,002	461,933,797	5,819,973	7,986,431	38,283,978	52,090,382	514,024,179

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

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 2016

	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	295,946,082	1,976,338	77,855,978	375,778,398	4,790,376	3,160,474	31,798,551	39,749,401	415,527,799
GCC excluding UAE	11,807,790	3,166,423	14,421,943	29,396,156	672,644	1,262,347	3,315,334	5,250,325	34,646,481
Arab League (excluding GCC)	3,983,218	3,619,880	5,651,548	13,254,646	30,469	146,515	663,795	840,779	14,095,425
Asia	3,926,134	162,734	13,403,245	17,492,113	94,572	255,600	1,109,824	1,459,996	18,952,109
Africa	159,497	-	686,345	845,842	-	-	4,144	4,144	849,986
North America	885,482	2,231,758	4,698,156	7,815,396	-	7,526	3,202	10,728	7,826,124
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	3,712,102	865,222	12,683,933	17,261,257	231,912	3,144,458	1,382,274	4,758,644	22,019,901
Australia	-	24,912	62,046	86,958	-	9,511	6,854	16,365	103,323
Others	2,223	-	808	3,031	-	-	-	-	3,031
Total	320,422,528	12,047,267	129,464,002	461,933,797	5,819,973	7,986,431	38,283,978	52,090,382	514,024,179

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 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

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 2016

	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	133,952	-	-	133,952	-	-	26,250	26,250	160,202
Crude, oil gas, mining & quarrying	450,624	1,352,594	30,151	1,833,369	425	4,357	693,399	698,181	2,531,550
Manufacturing	8,748,547	-	-	8,748,547	43,026	23,015	3,688,710	3,754,751	12,503,298
Electricity and water	381,563	546,460	6,248	934,271	-	-	1,172,056	1,172,056	2,106,327
Construction	9,653,933	195,290	227,955	10,077,178	1,620,691	21,496	7,873,957	9,516,144	19,593,322
Trade	17,143,645	-	-	17,143,645	788,209	309,558	7,106,413	8,204,180	25,347,825
Transport, Storage & Communication	4,745,531	185,476	306,138	5,237,145	147,259	165,865	827,916	1,141,040	6,378,185
Financial Institutions and Investment companies	24,590,457	2,517,019	114,688,752	141,796,228	852,738	6,525,070	7,316,116	14,693,924	156,490,152
Real Estate	42,548,945	-	293,999	42,842,944	854,700	26,943	1,068,006	1,949,649	44,792,593
Services	6,931,544	115,878	49,220	7,096,642	589,019	54,134	3,650,736	4,293,889	11,390,531
Sovereign	130,977,361	7,122,873	340,123	138,440,357	-	34,257	6,133	40,390	138,480,747
Personal	65,199,616	-	-	65,199,616	162,920	53,101	3,411,928	3,627,949	68,827,565
All Others	3,237,886	11,677	13,521,416	16,770,979	760,986	768,635	1,442,358	2,971,979	19,742,958
Add: Grossing up of interest in suspense	5,678,924	-	-	5,678,924	-	-	-	-	5,678,924
Total	320,422,528	12,047,267	129,464,002	461,933,797	5,819,973	7,986,431	38,283,978	52,090,382	514,024,179

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)

	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
31 DECEMBER 2015									
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 & 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 Gross Credit Exposures as per Standardised Approach with the effect of CRM as detailed below:

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

31 DECEMBER 2016

	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	192,394,071	40,378	192,434,449	192,434,449	-	192,434,449	5,014,193
Claims on non-central government public sector entities	653,613	222,360	875,973	875,973	-	875,973	39,591
Claims on multi-lateral development banks	14,514	-	14,514	14,514	-	14,514	-
Claims on banks	59,104,759	9,639,268	68,744,027	68,744,027	4,561,883	64,182,144	32,143,281
Claims on securities firms	-	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	86,435,383	39,401,575	125,836,958	125,836,958	15,915,401	109,921,557	109,372,389
Claims included in the regulatory retail portfolio	37,977,874	1,026,844	39,004,718	39,004,718	7,728,699	31,276,019	22,057,271
Claims secured by residential property	11,698,322	-	11,698,322	11,698,322	-	11,698,322	7,596,243
Claims secured by commercial real estate	30,615,549	1,213,410	31,828,959	31,828,959	-	31,828,959	31,828,959
Past due loans	26,669,457	546,547	27,216,004	4,209,482	-	4,209,482	5,253,562
Higher-risk categories	578,184	-	578,184	578,184	-	578,184	867,277
Other assets	15,792,071	-	15,792,071	15,792,071	-	15,792,071	11,240,287
Claims on securitized assets	-	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-	-
Total	461,933,797	52,090,382	514,024,179	491,017,657	28,205,983	462,811,674	225,413,053

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (continued)

31 DECEMBER 2015

	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	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 (RATED/ UNRATED)

31 DECEMBER 2016

	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	7,119,723	185,314,726	192,434,449	192,434,449	192,434,449	5,014,193
Claims on non-central government public sector entities	197,957	678,016	875,973	875,973	875,973	39,591
Claims on multi-lateral development banks	14,514	-	14,514	14,514	14,514	-
Claims on banks	3,798,823	64,945,204	68,744,027	68,744,027	64,182,144	32,143,281
Claims on securities firms	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	2,768,876	123,068,082	125,836,958	125,836,958	109,921,557	109,372,389
Claims included in the regulatory retail portfolio	-	39,004,718	39,004,718	39,004,718	31,276,019	22,057,271
Claims secured by residential property	-	11,698,322	11,698,322	11,698,322	11,698,322	7,596,243
Claims secured by commercial real estate	-	31,828,959	31,828,959	31,828,959	31,828,959	31,828,959
Past due loans	-	27,216,004	27,216,004	4,209,482	4,209,482	5,253,562
Higher-risk categories	-	578,184	578,184	578,184	578,184	867,277
Other assets	5,185	15,786,886	15,792,071	15,792,071	15,792,071	11,240,287
Claims on securitized assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	13,905,078	500,119,101	514,024,179	491,017,657	462,811,674	225,413,053

GROSS CREDIT EXPOSURE 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	14,302,325	167,200,999	181,503,324	181,503,324	181,503,324	10,011,807
Claims on non-central government public sector entities	232,740	827,939	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	4,061,899	47,723,470	51,785,369	51,785,369	49,254,805	24,494,652
Claims on securities firms	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	2,011,459	114,365,422	116,376,881	116,376,881	106,061,784	105,116,589
Claims included in the regulatory retail portfolio	-	39,551,368	39,551,368	39,551,368	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	-	25,598,208	25,598,208	25,598,208	25,598,208	25,598,208
Past due loans	-	27,035,231	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	5,948	17,026,935	17,032,883	17,032,883	17,032,883	12,171,116
Claims on securitized assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	20,628,955	448,903,431	469,532,386	447,611,293	430,172,860	217,201,778

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

31 DECEMBER 2016

	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	-	4,562,593	4,562,593	4,562,593	710	355
Claims on securities firms	-	-	-	-	-	-
Claims on corporate and Government related entities (GRE)	-	43,143,409	43,143,409	43,143,409	27,976,063	27,976,063
Claims included in the regulatory retail portfolio	-	9,248,007	9,248,007	9,248,007	771,254	603,635
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	-	56,954,009	56,954,009	56,954,009	28,748,027	28,580,053

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

CREDIT RISK MITIGATION AS PER STANDARDISED APPROACH

	2016	2015
Gross exposure prior to credit risk mitigation	514,024,179	469,532,386
Exposure covered by on-balance sheet netting	(23,006,523)	(21,921,093)
Exposure covered by eligible financial collateral	(26,938,002)	(16,184,593)
Exposures covered by Guarantees	(1,267,980)	(1,253,840)
Net exposure after credit risk mitigation	462,811,674	430,172,860
Risk weighted assets	276,625,558	256,561,304
Gross credit exposure	(23,006,523)	(21,921,093)
Risk weighted assets	(26,938,002)	(16,184,593)
Gross credit exposure	(1,267,980)	(1,253,840)
Risk weighted assets	462,811,674	430,172,860
Net exposure after credit risk mitigation	225,413,053	217,201,778

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

31 DECEMBER 2016

	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	-	49,114	49,114	36,076	-	-	-	13,038	-
Manufacturing	-	1,980,613	1,980,613	1,533,680	-	-	102,797	446,933	-
Electricity and water	-	-	-	-	-	-	-	-	-
Construction	-	2,570,151	2,570,151	2,151,044	-	9,908	796,680	419,107	-
Trade	-	3,143,466	3,143,466	2,419,040	-	3,051	63,859	724,426	-
Transport, Storage & Communication	-	478,532	478,532	368,164	-	-	3,596	110,368	-
Financial Institutions	-	7,627,487	7,627,487	4,453,116	-	84,684	668,942	1,056,659	2,117,712
Real Estate	-	5,907,929	5,907,929	3,541,581	-	-	886,452	1,773,761	592,587
Services	-	1,170,952	1,170,952	801,994	-	-	45,507	131,558	237,400
Sovereign	-	-	-	-	-	-	-	-	-
Personal	-	3,154,980	3,154,980	1,652,267	-	1,286,616	297,612	899,621	603,092
All Others	-	586,234	586,234	370,637	-	532	205,994	103,453	112,144
Total	-	26,669,458	26,669,458	17,327,599	7,019,697	1,384,791	3,071,439	5,678,924	3,662,935

IMPAIRED LOANS BY ECONOMIC ACTIVITY (continued)

31 DECEMBER 2015

	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	-	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 GEOGRAPHY

31 DECEMBER 2016

	Overdue (Gross of Interest in Suspense/Provisions)		Provisions		Adjustments			Interest in Suspense AED 000	Total Impaired Assets AED 000
	Less than 90 days AED 000	90 days and above AED 000	Total AED 000	Specific AED 000	General AED 000	Write-offs AED 000	Write-backs AED 000		
United Arab Emirates	-	24,180,281	24,180,281	15,615,755	-	1,383,700	2,934,656	5,271,554	3,292,972
GCC excluding UAE	-	2,055,611	2,055,611	1,532,551	-	828	120,236	392,827	130,233
Arab League (excluding GCC)	-	366,708	366,708	116,445	-	263	-	362	249,901
Asia	-	37,760	37,760	36,925	-	-	16,547	11,310	(10,475)
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	29,098	29,098	25,923	-	-	-	2,871	304
Australia	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	-	26,669,458	26,669,458	17,327,599	7,019,697	1,384,791	3,071,439	5,678,924	3,662,935

IMPAIRED LOANS BY GEOGRAPHY (continued)

31 DECEMBER 2015

	Overdue (Gross of Interest in Suspense/Provisions)		Provisions		Adjustments			Interest in Suspense AED 000	Total Impaired Assets AED 000
	Less than 90 days AED 000	90 days and above AED 000	Total AED 000	Specific AED 000	General AED 000	Write-offs AED 000	Write-backs AED 000		
United Arab Emirates	-	25,774,870	25,774,870	16,702,964	-	901,913	1,968,098	4,710,229	4,361,677
GCC excluding UAE	-	518,245	518,245	421,029	-	2,681	15,658	41,003	56,213
Arab League (excluding GCC)	-	96,876	96,876	20,443	-	9,234	11,688	-	76,433
Asia	-	37,820	37,820	-	-	-	2,388	-	37,820
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	26,092	26,092	24,661	-	(1,302)	7,120	765	666
Australia	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	-	26,453,903	26,453,903	17,169,097	6,070,344	912,526	2,004,952	4,751,997	4,532,809

RECONCILIATION OF CHANGES IN PROVISION FOR IMPAIRED LOANS

	2016 AED 000	2015 AED 000
Balance of provision for impaired loans as at 1 January	23,239,441	21,023,456
Add: Charge for the year		
Specific Provisions	4,620,191	3,264,637
General Provisions	955,020	1,876,852
Less: Write-off of impaired loans	(1,384,791)	(912,526)
Less: Recovery of loans previously written off	-	-
Less: Write back / Recovery of loan loss provisions	(3,071,439)	(2,004,952)
Less: Adjustments of loan loss provisions	(11,126)	(8,026)
Balance of provision for impaired loans as at 31 December	24,347,296	23,239,441

RISK MANAGEMENT OBJECTIVES AND POLICIES

MARKET RISK

Please refer Note no. 49 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 2016

(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	1,033,981	1,033,981	338,162	695,819	
Collective investment schemes	-	-	-	-	
Any other investment	-	-	-	-	
Total	1,033,981	1,033,981	338,162	695,819	

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

Particulars	AED 000
Gains (Losses)	AFS
Realized gains (losses) from sale and liquidations	218,710
Unrealized gains (losses) recognized in the balance sheet but not through profit and loss account	(259,798)
Latent revaluation gains (losses) for investment recorded at cost but not recognized in balance sheet or profit and loss account	
Total	(41,088)

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

Tier Capital	AED 000
Amount included in Tier I capital (realized gains)	218,710
Amount included in Tier II capital (unrealised gains)	(116,910)
Total	101,800

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

31 DECEMBER 2016

(d) Capital requirements by Equity groupings

	AED 000
Grouping	Amount
Investments in joint venture	180,796
Investment Securities Held for Trading	124,078
Total capital requirement	304,874

(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	338,162	-
Unquoted	695,819	-
Total	1,033,981	-

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

31 DECEMBER 2015

(a) Quantitative Details of Equity Position

Type	FS Category (AFS/FVPL)	Basel II Cate- gory (Banking book)	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	
	AFS	AED 000
Gains (Losses)		
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 of profit and loss account	-	
Total	456,000	

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

Tier Capital	AED 000	
	Amount	AED 000
Amount included in Tier I capital (realised 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 Held for Trading	171,615
Total capital requirement	365,418

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

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

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 2016 is AED 22.03 million (as at 31 December 2015 is AED 27.71 million).

Operational Risk

Please refer Note no. 49 in the annual financial statements for detailed risk management objectives and policies for Operational risk.

Liquidity Risk

Please refer Note no. 49 in the annual financial statements for detailed risk management objectives and policies for Liquidity risk.

**GROSS CREDIT EXPOSURE BY MATURITY
31 DECEMBER 2016**

	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	148,151,896	2,094,436	91,555,546	241,801,878	2,963,927	2,003,587	22,430,588	27,398,102	269,199,980
3 months to 1 year	23,108,595	2,263,248	28,514,590	53,886,433	2,856,046	1,261,970	10,980,859	15,098,875	68,985,308
1 year to 5 years	57,873,660	4,932,898	2,321,824	65,128,382	-	3,630,650	4,190,563	7,821,213	72,949,595
Over 5 years	68,281,854	2,756,685	7,072,042	78,110,581	-	1,090,224	681,968	1,772,192	79,882,773
Add: Grossing up of interest in suspense & provisions	23,006,523	-	-	23,006,523	-	-	-	-	23,006,523
Total	320,422,528	12,047,267	129,464,002	461,933,797	5,819,973	7,986,431	38,283,978	52,090,382	514,024,179

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)

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

RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Reputational Risk

Please refer Note no. 49 in the annual financial statements for detailed risk management objectives and policies for reputation risk.

Regulatory/Compliance Risk

Please refer Note no. 49 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. 49 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. 49 in the annual financial statements for detailed risk management objectives and policies for details on Internal Audit's role in overall risk management.

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

Please refer Note no. 49 in the annual financial statements for detailed risk management objectives and policies for details on risk management framework and processes at EIB.

Risk management framework and processes at Emirates NBD Egypt

Please refer Note no. 49 in the annual financial statements for detailed risk management objectives and policies for details on risk management framework and processes at Emirates NBD Egypt.

