



TOGETHER WE WILL CONQUER

EMIRATES NBD
BANK PJSC
BASEL II – PILLAR III
DISCLOSURES

FOR THE YEAR
ENDED 31 DECEMBER 2020



BASEL II – PILLAR III DISCLOSURES

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OVERVIEW

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

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

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

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

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

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

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

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

Information on capital adequacy includes:

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

OVERVIEW (continued)

Introduction

The CBUAE supervises Emirates NBD ("ENBD" or the "Bank") and its subsidiaries (together referred to as the "Group") on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. The capital requirements are computed at a Group level using the Basel III framework of the Basel Committee on Banking Supervision ("Basel Committee"), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework, like Basel II, is structured around three 'pillars': minimum capital requirements (Pillar I); supervisory review process (Pillar II); and market discipline (Pillar III).

Pillar III disclosures 2020

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 and Countercyclical Capital Buffer - maximum up to 2.5% for each buffer) introduced are over and above the minimum CET1 requirement of 7%.

Significant Developments

Target Economic Support Scheme (TESS) Standards

During Q1 2020 in light of the Covid situation, the CBUAE issued TESS standards for Banks operating in UAE. Following key relief are provided by CBUAE to UAE banks;

- As per the standards, the banks are allowed to tap into the capital conservation buffer up to a maximum of 60% without supervisory consequences. The Domestic Systemically Important Banks (D-SIBs) are allowed to use 100% of their D-SIB buffer without supervisory consequences. With the TESS relaxations, the overall capital buffer reduced by 3% - Capital Conservation Buffer (1.5%) and D-SIB buffer by 1.5%. The relief is effective until 31 December 2021.
- Cash Reserve Ratio (CRR) - on Demand Deposits reduced from 14% to 7%.
- Liquidity Coverage Ratio (LCR) thresholds reduced from 100% to 70%.
- Eligible Liquid Asset Ratio (ELAR) threshold reduced from 10% to 7%.
- The CBUAE has also postponed the June 2020 implementation of new Basel III standards in phased manner including Basel III Pillar 3 disclosures to 2021 and 2022.
- ECL add back - In Q1'20, the CBUAE issued a regulation for a 'Prudential Filter' that permits Banks to add back incremental ECL (Stage 1 and Stage 2) from 1 January 2020 to the regulatory capital. The ECL add back will be 100% for the first 2 years and subsequently needs to be phased out over 3 years.

OVERVIEW (continued)

Future Developments

In 2017, the CBUAE issued 'Regulations regarding Capital adequacy', supplementing the introduction of these regulations, in April 2020 and in November 2020, CBUAE issued 'standard regarding capital adequacy'. These standards support the implementation of the regulations. The CBUAE has also developed 'Guidance regarding capital adequacy' to assist banks in the application of the regulations.

Based on these standards, revised Pillar 1 capital adequacy standards and revised Pillar 3 disclosures requirements will be effective from December 2021.

Verification

The Pillar III Disclosures for the year 2020 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 31 October 2007.

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

Group Structure

Emirates NBD Bank PJSC (the "Bank") was incorporated in the United Arab Emirates on 16 July 2007 consequent to the merger between Emirates Bank International PJSC ("EBI") and National Bank of Dubai PJSC ("NBD"), under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company.

The consolidated financial statements for the year ended 31 December 2020 comprise the financial statements of the Bank and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

The Bank is listed on the Dubai Financial Market (TICKER: "EMIRATESNBD"). The Group's principal business activities are corporate and institutional banking, retail banking, treasury and Islamic banking. The Bank's website is www.emiratesnbd.com.

The complete listing of all direct subsidiaries and associate companies of Emirates NBD as of 31 December 2020 is as follows:

Subsidiaries:	Group % Shareholding	Nature of Business	Country of Incorporation	Description of Accounting Treatment (Consolidation/ Investment Accounting)	Description of Regulatory Capital Treatment/ (Consolidation/ Deduction from capital/neither)	Bank's total interests (current book value) in insurance entities (AED 000)
Buzz Contact Centre Solutions LLC	100	Call centre management services	Dubai, U.A.E.	Consolidation	Consolidation	-
DenizBank Anonim Sirketi	100	Banking	Turkey	Consolidation	Consolidation	-
Dubai Bank PJSC	100	Islamic banking	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates Funds LLC	100	Asset management	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates Funds Managers (Jersey) Limited	100	Asset management	Jersey	Consolidation	Consolidation	-
Emirates Islamic Bank PJSC	99.9	Islamic banking	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates Money Consumer Finance LLC	100	Consumer finance	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Asset Management Limited	100	Asset management	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Capital (KSA) LLC	100	Investment services	KSA	Consolidation	Consolidation	-
Emirates NBD Capital PSC	100	Funds management	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Egypt S.A.E	100	Banking	Egypt	Consolidation	Consolidation	-
Emirates NBD Global Funding Limited	100	Medium term borrowing and money market transactions	Cayman Islands	Consolidation	Consolidation	-
Emirates NBD Properties LLC	100	Real estate	Dubai, U.A.E.	Consolidation	Neither - Included in gross credit exposure as investment at carrying value	-
Emirates NBD Securities LLC	100	Brokerage services	Dubai, U.A.E.	Consolidation	Consolidation	-
Emirates NBD Trust Company (Jersey) Limited	100	Trust administration services	Jersey	Consolidation	Consolidation	-
ENBD London Branch Nominee Company	100	Asset management	England	Consolidation	Consolidation	-
Tanfeeth LLC	100	Shared services organisation	Dubai, U.A.E.	Consolidation	Consolidation	-
The Emirates National Dubai Real Estate Company LLC	100	Nominee company for mortgage business	KSA	Consolidation	Consolidation	-

Associate:	Group % Shareholding	Nature of Business	Country of Incorporation	Description of Accounting Treatment (Consolidation/Investment Accounting)	Description of Regulatory Capital Treatment (Consolidation/Deduction from capital/neither)	Bank's total interests (current book value) in insurance entities (AED 000)
National General Insurance Company PSC	36.7	General and life insurance	Dubai, U.A.E.	Equity Accounting	Neither - Included in gross credit exposure as investment at carrying value	183,962

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

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

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital.

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

For 2020, as per the TESS standards, Capital Conservation Buffer is required to be kept at 1% of the Capital base. Countercyclical Capital Buffer is not in effect and is not required to be kept for 2020.

Over and above additional capital buffers, the Group as a D-SIB is required to keep an additional D-SIB buffer of 1.5% of the Capital base. However, this requirement is exempt as per the TESS standards.

Regulatory Capital

The Group's capital base is divided into three main categories, namely CET1, AT1 and Tier 2, 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.
- Tier 2 capital comprises qualifying subordinated debt, and undisclosed reserve.

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

	2020 AED 000	2019 AED 000
Available capital		
Common equity tier 1 capital	67,134,947	65,452,344
Tier 1 capital	77,514,733	74,559,700
Total eligible capital	82,434,262	79,375,840
Risk-weighted assets		
Credit risk	393,562,281	385,291,210
Market risk	14,600,122	10,190,488
Operational risk	38,291,452	33,027,671
Total risk-weighted assets	446,453,855	428,509,369

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

Capital Ratio	2020	2019
a. Total capital ratio for consolidated Group	18.46%	18.52%
b. Tier 1 ratio only for consolidated Group	17.36%	17.40%
c. CET1 ratio only for consolidated Group	15.04%	15.27%

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III (continued)

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

	2020 AED 000	2019 AED 000
Common Equity Tier 1 Capital		
Share Capital	6,316,598	6,316,598
Share premium account	17,954,164	17,954,164
Eligible Reserves	2,710,530	4,456,124
Transitional arrangement: Partial addback of IFRS 9 ECL impact to CET1	2,002,738	-
Retained Earnings/(-) Loss	47,014,778	43,375,416
Dividend Expected/Proposed	(2,526,639)	-
Eligible amount of minority interest	22,124	3,638
CET1 capital before the regulatory adjustments and threshold deduction	73,494,293	72,105,940
Less: Regulatory deductions	(6,359,346)	(6,653,596)
Total CET1 capital after the regulatory adjustments and threshold deduction	67,134,947	65,452,344
Total CET1 capital after transitional arrangement for deductions (A)	67,134,947	65,452,344
Additional Tier 1 Capital		
Eligible AT1 capital	10,379,786	9,107,356
Other AT1 Capital e.g. (Share premium, minority interest)	-	-
Total AT1 capital	10,379,786	9,107,356
Total AT1 capital after transitional arrangements (B)	10,379,786	9,107,356
Tier 2 Capital		
Tier 2 Instruments e.g. subordinated loan	-	-
Other Tier 2 capital (including General Provisions, etc.)	4,919,529	4,816,140
Total Tier 2 Capital	4,919,529	4,816,140
Total Tier 2 capital after transitional arrangements (C)	4,919,529	4,816,140
Total Regulatory Capital (A+B+C)	82,434,262	79,375,840

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
July 2020	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset after six years
March 2019	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.

The Group has exercised its option to call back the following notes in September 2020 and as a result these have been repaid in full.

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

CAPITAL ADEQUACY (STANDARDISED APPROACH)

	2020 Capital Charge AED 000	2019 Capital Charge AED 000
Total Capital Requirements		
Credit Risk	57,066,531	55,867,225
Market Risk	1,533,013	1,070,001
Operational Risk	4,020,602	3,467,905
Total Capital Requirements	62,620,146	60,405,131

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 and SME entities are risk weighted at 100% and 85% (where applicable).
- 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 2020 is AED 57,067 million (2019: AED 55,867 million).

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

	2020		2019	
	Gross Exposure AED 000	Risk Weighted Assets AED 000	Gross Exposure AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	311,668,280	45,887,566	308,088,724	41,060,094
Claims on non-central government public sector entities	1,891,290	148,993	1,317,355	122,849
Claims on multi-lateral development banks	327,238	-	113,847	-
Claims on banks	51,815,272	28,950,761	55,540,475	25,916,226
Claims on securities firms	540	503	3,929	3,929
Claims on corporate and Government related entities (GRE)	219,605,994	188,044,759	218,675,965	190,959,340
Claims included in the regulatory retail portfolio	74,477,375	54,668,530	73,032,780	52,871,754
Claims secured by residential property	19,230,535	9,193,629	16,699,384	8,127,016
Claims secured by commercial real estate	41,847,076	41,847,076	41,618,482	41,618,482
Past due loans	40,766,658	6,929,218	35,423,980	7,777,137
Higher-risk categories	162,797	244,195	273,191	409,787
Other assets	26,329,419	17,647,051	23,436,398	16,424,596
Total	788,122,474	393,562,281	774,224,510	385,291,210

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 Group's 'trading book', while capital charge on Foreign exchange risk applies on the Group's entire positions.

The total Capital requirement for Market Risk as at 31 December 2020 is AED 1,533 million (2019: AED 1,070 million) as detailed below:

CAPITAL REQUIREMENT FOR MARKET RISK AS PER STANDARDISED APPROACH

	2020 AED 000	2019 AED 000
Interest rate risk	1,141,055	875,773
Equity position risk	-	-
Options risk	122,412	64,503
Foreign exchange risk	269,546	129,725
Total capital requirement	1,533,013	1,070,001

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 2020 is AED 4,021 million (2019: AED 3,468 million). This charge is computed by categorising the Group's activities into 8 business lines (as defined by Basel II guidelines) and multiplying the line's three year average gross income by a pre-defined beta factor.

RISK MANAGEMENT OBJECTIVES AND POLICIES

CREDIT RISK

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

GROSS CREDIT EXPOSURE – CURRENCY CLASSIFICATION

31 DECEMBER 2020

	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	161,448,599	66,029,441	74,254,711	301,732,751	4,759,962	13,205,965	39,254,890	57,220,817	358,953,568
AED	326,712,275	-	85,019,822	411,732,097	3,545,955	1,430,256	12,460,598	17,436,809	429,168,906
Total	488,160,874	66,029,441	159,274,533	713,464,848	8,305,917	14,636,221	51,715,488	74,657,626	788,122,474

31 DECEMBER 2019

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

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities (net of Debt Securities), Investment Properties, Investment in associate, Property & Equipment, and 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 2020

	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	372,250,945	18,169,575	103,202,075	493,622,595	4,242,429	4,637,796	32,688,288	41,568,513	535,191,108
GCC excluding UAE*	14,870,015	19,818,010	8,058,462	42,746,487	813,706	1,080,045	1,279,490	3,173,241	45,919,728
Arab League (excluding GCC)	9,265,084	4,598,568	4,550,461	18,414,113	48,418	102,005	865,680	1,016,103	19,430,216
Asia	75,885,006	13,450,857	19,616,448	108,952,311	985,832	1,372,750	14,427,076	16,785,658	125,737,969
Africa	20,487	-	408,267	428,754	-	5,321	3,932	9,253	438,007
North America	158,621	3,230,572	1,266,765	4,655,958	107,395	1,479,031	4,017	1,590,443	6,246,401
South America	6,955	-	22,059	29,014	-	-	-	-	29,014
Caribbean	79,837	-	3,252	83,089	-	-	-	-	83,089
Europe	15,402,818	6,456,659	22,136,983	43,996,460	2,108,137	5,874,039	1,884,065	9,866,241	53,862,701
Australia	221,106	25,704	9,761	256,571	-	74,932	11	74,943	331,514
Others	-	279,496	-	279,496	-	10,302	562,929	573,231	852,727
Total	488,160,874	66,029,441	159,274,533	713,464,848	8,305,917	14,636,221	51,715,488	74,657,626	788,122,474

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities (net of Debt Securities), Investment Properties, Investment in associate, Property & Equipment, and Other Assets.

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

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

GROSS CREDIT EXPOSURE BY GEOGRAPHY (continued)

31 DECEMBER 2019

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

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading securities, Investment securities (net of Debt Securities), Investment Properties, Investment in associate, Property & Equipment and Other Assets.

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

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

GROSS CREDIT EXPOSURE BY ECONOMIC ACTIVITY

31 DECEMBER 2020

	Loans & Islamic Financing AED 000	Debt securities AED 000	Other Assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off-balance sheet exposures AED 000	Total non-funded AED 000	Total AED 000
Agriculture, Fishing & Related Activities	8,579,700	-	339,596	8,919,296	15,483	2,441	774,574	792,498	9,711,794
Crude oil, Gas, Mining & Quarrying	5,123,120	530,613	-	5,653,733	214,341	91,125	1,318,984	1,624,450	7,278,183
Manufacturing	21,761,778	106,107	629,295	22,497,180	374,390	223,942	7,721,148	8,319,480	30,816,660
Electricity & Water	2,588,871	727,029	-	3,315,900	88,959	909,951	289,276	1,288,186	4,604,086
Construction	17,859,286	-	-	17,859,286	274,188	333,221	12,466,138	13,073,547	30,932,833
Trade	30,976,505	52,945	27	31,029,477	868,836	1,729,844	8,852,126	11,450,806	42,480,283
Transport, Storage & Communication	13,391,988	172,296	90,540	13,654,824	87,589	283,100	1,366,641	1,737,330	15,392,154
Financial Institutions and Investment companies	30,267,457	5,017,264	139,653,265	174,937,986	866,347	10,108,457	7,660,384	18,635,188	193,573,174
Real Estate	56,157,534	363,901	367,651	56,889,086	3,478,961	360,284	2,164,192	6,003,437	62,892,523
Services	31,728,574	1,137,421	538,140	33,404,135	1,073,330	303,641	2,809,950	4,186,921	37,591,056
Sovereign	161,167,915	57,661,418	3,149,574	221,978,907	17,089	82,192	183,187	282,468	222,261,375
Personal	90,233,246	-	106	90,233,352	922,244	173,650	3,487,182	4,583,076	94,816,428
All Others	8,690,306	260,447	14,506,339	23,457,092	24,160	34,373	2,621,706	2,680,239	26,137,331
Add: Grossing up of interest in suspense	9,634,594	-	-	9,634,594	-	-	-	-	9,634,594
Total	488,160,874	66,029,441	159,274,533	713,464,848	8,305,917	14,636,221	51,715,488	74,657,626	788,122,474

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading Securities, Investment Securities (net of Debt Securities), Investment Properties, Investment in associate, Property & Equipment and 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 2019

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

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading Securities, Investment Securities (net of Debt Securities), Investment Properties, Investment in associate, Property & Equipment and Other Assets.

GROSS CREDIT EXPOSURE BY MATURITY

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

31 DECEMBER 2020

	Loans & Islamic Financing AED,000	Debt securities AED,000	Other Assets AED,000	Total funded AED,000	Commitments AED,000	OTC derivatives AED,000	Other off-balance sheet exposures AED,000	Total non-funded AED,000	Total AED,000
Less than 3 months	209,178,824	13,539,598	115,495,546	338,213,968	797,214	2,089,268	28,252,560	31,139,042	369,353,010
3 months to 1 year	51,217,615	3,728,680	29,197,305	84,143,600	7,197,666	1,696,950	11,646,059	20,540,675	104,684,275
1 year to 5 years	134,886,420	20,692,391	4,306,074	159,884,885	55,309	7,277,775	5,429,326	12,762,410	172,647,295
Over 5 years	48,258,610	28,068,772	10,275,608	86,602,990	255,728	3,572,228	6,387,543	10,215,499	96,818,489
Add: Grossing up of interest in suspense & provisions	44,619,405	-	-	44,619,405	-	-	-	-	44,619,405
Total	488,160,874	66,029,441	159,274,533	713,464,848	8,305,917	14,636,221	51,715,488	74,657,626	788,122,474

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading Securities, Investment Securities (net of Debt Securities), Investment Properties, Investment in associate, Property & Equipment and Other Assets.

GROSS CREDIT EXPOSURE BY MATURITY (continued)

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

31 DECEMBER 2019

	Loans & Islamic Financing AED,000	Debt securities AED,000	Other Assets AED,000	Total funded AED,000	Commitments AED,000	OTC derivatives AED,000	Other off-balance sheet exposures AED,000	Total non-funded AED,000	Total AED,000
Less than 3 months	219,987,061	13,653,989	123,556,739	357,197,789	906,323	1,595,333	26,496,428	28,998,084	386,195,873
3 months to 1 year	50,751,926	3,197,911	29,983,310	83,933,147	7,584,677	2,488,162	13,327,647	23,400,486	107,333,633
1 year to 5 years	125,822,083	19,111,656	6,665,751	151,599,490	168,882	4,500,477	8,463,609	13,132,968	164,732,458
Over 5 years	40,868,957	13,580,332	14,607,971	69,057,260	251,123	2,113,386	7,190,090	9,554,599	78,611,859
Add: Grossing up of interest in suspense & provisions	37,350,687	-	-	37,350,687	-	-	-	-	37,350,687
Total	474,780,714	49,543,888	174,813,771	699,138,373	8,911,005	10,697,358	55,477,774	75,086,137	774,224,510

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Trading Securities, Investment Securities (net of Debt Securities), Investment Properties, Investment in associate, Property & Equipment and Other Assets.

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

IMPAIRED LOANS BY ECONOMIC ACTIVITY

31 DECEMBER 2020

	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	Specific* AED 000	General** AED 000	Write-offs AED 000	Write-backs AED 000		
Agriculture, Fishing & Related Activities	-	604,810	389,400	-	-	95	5	215,405
Crude oil, Gas, Mining & Quarrying	-	68,945	66,122	-	-	-	1,424	1,399
Manufacturing	-	2,007,467	1,426,703	-	13,686	19,956	269,240	311,524
Electricity and Water	-	644,493	449,478	-	-	-	219	194,796
Construction	-	5,386,679	4,471,826	-	318,157	80,764	1,148,394	(233,541)
Trade	-	3,210,847	2,415,817	-	105,666	83,229	672,230	122,800
Transport, Storage & Communication	-	443,986	302,295	-	64,801	77,538	29,562	112,129
Financial Institutions	-	8,996,997	5,775,097	-	137,079	-	1,856,907	1,364,993
Real Estate	-	7,954,101	4,029,606	-	18,921	50,101	2,316,471	1,608,024
Services	-	4,709,492	2,665,628	-	-	10,324	1,372,362	671,502
Personal	-	4,729,032	2,388,720	-	937,444	204,471	1,842,874	497,438
All Others	-	695,659	294,238	-	500,956	58,457	124,906	276,515
Total	-	39,452,508	39,452,508	10,309,881	2,096,710	584,935	9,634,594	5,142,984

*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 2019

	Overdue (Gross of Interest in Suspense/ Provisions)		Provisions		Adjustments		Interest in Suspense AED 000	Total Impaired Assets AED 000
	Less than 90 days AED 000	90 days and above AED 000	Specific* AED 000	General** AED 000	Write-offs AED 000	Write-backs AED 000		
Agriculture, Fishing & Related Activities	-	854,973	197,640	-	2,379	51,362	5	657,328
Crude oil, Gas, Mining & Quarrying	-	123,748	24,604	-	37,671	8,474	1,070	98,074
Manufacturing	-	1,144,631	561,255	-	90,202	187,273	117,489	465,887
Electricity and Water	-	35,207	102,064	-	-	67,399	-	(66,857)
Construction	-	4,369,449	3,184,267	-	10,112	163,253	1,052,929	132,253
Trade	-	2,985,637	2,181,261	-	194,608	138,363	649,815	154,561
Transport, Storage & Communication	-	556,436	270,199	-	11,578	18,484	53,146	233,091
Financial Institutions	-	8,151,034	5,771,859	-	301,835	-	1,770,704	608,471
Real Estate	-	6,504,039	3,833,911	-	109,400	443,516	1,915,262	754,866
Services	-	4,264,247	2,718,540	-	303,984	128,683	1,056,470	489,237
Personal	-	4,273,002	1,849,593	-	926,008	275,010	1,431,217	992,192
All Others	-	886,344	224,059	-	18,176	39,545	76,185	586,100
Total	-	34,148,747	34,148,747	8,307,143	2,005,953	1,521,362	8,124,292	5,105,203

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

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

IMPAIRED LOANS BY GEOGRAPHY

31 DECEMBER 2020

	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		
United Arab Emirates	-	32,523,041	32,523,041	20,293,257	-	1,608,527	376,098	3,168,094
GCC excluding UAE***	-	1,681,198	1,681,198	1,279,997	-	-	166,404	(97,889)
Arab League (excluding GCC)	-	295,926	295,926	187,480	-	5,537	12,808	61,519
Asia	-	4,644,496	4,644,496	2,715,427	-	482,646	19,374	1,918,028
Africa	-	12	12	8	-	-	-	4
North America	-	118	118	81	-	-	-	37
Europe	-	299,939	299,939	190,942	-	-	10,251	93,151
Others	-	7,778	7,778	7,738	-	-	-	40
Total	-	39,452,508	39,452,508	24,674,930	10,309,881	2,096,710	584,935	5,142,984

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

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

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

IMPAIRED LOANS BY GEOGRAPHY (continued)

31 DECEMBER 2019

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

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

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

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

RECONCILIATION OF CHANGES IN PROVISION FOR IMPAIRED LOANS

	2020 AED 000	2019 AED 000
Balance at 1 January	29,226,395	26,702,508
Add: Charge for the year		
Specific Provisions (ECL Stage 3)	6,786,553	5,212,367
General Provisions (ECL Stage 1 and Stage 2)	1,673,921	1,419,340
Less: Write-off of impaired loans	(2,096,710)	(2,005,953)
Less: Recovery of loans previously written off	-	-
Less: Write back / Recovery of loan loss provisions	(584,935)	(1,521,362)
Less: Exchange and other adjustments of loan loss provisions	(20,413)	(580,505)
Balance of provision for impaired loans as at 31 December	34,984,811	29,226,395

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 2020

	On-Balance Sheet Gross Outstanding AED 000	Off-Balance Sheet Net Exposure after Credit Conversion Factors (CCF) AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	311,576,921	91,359	311,668,280	311,668,280	-	311,668,280	45,887,566
Claims on non-central Government public sector entities	1,523,173	368,117	1,891,290	1,891,290	-	1,891,290	148,993
Claims on multi-lateral development banks	327,238	-	327,238	327,238	-	327,238	-
Claims on banks	39,189,378	12,625,894	51,815,272	51,815,272	4,904,741	46,910,531	28,950,761
Claims on securities firms	-	540	540	540	37	503	503
Claims on corporate and Government Related Entities (GRE)	163,983,302	55,622,692	219,605,994	219,605,994	26,487,166	193,118,828	188,044,759
Claims included in the regulatory retail portfolio	71,938,085	2,539,290	74,477,375	74,477,375	3,534,772	70,942,603	54,668,530
Claims secured by residential property	18,854,239	376,296	19,230,535	19,230,535	424	19,230,111	9,193,629
Claims secured by commercial real estate	40,147,464	1,699,612	41,847,076	41,847,076	-	41,847,076	41,847,076
Past due loans	39,452,508	1,314,150	40,766,658	6,569,090	18,125	6,550,965	6,929,218
Higher-risk categories	162,797	-	162,797	162,797	-	162,797	244,195
Other assets	26,309,743	19,676	26,329,419	26,329,419	-	26,329,419	17,647,051
Total	713,464,848	74,657,626	788,122,474	753,924,906	34,945,265	718,979,641	393,562,281

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (continued)

31 DECEMBER 2019

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

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

31 DECEMBER 2020

	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	76,878,656	234,789,624	311,668,280	311,668,280	311,668,280	45,887,566
Claims on non-central government public sector entities	743,364	1,147,926	1,891,290	1,891,290	1,891,290	148,993
Claims on multi-lateral development banks	327,238	-	327,238	327,238	327,238	-
Claims on banks	45,040,809	6,774,463	51,815,272	51,815,272	46,910,531	28,950,761
Claims on securities firms	-	540	540	540	503	503
Claims on corporate and Government Related Entities (GRE)	7,150,621	212,455,373	219,605,994	219,605,994	193,118,828	188,044,759
Claims included in the regulatory retail portfolio	-	74,477,375	74,477,375	74,477,375	70,942,603	54,668,530
Claims secured by residential property	-	19,230,535	19,230,535	19,230,535	19,230,111	9,193,629
Claims secured by commercial real estate	-	41,847,076	41,847,076	41,847,076	41,847,076	41,847,076
Past due loans	-	40,766,658	40,766,658	6,569,090	6,550,965	6,929,218
Higher-risk categories	-	162,797	162,797	162,797	162,797	244,195
Other assets	6,104,673	20,224,746	26,329,419	26,329,419	26,329,419	17,647,051
Total	136,245,361	651,877,113	788,122,474	753,924,906	718,979,641	393,562,281

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

31 DECEMBER 2019

	Rated AED 000	Unrated AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	58,527,316	249,561,408	308,088,724	308,088,724	308,088,724	41,060,094
Claims on non-central government public sector entities	606,255	711,100	1,317,355	1,317,355	1,317,355	122,849
Claims on multi-lateral development banks	113,847	-	113,847	113,847	113,847	-
Claims on banks	46,781,003	8,759,472	55,540,475	55,540,475	45,357,511	25,916,226
Claims on securities firms	-	3,929	3,929	3,929	3,929	3,929
Claims on corporate and Government Related Entities (GRE)	4,158,325	214,517,640	218,675,965	218,675,965	192,949,601	190,959,340
Claims included in the regulatory retail portfolio	-	73,032,780	73,032,780	73,032,780	68,387,820	52,871,754
Claims secured by residential property	-	16,699,384	16,699,384	16,699,384	16,698,173	8,127,016
Claims secured by commercial real estate	-	41,618,482	41,618,482	41,618,482	41,618,482	41,618,482
Past due loans	-	35,423,980	35,423,980	6,380,436	6,359,386	7,777,137
Higher-risk categories	-	273,191	273,191	273,191	273,191	409,787
Other assets	4,143,861	19,292,537	23,436,398	23,436,398	23,436,398	16,424,596
Total	114,330,607	659,893,903	774,224,510	745,180,966	704,604,417	385,291,210

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

31 DECEMBER 2020

	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 banks	8,328,882	58,048	8,386,930	8,386,930	3,482,189	1,741,095
Claims on securities firms	-	37	37	37	-	-
Claims on corporate and Government Related Entities (GRE)	-	61,897,416	61,897,416	61,897,416	35,410,250	35,410,250
Claims included in the regulatory retail portfolio	-	7,737,014	7,737,014	7,737,014	4,202,242	3,151,682
Claims secured by residential property	-	424	424	424	-	-
Past due loans	-	51,948	51,948	18,125	-	-
Total	8,328,882	69,744,887	78,073,769	78,039,946	43,094,681	40,303,027

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

31 DECEMBER 2019

	Rated AED 000	Unrated AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on banks	10,088,767	1,351,903	11,440,670	11,440,670	1,257,706	628,853
Claims on securities firms	-	-	-	-	-	-
Claims on corporate and Government Related Entities (GRE)	411,654	59,231,272	59,642,926	59,642,926	33,916,562	33,916,562
Claims included in the regulatory retail portfolio	-	7,884,552	7,884,552	7,884,552	3,239,592	2,429,694
Claims secured by residential property	-	1,211	1,211	1,211	-	-
Past due loans	-	93,049	93,049	46,413	25,363	25,363
Total	10,500,421	68,561,987	79,062,408	79,015,772	38,439,223	37,000,472

CREDIT RISK MITIGATION AS PER STANDARDISED APPROACH

	2020		2019	
	Gross credit exposure (AED 000)	Risk weighted assets (AED 000)	Gross credit exposure (AED 000)	Risk weighted assets (AED 000)
Gross exposure prior to credit risk mitigation	788,122,474	462,705,114	774,224,510	454,911,303
Exposure covered by on-balance sheet netting	(34,197,568)	(34,197,568)	(29,043,544)	(29,043,544)
Exposure covered by eligible financial collateral	(33,453,982)	(33,453,982)	(39,334,333)	(39,334,333)
Exposure covered by guarantees	(1,491,283)	(1,491,283)	(1,242,216)	(1,242,216)
Net exposure after credit risk mitigation	718,979,641	393,562,281	704,604,417	385,291,210

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 2020

(a) Quantitative Details of Equity Position

FS Category (FVOCI/ Amortised Cost)	Basel II Category (Banking Book)	Current Year		AED 000
		Publicly Traded	Privately Held	
690,831	690,831	525,935	164,896	-
690,831	690,831	525,935	164,896	164,896

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

AED 000 FVOCI
-
(468,848)
(468,848)

Particulars

Gains (Losses)

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

Total

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

AED 000 Amount
-
-
-

Tier Capital

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

Total

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

31 DECEMBER 2020

(d) Capital requirements by Equity groupings

AED 000 Amount
29,236
100,170
-
129,406

Grouping

Investments in associate
 Investment securities
 Held for trading

Total capital requirement

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

Particulars	Banking Book (Per Basel II Definition)	Trading Book (Per Basel II Definition)	AED 000
Quoted	525,935	-	-
Unquoted	164,896	-	-
Total	690,831	-	-

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

31 DECEMBER 2019

(a) Quantitative Details of Equity Position

Type	FS Category (FVOCI/ Amortized Cost)	Basel II Category (Banking Book)	Current Year		AED 000
			Publicly Traded	Privately Held	
Equities	1,346,378	1,346,378	998,594	347,784	
Collective investment schemes	-	-	-	-	
Any other investment	-	-	-	-	
Total	1,346,378	1,346,378	998,594	347,784	

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

Particulars	AED 000
Gains (Losses)	FVOCI
Realised gains (losses) from sale and liquidations	(65,295)
Unrealised gains (losses) recognised in the balance sheet but not through profit and loss account	139,526
Latent revaluation gains (losses) for investment recorded at cost but not recognised in balance sheet or profit and loss account	-
Total	74,231

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

Tier Capital	AED 000
Amount included in Tier I capital (realised gains)	(65,295)
Amount included in Tier II capital (unrealised gains)	-
Total	(65,295)

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

31 DECEMBER 2019

(d) Capital requirements by Equity groupings

Grouping	AED 000
Investments in associate	Amount
Investment securities	19,496
Held for trading	195,225
Total capital requirement	214,721

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

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

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 2020 is AED 269.55 million (as at 31 December 2019 is AED 129.73 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.

Reputational Risk

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

Risk management framework and processes at DenizBank

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 DenizBank.