Emirates NBD

INSPIRED BY A GLORIOUS PAST
ASPIRING FOR A REMARKABLE FUTURE

عـام الخمسـين
YEAR OF THE FIFTIETH
UAE

EMIRATES NBD BANK PJSC
BASEL III – PILLAR III
DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2021

BASEL III – PILLAR III DISCLOSURES

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INTRODUCTION

The Central Bank of the UAE (CBUAE) supervises Emirates NBD P.J.S.C. (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 framework is structured around three 'pillars', with the Pillar 1 minimum capital requirements and Pillar 2 supervisory review process complemented by Pillar 3 market discipline.

Pillar 3 disclosures 2021

Pillar 3 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 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 qualitative and quantitative 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%.

In November 2020, CBUAE issued revised standards and guidelines for Capital Adequacy in UAE. The new version to the Standards also includes additional Guidance on the topics of Credit Risk, Market Risk, and Operational Risk.

Following are the changes in the revised standards which have been adopted either prior to or during 2021:

- The Tier Capital Supply Standard
- Tier Capital Instruments Standard
- Pillar 2 Standard: Internal Capital Adequacy Assessment Process (ICAAP)
- Credit Risk, Market Risk and Operational Risk
- Equity Investment in Funds, Securitisation, Counterparty Credit Risk, Leverage Ratio

In addition, Credit Value Adjustment (CVA) for Pillar 1 and 3 will be effective from 30 June 2022.

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 information on the scope of application, capital, risk exposure, risk assessment process and hence the capital adequacy of the Group. The revised Pillar 3 disclosures, based on a common framework, are an effective means of informing the market about the risks faced by the Group, and provide a consistent and understandable disclosure framework that enhances transparency and improves comparability and consistency.

In compliance with the CBUAE Basel III standards and guidelines, these disclosures include qualitative and quantitative information on the Group's risk management objectives and policies, risk assessment processes, capital management and capital adequacy. The Group's Pillar 3 disclosures are in line with the key elements governed by the disclosure policy framework in line with CBUAE Basel III standards which is approved by the Group Board Audit Committee.

INTRODUCTION (continued)

Verification

The Pillar 3 Disclosures for the year 2021 have been reviewed by the Group's internal and statutory auditors.

Implementation of Basel III standards and guidelines

The Group is compliant with Standardised Approach for Credit, Market and Operational Risk (Pillar 1) as applicable in 2021.

The Group also assigns capital on other than Pillar 1 risk categories which are part of the Pillar 2 framework.

Group Structure

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 (PJSC).

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 direct subsidiaries of the Group are 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)
Buzz Contact Centre Solutions LLC	100	Call center management services	Dubai, U.A.E.	Consolidation	Consolidation
DenizBank Anonim Sirketi	100	Banking	Turkey	Consolidation	Consolidation
Emirates Funds LLC	100	Asset Management	Dubai, U.A.E.	Consolidation	Consolidation
Emirates Funds Managers (Jersey) Limited	100	Asset management	Jersey, England	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	Investment Services	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 Management	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, England	Consolidation	Consolidation
ENBD London Branch Nominee Company	100	Asset Management	England	Consolidation	Consolidation
Tanfeeth LLC	100	Shared services organization	Dubai, U.A.E.	Consolidation	Consolidation
The Emirates National Dubai Real Estate Company LLC	100	Nominee Company for Mortgage Business	KSA	Consolidation	Consolidation

The direct subsidiaries of the Group are as follows: (continued)

Subsidiaries:	Nature of Business	Description of Accounting Treatment (Consolidation/ Investment Accounting)	Description of Regulatory Capital Treatment (Consolidation/ Deduction from capital/neither)
Group Tranche of Emblem Finance Company No. 2 Limited	SPE for asset securitization	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 securitization	Consolidation	Consolidation
ENBD Asset Finance Company No.2 Limited	SPE for asset securitization	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 securitization	Consolidation	Consolidation
EI Funding Limited	SPE for asset securitization	Consolidation	Consolidation

KEY METRICS FOR THE GROUP (KM1)

Key prudential regulatory metrics have been included in the following table:

	Available capital (amounts)	**2021 AED 000**	**2020 AED 000**
1	Common Equity Tier 1 (CET1)	67,463,976	67,134,947
1a	Fully loaded ECL accounting model[1]	64,994,509	65,132,209
2	Tier 1	76,592,628	77,514,733
2a	Fully loaded ECL accounting model Tier 1	74,123,161	75,511,995
3	Total capital	81,504,429	82,434,262
3a	Fully loaded ECL accounting model total capital	79,034,962	80,431,524
	Risk-weighted assets (amounts)		
4	Total risk-weighted assets (RWA)	446,381,860	446,453,855
	Risk-based capital ratios as a percentage of RWA		
5	Common Equity Tier 1 ratio (%)	15.11%	15.04%
5a	Fully loaded ECL accounting model CET1 (%)	14.56%	14.59%
6	Tier 1 ratio (%)	17.16%	17.36%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.61%	16.91%
7	Total capital ratio (%)	18.26%	18.46%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.71%	18.02%
	Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement (2.5% from 2019) (%) [2]	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%
10	Bank D-SIB additional requirements (%) [2]	1.50%	1.50%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	4.00%	4.00%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.76%	7.96%
	Leverage Ratio		
13	Total leverage ratio measure	746,832,311	-
14	Leverage ratio (%) (row 2/row 13)	10.26%	-
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	9.93%	-
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	10.26%	-
	Liquidity Coverage Ratio		
15	Total HQLA	138,634,283	-
16	Total net cash outflow	83,347,234	-
17	LCR ratio (%)	166.33%	-
	Net Stable Funding Ratio		
18	Total available stable funding	463,127,079	-
19	Total required stable funding	381,872,177	-
20	NSFR ratio (%)	121.28%	-

[1]"Fully Loaded" means bank's regulatory capital compared with a situation where the transitional arrangement had not been applied. CBUAE introduced transitional arrangements as per circular no. 04/2020 "Regulation Regarding Accounting Provisions and Capital Requirements - Transitional Arrangements".

بنك الإمارات دبي الوطني
Emirates NBD

KEY METRICS FOR THE GROUP (KM1) (continued)

Pursuant to the above regulation, CBUAE issued a regulation for a 'Prudential Filter' that permits Banks to add back increase in IFRS 9 provisions (stage 1 and stage 2) to the regulatory capital over a transition period of 5 years, on a proportionate basis. The increase in IFRS 9 provision requirements is determined by calculating the difference be-tween the IFRS 9 provision as of 31 December 2019 and the IFRS 9 provision as at the respective reporting date. The proportion of the increase in IFRS 9 provisions that is permitted to be added-back to regulatory capital from 1 January 2020 onwards will be phased out over a 5-year transition period (100%, 100%, 75%, 50%, 25% for the years 2020 to 2024 respectively).

[2]*As per the Targeted Economic Support Scheme (TESS) introduced by CBUAE during pandemic, banks in UAE are allowed to utilize 60% of CCB and 100% of D-SIB without supervisory consequences up to 30 June 2022.*

CET1 capital increased by AED 0.3 billion compared to prior year. Profit for the year of AED 9.3 billion was offset by proposed dividend of AED 3.2 billion and adverse impact on fair value reserve of AED 5.7 billion. Prudential filter increased by AED 0.5 billion year-on-year.

During the year, Group has exercised its option to call back Tier 1 capital notes amounting to AED 4 billion issued in 2009 and has issued AED 2.75 billion additional Tier 1 capital notes. This led to decrease in AT1 capital and Total capital. Refer to CC1 disclosure for Capital Composition.

Total Risk weighted assets (RWA) remained flat. Refer OV1 disclosure for further details on RWAs.

Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1)

Below table splits the financial balance sheet into each regulatory risk category. The regulatory risk category drives the approach applied in the calculation of regulatory exposures and RWA.

31 December 2021	a	b	c	d	e	f	g
			Carrying values of items:				
	Carrying val-ues as report-ed in pub-lished finan-cial state-ments AED 000	Carrying values under scope of regulatory consolidation AED 000	Subject to credit risk framework AED 000	Subject to counterparty credit risk framework AED 000	Subject to the securitisation framework AED 000	Subject to market risk framework AED 000	Not subject to capital require-ments or sub-ject to deduc-tion from capi-tal AED 000
Assets							
Cash and deposits with central bank	70,753,613	70,753,613	70,753,613	-	-	-	-
Due from banks	45,343,248	45,343,248	45,343,248	-	-	-	-
Investment securities	106,156,886	106,732,686	106,732,686	-	-	2,492,360	-
Loans and receivables	422,272,390	422,272,390	422,272,390	-	-	-	-
Positive fair value of derivatives	10,658,925	10,658,925	-	10,658,925	-	10,133,018	-
Customer acceptances	11,343,522	11,343,522	11,343,522	-	-	-	-
Property & equipment	3,747,621	3,747,621	3,747,621	-	-	-	-
Goodwill & intangibles	5,981,491	5,981,491	-	-	-	-	5,981,491
Other assets	11,178,922	11,019,803	10,825,747	-	-	-	194,056
Total assets	**687,436,618**	**687,853,299**	**671,018,827**	**10,658,925**	**-**	**12,625.378**	**6,175,547**
Liabilities							
Due to banks	43,755,207	43,755,207	-	-	-	-	43,755,207
Customer deposits	456,483,888	456,483,888	-	-	-	-	456,483,888
Debt issued and other borrowed funds	63,387,228	63,387,228	-	-	-	-	63,387,228
Sukuk payable	3,672,500	3,672,500	-	-	-	-	3,672,500
Negative fair value of derivatives	9,186,321	9,186,321	-	9,186,321	-	7,966,273	-
Customer acceptances	11,343,522	11,343,522	-	-	-	-	11,343,522
Other liabilities	16,028,263	16,357,340	-	-	-	-	16,357,340
Total liabilities	**603,856,929**	**604,186,006**	**-**	**9,186,321**	**-**	**7,966,273**	**594,999,685**

Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1) (Continued)

The amounts shown in the column 'Carrying values under scope of regulatory consolidation' do not equal the sum of the amounts shown in the remaining columns of this table for line items 'Derivatives', and Investment Securities' as the assets in this column are subject to regulatory capital charges for credit risk, counterparty credit risk and market risk.

Variances between the financial and regulatory consolidated balance sheets in LI1 arise primarily from differences in the basis of consolidation. Non-financial subsidiaries are not consolidated for regulatory purposes.

Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2)

	31 December 2021	a	b	c	d	e
			Items subject to:			
		Total AED 000	Credit risk framework AED 000	Securitisation framework AED 000	Counterparty credit risk framework AED 000	Market risk framework AED 000
1	Asset carrying value amount under scope of regulatory consolida-tion (as per template LI1)	681,677,752	671,018,827	-	10,658,925	12,625,378
2	Liabilities carrying value amount under regulatory scope of consoli-dation (as per template LI1)	9,186,321	-	-	9,186,321	7,966,273
3	Total net amount under regulatory scope of consolidation	672,491,431	671,018,827	-	1,472,604	4,659,105
4	Off-balance sheet amounts Excluding Derivatives	56,513,466	56,513,466	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions and interest in sus-pense	48,179,883	48,179,883	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Derivatives	16,988,053	-	-	16,988,053	-
10	**Exposure amounts considered for regulatory purposes**	**794,172,833**	**775,712,176**	**-**	**18,460,657**	**4,659,105**

Major differences between carrying values and amounts considered for regulatory purposes are:

- Off-balance sheet amounts subject to credit risk including undrawn portions of committed facilities, trade finance commitments and guarantees post credit conversion factor (CCF). Further potential future exposures (PFE) are added for counterparty credit risk on derivative exposures.
- Credit risk adjustments, including Expected Credit Losses (ECL) and interest in suspense (IIS) which are grossed up regulatory exposures.

CAPITAL MANAGEMENT

The Group's approach to capital management is driven by strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. The Group aims to maintain a strong capital base to support the risks inherent in the business and invest in accordance with strategy, meeting both consolidated and local regulatory capital requirements consistently.

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

For 2021, as per the TESS standards, until June 2022, CCB is allowed to be kept at 1% of the Capital base. CCyB is not in effect and is not required to be kept for 2021.

Over and above additional capital buffers, the Group as a Domestic Systemically Important Bank (D-SIB) is required to keep an additional D-SIB buffer of 1.5% of the Capital base. However, under TESS standards banks are allowed to reduce this buffer to nil until 30 June 2022.

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.

Details of the Group's qualifying Equity and AT1 instruments are set out in Appendix A.

COMPOSITION OF REGULATORY CAPITAL (CC1)

This provides a breakup of the elements constituting the Group's capital.

		2021 AED 000	2020 AED 000	CC2 Reference
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	24,270,762	24,270,762	b
2	Retained earnings	52,399,381	46,490,877	f
3	Accumulated other comprehensive income (and other reserves)	(2,921,388)	2,710,530	
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	-	-	
5	Common share capital issued by third parties (amount allowed in group CET1)	55,018	22,124	
6	**Common Equity Tier 1 capital before regulatory deductions**	**73,803,773**	**73,494,293**	
	Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	-	-	
8	Goodwill (net of related tax liability)	(5,981,491)	(6,313,171)	a
9	Other intangibles including mortgage servicing rights (net of related tax liability)	-	-	
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	(194,056)	-	
11	Cash flow hedge reserve	(118,075)	-	
12	Securitisation gain on sale	-	-	
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	
14	Defined benefit pension fund net assets	-	-	
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	(46,175)	(46,175)	
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-	-	
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	
20	Amount exceeding 15% threshold	-	-	
21	Of which: significant investments in the common stock of financials	-	-	
22	Of which: deferred tax assets arising from temporary differences	-	-	
23	CBUAE specific regulatory adjustments	-	-	
24	**Total regulatory adjustments to Common Equity Tier 1**	**(6,339,797)**	**(6,359,346)**	e
25	**Common Equity Tier 1 capital (CET1)**	**67,463,976**	**67,134,947**	
	Additional Tier 1 capital: instruments			
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	9,128,652	10,379,786	c

COMPOSITION OF REGULATORY CAPITAL (CC1) (continued)

		2021 AED 000	2020 AED 000	CC2 Reference
27	Of which: classified as equity under applicable accounting standards	9,128,652	10,379,786	
28	Of which: classified as liabilities under applicable accounting standards	-	-	
29	Directly issued capital instruments subject to phase-out from additional Tier 1	-	-	
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	-	-	
31	*Of which: instruments issued by subsidiaries subject to phase-out*	-	-	
32	**Additional Tier 1 capital before regulatory adjustments**	**9,128,652**	**10,379,786**	
	Additional Tier 1 capital: regulatory adjustments			
33	Investments in own additional Tier 1 instruments	-	-	
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
36	CBUAE specific regulatory adjustments	-	-	
37	Total regulatory adjustments to additional Tier 1 capital	-	-	
38	**Additional Tier 1 capital (AT1)**	**9,128,652**	**10,379,786**	
39	**Tier 1 capital (T1= CET1 + AT1)**	**76,592,628**	**77,514,733**	
	Tier 2 capital: instruments and provisions			
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	
41	Directly issued capital instruments subject to phase-out from Tier 2	-	-	
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	
43	Of which: instruments issued by subsidiaries subject to phase-out	-	-	
44	Provisions	4,911,801	4,919,529	
45	**Tier 2 capital before regulatory adjustments**	**4,911,801**	**4,919,529**	
	Tier 2 capital: regulatory adjustments			
46	Investments in own Tier 2 instruments	-	-	
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	
49	CBUAE specific regulatory adjustments	-	-	
50	Total regulatory adjustments to Tier 2 capital	-	-	
51	**Tier 2 capital (T2)**	**4,911,801**	**4,919,529**	
52	**Total regulatory capital (TC = T1 + T2)**	**81,504,429**	**82,434,262**	
53	**Total risk-weighted assets**	**446,381,860**	**446,453,855**	

COMPOSITION OF REGULATORY CAPITAL (CC1) (continued)

		2021 AED 000	2020 AED 000	CC2 Reference
	Capital ratios and buffers			
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	15.11%	15.04%	
55	Tier 1 (as a percentage of risk-weighted assets)	17.16%	17.36%	
56	Total capital (as a percentage of risk-weighted assets)	18.26%	18.46%	
57	Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets) [1]	4.00%	4.00%	
58	Of which: capital conservation buffer requirement [1]	2.50%	2.50%	
59	Of which: bank-specific countercyclical buffer requirement	0.00%	0.00%	
60	Of which: higher loss absorbency requirement (e.g., DSIB)[1]	1.50%	1.50%	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	7.76%	7.96%	
	The CBUAE Minimum Capital Requirement			
62	Common Equity Tier 1 minimum ratio	7.00%	7.00%	
63	Tier 1 minimum ratio	8.50%	8.50%	
64	Total capital minimum ratio	10.50%	10.50%	
	Amounts below the thresholds for deduction (before risk weighting)			
65	Non-significant investments in the capital and other TLAC liabilities of other financial entities	-	-	
66	Significant investments in common stock of financial entities	-	-	
67	Mortgage servicing rights (net of related tax liability)	-	-	
68	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	
	Applicable caps on the inclusion of provisions in Tier 2			
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	10,776,610	10,309,881	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	4,911,801	4,919,529	d
71	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	
72	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
73	Current cap on CET1 instruments subject to phase-out arrangements	-	-	
74	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	
75	Current cap on AT1 instruments subject to phase-out arrangements	-	-	
76	Amount excluded from AT1 due to cap (excess after redemptions and maturities)	-	-	
77	Current cap on T2 instruments subject to phase-out arrangements	-	-	
78	Amount excluded from T2 due to cap (excess after redemptions and maturities)	-	-	

[1] As per the Targeted Economic Support Scheme (TESS) introduced by CBUAE during pandemic, banks in UAE are allowed to utilize 60% of CCB and 100% of D-SIB without supervisory consequences up to 30 June 2022.

COMPOSITION OF REGULATORY CAPITAL (CC1) (continued)

Accumulated other comprehensive income (and other reserves) moved adversely year on year due to change in fair value of investment securities and decrease in currency translation reserve on one of our foreign operation.

Retained earnings includes the adjustments of proposed dividend and prudential filter addback

Reconciliation of regulatory capital to balance sheet (CC2)

The following table enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between the bank's balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template set out in Template CC1. Variances between the financial and regulatory consolidated balance sheets are consistent with LI1 disclosure.

31 DECEMBER 2021

	Balance sheet as in published financial statements AED 000	Under regulatory scope of consolidation AED 000	Reference (CC1) AED 000
Assets			
Cash and deposits with central bank	70,753,613	70,753,613	
Due from banks	45,343,248	45,343,248	
Investment securities	106,156,886	106,732,686	
Loans & receivables	422,272,390	422,272,390	
Positive fair value of derivatives	10,658,925	10,658,925	
Customer acceptances	11,343,522	11,343,522	
Property & equipment	3,747,621	3,747,621	
Goodwill & intangibles	5,981,491	5,981,491	a
Other assets	11,178,922	11,019,803	
Total assets	**687,436,618**	**687,853,299**	
Liabilities			
Due to banks	43,755,207	43,755,207	
Customer deposits	456,483,888	456,483,888	
Debt issued and other borrowed funds	63,387,228	63,387,228	
Sukuk payable	3,672,500	3,672,500	
Negative fair value of derivatives	9,186,321	9,186,321	
Customer acceptances	11,343,522	11,343,522	
Other liabilities	16,028,263	16,357,340	
Total Liabilities	**603,856,929**	**604,186,006**	
Issued capital	6,316,598	6,316,598	b
Treasury shares	(46,175)	-	
Tier i capital notes	9,128,652	9,128,652	c
Share premium reserve	17,954,164	17,954,164	b
Legal and statutory reserve	3,158,299	3,158,299	
Other reserves	2,945,393	2,945,393	
Fair value reserve	(725,815)	(725,815)	
Currency translation reserve	(8,299,265)	(8,299,265)	
Retained earnings	53,088,213	52,399,381	f
Common equity tier 1 capital regulatory deductions	-	(6,339,797)	e
Non-controlling interest	59,625	55,018	
Provisions eligible for inclusion in tier 2	-	4,911,801	d
Total Capital	**83,579,689**	**81,504,429**	

GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES USED IN THE COUNTERCYCLICAL CAPITAL BUFFER (CCyB1)

The following table provide an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the countercyclical buffer.

31 DECEMBER 2021

	a	b	c	d	e	f	g
		Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer					
Geographical breakdown	**Counter cyclical capital buffer rate**	**Exposure values AED 000**	**Risk-weighted assets AED 000**	**Minimum Capital Requirement AED 000**	**Share of Minimum Capital (%)**	**Bank-specific counter cyclical capital buffer rate (%)**	**Counter cyclical buffer amount AED 000**
Norway	1.00%	3,289	758	110	0.00%	0.00%	-
Hongkong	1.00%	12,054	2,487	361	0.00%	0.00%	-
Luxemburg	0.50%	95,605	1,066,368	154,623	0.39%	0.19%	2,072
Others	0.00%	377,057,537	273,401,197	39,643,173	99.61%	0.00%	-
Sum [1]		**110,948**	**1,069,613**	**-**	**-**		
Total [2]		**377,168,485**	**274,470,810**	**10,658,925**	**-**		**2,072**

Amount of Group specific countercyclical capital buffer	
Total Credit risk weighted assets on Private Exposures (AED 000)	**274,470,810**
Group specific countercyclical capital buffer requirement (AED 000)	**2,072**
Group specific countercyclical capital buffer rate (%)	**0.00%**

[1]*Sum of private sector credit exposures and related RWA in jurisdictions with a non-zero countercyclical buffer rate only.*
[2]*Total of private sector credit exposures and related RWA across all jurisdictions.*

LEVERAGE RATIO

Summary comparison of accounting assets versus leverage ratio exposure (LR1)

The following table reconciles the total assets in the published financial statements to the leverage ratio exposure measure.

		2021 AED 000
1	Total consolidated assets as per published financial statements	687,436,618
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(543,515)
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	7,801,732
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	74,281,499
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments[1]	(22,144,023)
13	**Leverage ratio exposure measure**	**746,832,311**

[1]This includes Assets deducted from CET1 capital, reverse repos and customer acceptances (considered as off-balance sheet).

LEVERAGE RATIO (continued)

Leverage ratio common disclosure template (LR2)

The table below provides a breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements, and buffers as of period end.

		2021 AED 000
	On-balance sheet exposures	
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	660,265,702
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-
3	Deductions of receivable assets for cash variation margin provided in derivatives transactions	-
4	Adjustment for securities received under securities financing transactions that are recognised as an asset	-
5	Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	-
6	Asset amounts deducted in determining Tier 1 capital	(6,175,547)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**654,090,155**
	Derivative exposures	
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	4,183,473
9	Add-on amounts for PFE associated with all derivatives transactions	9,002,711
10	Exempted CCP leg of client-cleared trade exposures	-
11	Adjusted effective notional amount of written credit derivatives	-
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	-
13	**Total derivative exposures (Calculated as rows 8 to 12)*1.4**	**18,460,657**
	Securities financing transactions	
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	4,624,954
15	Netted amounts of cash payables and cash receivables of gross SFT assets	(4,624,954)
16	CCR exposure for SFT assets	-
17	Agent transaction exposures	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	-
	Other off-balance sheet exposures	
19	Off-balance sheet exposure at gross notional amount	192,194,594
20	Adjustments for conversion to credit equivalent amounts	(117,913,095)
21	Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital	-
22	**Off-balance sheet items (sum of rows 19 to 21)**	**74,281,499**
	Capital and total exposures	
23	**Tier 1 capital**	**76,592,628**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**746,832,311**
	Leverage ratio	
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	10.26%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	10.26%
26	CBUAE minimum leverage ratio requirement	3.50%
27	**Applicable leverage buffers**	6.76%

OVERVIEW OF RISK MANAGEMENT AND RISK WEIGHTED ASSETS (RWA)

Risk management approach

Please refer Note 46 of the Group's annual financial statements for the risk management framework including: risk governance structure, risk profile and risk measurement systems of the bank, risk reporting to the board and senior management and risk mitigation.

The Group operates a wide-ranging stress testing program that support risk management and capital planning. It includes execution of stress tests mandated by regulators. The group's stress testing is supported by dedicated teams and infrastructure. The testing program assesses capital strength and enhances resilience to external shocks, thereby helping to understand and mitigate risks and informed decision making on capital levels.

OVERVIEW OF RISK WEIGHTED ASSETS (RWAs) (OV1)

The following table provides an overview of total RWAs forming the denominator of the risk-based capital requirements. Further breakdown of RWAs are presented in subsequent parts.

				Minimum capital requirements
		2021 AED 000	2020 AED 000	2021 AED 000
1	Credit risk (excluding counterparty credit risk)	380,513,816	393,562,281	55,174,503
2	Of which: standardised approach (SA)	380,513,816	393,562,281	55,174,503
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	11,335,237	-	1,643,609
7	Of which: standardised approach for counterparty credit risk	11,335,237	-	1,643,609
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	-	-	-
11	Equity positions under the simple risk weight approach	-	-	-
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	1,095,047	-	158,782
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	10,945,304	14,600,122	1,587,069
21	Of which: standardised approach (SA)	10,945,304	14,600,122	1,587,069
22	Of which: internal models approach (IMA)	-	-	-
23	Operational risk	42,492,456	38,291,452	6,161,406
24	Amounts below thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**446,381,860**	**446,453,855**	**64,725,369**

The regulatory minimum capital requirement is calculated at 14.5% of the RWA including CBUAE assigned capital buffers.

OVERVIEW OF RWAS (OV1) (continued)

Pursuant to the revised capital adequacy standards and guidelines rolled out by CBUAE in 2020 and applicable in phases, Standardized Approach on counterparty credit risk (SA-CCR) and Equity Investment in Fund (EIF) are implemented in 2021. CVA will be implemented effective 30 June 2022 as part of final phase.

Credit risk weighted assets (CRWAs) remained flat. Overall volume growth was offset by decrease of RWAs as a result of impact of currency translation on our foreign operation.

Decrease in Market risk weighted assets (MRWA) was attributed to lower short currency positions and drop in trading portfolio.

Growth in Operational risk weighted assets (ORWAs) was driven by higher 3-year average operating income compared to prior year.

CREDIT RISK

Please refer Note no. 46 in the annual financial statements for criteria, approach, structure, and organization of credit risk management and reporting of risk exposures , risk mitigation and stress testing related to credit risk. For definition of default please refer Note 5(i) of annual financial statements.

Credit quality of assets – (CR1)

The table provides a comprehensive picture of the credit quality of the Group's (on- and off-balance sheet) assets.

31 DECEMBER 2021

		a	b	c	d	e	f
		Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures		
		Defaulted exposures[3] AED 000	Non-defaulted exposures AED 000	Allowances/ Impairments AED 000	Allocated in regulatory category of Specific AED 000	Allocated in regulatory category of General AED 000	Net values (a+b-c) AED 000
1	Loans	29,159,717	430,298,149	37,185,476	26,408,866	10,776,610	422,272,390
2	Debt securities[1]	-	102,891,135	40,417	-	40,417	102,850,718
	Total	**29,159,717**	**533,189,284**	**37,225,893**	**26,408,866**	**10,817,027**	**525,123,108**
3	Off-balance sheet exposures[2]	1,889,375	931,352,062	632,100	-	632,100	

[1] *Debt Securities Includes Only Banking Book Securities*

[2] *Includes Letter of credit, Guarantees, Liability on risk participations, Irrevocable loan commitments and notional amount of Derivatives*

[3] *Defaulted exposures are net of Interest in suspense (IIS)*

Credit quality of assets – (CR1) (continued)

31 DECEMBER 2020

		a	b	c	d	e	f
		Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures		
		Defaulted exposures[3] AED 000	Non-defaulted exposures AED 000	Allowances/ Impairments AED 000	Allocated in regulatory category of Specific AED 000	Allocated in regulatory category of General AED 000	Net values (a+b-c) AED 000
1	Loans	29,817,914	448,708,366	34,984,811	24,674,930	10,309,881	443,541,469
2	Debt securities[1]	-	66,082,525	53,084	-	53,084	66,029,441
	Total	**29,817,914**	**514,790,891**	**35,037,895**	**24,674,930**	**10,362,965**	**509,570,910**
3	Off-balance sheet exposures[2]	1,314,150	897,157,816	701,666	-	701,666	

[1] Debt Securities Includes Only Banking Book Securities
[2] Includes Letter of credit, Guarantees, Liability on risk participations, Irrevocable loan commitments and notional amount of Derivatives
[3] Defaulted exposures are net of IIS

Emirates NBD بنك الإمارات دبي الوطني

CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES – (CR2)

The following table identifies the changes in the bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

		2021 AED 000	2020 AED 000
1	Defaulted loans and debt securities at the end of the previous reporting period	29,817,914	26,024,453
2	Loans and debt securities that have defaulted since the last reporting period	4,665,107	5,678,923
3	Returned to non-default status	(360,866)	(270,882)
4	Amounts written off	(1,246,876)	(2,096,710)
5	New financial assets, net of repayments and others	(3,715,562)	482,130
6	**Defaulted loans and debt securities at the end of the reporting period**	**29,159,717**	**29,817,914**

ADDITIONAL DISCLOSURE RELATED TO THE CREDIT QUALITY OF ASSETS – (CRB)

Definition of Default

Please refer Note 7 in the annual financial statements for scope and definitions of 'past due' and 'impaired' exposures.

Past due exposures not impaired

As at 31 December 2021 nil (2020: nil) past due exposures were not impaired.

The methods used for determining accounting provisions for credit losses and adopting an ECL accounting model for categorization of ECL accounting provisions in general and specific categories for standardised approach exposures has been detailed in the annual financial statements Note 7(j).

Restructured Financial Assets

Please refer Note 7(j) of the annual financial statements for the year ended 31 December 2021 for policy on restructured financial assets details.

As at 31 December 2021, impaired restructured loans constituted AED 15.5 billion.

GROSS CREDIT EXPOSURE - CURRENCY CLASSIFICATION

The Group's gross credit exposure by foreign and local currency, both funded and non-funded is detailed below:

31 DECEMBER 2021

	Loans and receivables 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	Grand Total AED 000
Foreign Currency	154,591,294	64,738,081	82,230,319	**301,559,694**	5,588,387	14,918,002	43,639,411	**64,145,800**	**365,705,494**
AED	315,860,979	38,153,054	52,281,461	**406,295,494**	4,629,451	3,542,655	13,999,739	**22,171,845**	**428,467,339**
Total	**470,452,273**	**102,891,135**	**134,511,780**	**707,855,188**	**10,217,838**	**18,460,657**	**57,639,150**	**86,317,645**	**794,172,833**

31 DECEMBER 2020

	Loans and receivables 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	Grand 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**

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 gross exposures by Residual Maturity

31 DECEMBER 2021

	Loans and receivables 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	Grand Total AED 000
Less than 3 months	203,296,817	33,023,939	104,483,761	**340,804,517**	1,846,932	5,159,465	29,451,236	**36,457,633**	**377,262,150**
3 months to 1 year	46,955,260	21,124,194	17,356,183	**85,435,637**	8,063,108	4,709,090	15,311,130	**28,083,328**	**113,518,965**
1 year to 5 years	133,592,880	22,615,637	1,781,442	**157,989,959**	71,079	5,297,829	7,241,355	**12,610,263**	**170,600,222**
Over 5 years	38,427,433	26,127,365	10,890,394	**75,445,192**	236,719	3,294,273	5,635,429	**9,166,421**	**84,611,613**
Add: Grossing up of interest in suspense & provisions	48,179,883	-	-	**48,179,883**	-	-	-	**-**	**48,179,883**
Total	**470,452,273**	**102,891,135**	**134,511,780**	**707,855,188**	**10,217,838**	**18,460,657**	**57,639,150**	**86,317,645**	**794,172,833**

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 gross exposures by Residual Maturity

31 DECEMBER 2020

	Loans and receivables 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	Grand 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 GEOGRAPHY

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

31 DECEMBER 2021

	Loans and receivables 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	Grand Total AED 000
United Arab Emirates	371,744,288	57,818,769	56,670,635	**486,233,692**	5,572,604	6,733,604	40,802,903	**53,109,111**	**539,342,803**
GCC excluding UAE*	14,587,413	19,535,667	15,497,257	**49,620,337**	922,621	1,523,821	1,808,110	**4,254,552**	**53,874,889**
Arab League (excluding GCC)	10,905,966	6,802,045	9,422,780	**27,130,791**	11,027	1,878,752	433,131	**2,322,910**	**29,453,701**
Asia	60,321,501	2,753,097	23,321,014	**86,395,612**	924,358	3,172,991	12,311,836	**16,409,185**	**102,804,797**
Africa	27,435	-	1,166,140	**1,193,575**	20,426	12,845	38,590	**71,861**	**1,265,436**
North America	60,332	1,798,801	2,038,647	**3,897,780**	6,599	160,788	3,378	**170,765**	**4,068,545**
South America	66,638	-	163,183	**229,821**	-	-	429	**429**	**230,250**
Caribbean	20,482	-	-	**20,482**	-	-	-	**-**	**20,482**
Europe	11,226,135	13,567,151	25,650,209	**50,443,495**	2,742,178	4,894,500	2,238,752	**9,875,430**	**60,318,925**
Australia	195,364	-	32,509	**227,873**	-	72,124	10	**72,134**	**300,007**
Others	1,296,719	615,605	549,406	**2,461,730**	18,025	11,232	2,011	**31,268**	**2,492,998**
Total	**470,452,273**	**102,891,135**	**134,511,780**	**707,855,188**	**10,217,838**	**18,460,657**	**57,639,150**	**86,317,645**	**794,172,833**

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

GROSS CREDIT EXPOSURE BY GEOGRAPHY (continued)

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

31 DECEMBER 2020

	Loans and receivables 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	Grand 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

GROSS CREDIT EXPOSURE BY ECONOMIC ACTIVITY

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

31 DECEMBER 2021

	Loans and receivables 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	Grand Total AED 000
Agriculture, fishing & related activities	5,802,243	-	463,349	**6,265,592**	19,847	94,700	1,944,090	**2,058,637**	**8,324,229**
Crude, oil gas, mining & quarrying	8,348,438	215,619	97,682	**8,661,739**	329,532	124,843	1,067,411	**1,521,786**	**10,183,525**
Manufacturing	20,427,774	566,206	404,817	**21,398,797**	466,870	241,088	6,210,296	**6,918,254**	**28,317,051**
Electricity & Water	2,342,500	398,736	74,951	**2,816,187**	28,373	155,836	1,989,182	**2,173,391**	**4,989,578**
Construction	16,047,501	340,839	3	**16,388,343**	259,678	287,847	12,282,440	**12,829,965**	**29,218,308**
Trade	32,588,415	139,972	787,178	**33,515,565**	794,035	2,493,467	11,321,123	**14,608,625**	**48,124,190**
Transport, Storage & Communication	12,841,664	1,163,485	69,939	**14,075,088**	209,055	145,872	1,979,308	**2,334,235**	**16,409,323**
Financial Institutions and Investment companies	33,459,946	44,432,490	98,462,864	**176,355,300**	1,612,838	11,413,519	9,682,268	**22,708,625**	**199,063,925**
Real Estate	49,143,744	-	2,938	**49,146,682**	4,541,378	498,901	1,647,767	**6,688,046**	**55,834,728**
Services	23,708,192	930,444	127,575	**24,766,211**	609,691	662,759	3,411,069	**4,683,519**	**29,449,730**
Sovereign	151,816,978	53,655,249	14,692,706	**220,164,933**	11,208	1,107,240	200,774	**1,319,222**	**221,484,155**
Personal	97,798,467	-	7,649,905	**105,448,372**	542,781	273,382	2,989,284	**3,805,447**	**109,253,819**
All Others	5,132,004	1,048,095	11,677,873	**17,857,972**	792,552	961,203	2,914,138	**4,667,893**	**22,525,865**
Add: Grossing up of interest in suspense	10,994,407	-	-	**10,994,407**	-	-	-	**-**	**10,994,407**
Total	**470,452,273**	**102,891,135**	**134,511,780**	**707,855,188**	**10,217,838**	**18,460,657**	**57,639,150**	**86,317,645**	**794,172,833**

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 ECONOMIC ACTIVITY (continued)

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

31 DECEMBER 2020

	Loans and receivables 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	Grand 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.

IMPAIRED LOANS BY GEOGRAPHY

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

31 DECEMBER 2021

	Overdue (Gross of Interest in Suspense/ ECL)			Expected Credit Losses (ECL)		Adjustments			
	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/ ECL AED 000	Total Impaired Assets AED 000
United Arab Emirates	-	33,571,255	**33,571,255**	21,978,475	-	1,157,757	422,375	10,266,085	**1,326,695**
GCC excluding UAE***	-	1,835,557	**1,835,557**	1,404,511	-	-	142,493	612,005	**(180,959)**
Arab League (excluding GCC)	-	539,641	**539,641**	357,908	-	39,057	14,213	72,932	**108,801**
Asia	-	3,844,309	**3,844,309**	2,377,404	-	47,952	465,718	24,266	**1,442,639**
Africa	-	10	**10**	7	-	-	-	-	**3**
North America	-	11	**11**	8	-	-	-	-	**3**
South America	-	-	**-**	-	-	-	-	-	**-**
Caribbean	-	-	**-**	-	-	-	-	-	**-**
Europe	-	363,209	**363,209**	289,703	-	2,110	-	19,119	**54,387**
Australia	-	-	**-**	-	-	-	-	-	**-**
Others	-	132	**132**	850	-	-	-	-	**(718)**
Total	**-**	**40,154,124**	**40,154,124**	**26,408,866**	**10,776,610**	**1,246,876**	**1,044,799**	**10,994,407**	**2,750,851**

**Specific provisions represent Stage 3 Expected Credit Losses (ECL).
**General provisions represent Stage 1 and Stage 2 Expected Credit Losses (ECL).
*** This includes Saudi Arabia, Bahrain, Kuwait, Oman, and Qatar .

IMPAIRED LOANS BY GEOGRAPHY (continued)

31 DECEMBER 2020

	Overdue (Gross of Interest in Suspense/ ECL)			Expected Credit Losses (ECL)		Adjustments			
	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/ ECL AED 000	Total Impaired Assets AED 000
United Arab Emirates	-	32,523,041	**32,523,041**	20,293,257	-	1,608,527	376,098	9,061,690	**3,168,094**
GCC excluding UAE***	-	1,681,198	**1,681,198**	1,279,997	-	-	166,404	499,090	**(97,889)**
Arab League (excluding GCC)	-	295,926	**295,926**	187,480	-	5,537	12,808	46,927	**61,519**
Asia	-	4,644,496	**4,644,496**	2,715,427	-	482,646	19,374	11,041	**1,918,028**
Africa	-	12	**12**	8	-	-	-	-	**4**
North America	-	118	**118**	81	-	-	-	-	**37**
South America	-	-	**-**	-	-	-	-	-	**-**
Caribbean	-	-	**-**	-	-	-	-	-	**-**
Europe	-	299,939	**299,939**	190,942	-	-	10,251	15,846	**93,151**
Australia	-	-	**-**	-	-	-	-	-	**-**
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**	**9,634,594**	**5,142,984**

*Specific provisions represent Stage 3 Expected Credit Losses (ECL).
**General provisions represent Stage 1 and Stage 2 Expected Credit Losses (ECL).
*** This includes Saudi Arabia, Bahrain, Kuwait, Oman, and Qatar.

IMPAIRED LOANS BY ECONOMIC ACTIVITY

31 DECEMBER 2021

	Overdue (Gross of Interest in Suspense/ ECL)			Expected Credit Losses (ECL)		Adjustments			
	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/ ECL AED 000**	**Total Impaired Assets AED 000**
Agriculture, fishing & related activities	-	535,454	**535,454**	378,719	-	90	45,550	37	**156,698**
Crude, oil gas, mining & quarrying	-	54,360	**54,360**	33,226	-	-	-	319	**20,815**
Manufacturing	-	1,564,006	**1,564,006**	1,363,649	-	3,394	60,721	220,941	**(20,584)**
Electricity and water	-	497,769	**497,769**	361,241	-	-	-	364	**136,164**
Construction	-	5,772,429	**5,772,429**	4,387,777	-	1,555	56,056	1,618,188	**(233,536)**
Trade	-	3,480,846	**3,480,846**	2,501,074	-	-	228,215	596,086	**383,686**
Transport, Storage & Communication	-	486,699	**486,699**	332,262	-	20,715	41,709	37,593	**116,844**
Financial Institutions	-	9,279,182	**9,279,182**	6,722,506	-	50,386	76,628	2,040,074	**516,602**
Real Estate	-	8,358,598	**8,358,598**	4,686,464	-	2,973	140,647	2,351,444	**1,320,690**
Services	-	4,625,409	**4,625,409**	2,798,384	-	13,550	70,195	1,378,562	**448,463**
Sovereign	-	-	**-**	-	-	54	83	-	**-**
Personal	-	4,863,859	**4,863,859**	2,652,187	-	1,129,012	304,670	2,617,317	**(405,645)**
All Others	-	635,513	**635,513**	191,377	-	25,147	20,325	133,482	**310,654**
Total	**-**	**40,154,124**	**40,154,124**	**26,408,866**	**10,776,610**	**1,246,876**	**1,044,799**	**10,994,407**	**2,750,851**

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

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

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IMPAIRED LOANS BY ECONOMIC ACTIVITY (continued)

31 DECEMBER 2020

	Overdue (Gross of Interest in Suspense/ ECL)			Expected Credit Losses (ECL)		Adjustments			
	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/ ECL AED 000	Total Impaired Assets AED 000
Agriculture, fishing & related activities	-	604,810	**604,810**	389,400	-	-	95	5	**215,405**
Crude, oil gas, mining & quarrying		68,945	**68,945**	66,122		-	-	1,424	**1,399**
Manufacturing		2,007,467	**2,007,467**	1,426,703		13,686	19,956	269,240	**311,524**
Electricity and water	-	644,493	**644,493**	449,478	-	-	-	219	**194,796**
Construction	-	5,386,679	**5,386,679**	4,471,826	-	318,157	80,764	1,148,394	**(233,541)**
Trade	-	3,210,847	**3,210,847**	2,415,817	-	105,666	83,229	672,230	**122,800**
Transport, Storage & Communication	-	443,986	**443,986**	302,295	-	64,801	77,538	29,562	**112,129**
Financial Institutions	-	8,996,997	**8,996,997**	5,775,097	-	137,079	-	1,856,907	**1,364,993**
Real Estate	-	7,954,101	**7,954,101**	4,029,606	-	18,921	50,101	2,316,471	**1,608,024**
Services	-	4,709,492	**4,709,492**	2,665,628	-	-	10,324	1,372,362	**671,502**
Sovereign	-	-	**-**	-	-	-	-	-	**-**
Personal	-	4,729,032	**4,729,032**	2,388,720	-	937,444	204,471	1,842,874	**497,438**
All Others	-	695,659	**695,659**	294,238	-	500,956	58,457	124,906	**276,515**
Total	**-**	**39,452,508**	**39,452,508**	**24,674,930**	**10,309,881**	**2,096,710**	**584,935**	**9,634,594**	**5,142,984**

*Specific provisions represent Stage 3 Expected Credit Losses (ECL).
**General provisions represent Stage 1 and Stage 2 Expected Credit Losses (ECL).

QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO CREDIT RISK MITIGATION TECHNIQUES – (CRC)

Please refer Note 46 in the annual financial statements for criteria, approach, structure, and organization of credit risk management and reporting of risk exposures, risk mitigation and stress testing related to credit risk.

The Group has adopted comprehensive approach for collateral valuation assessment. Categories of collaterals include cash/fixed deposits, shares, guarantees (corporate and bank guarantees) and gold. As at 31 December 2021, total eligible collaterals held by the Group amounted to AED 29.7 billion (2020: AED 34.9 billion). CR3 table below discloses collaterals securing loans and debt securities only. Out of these, AED 14.7 billion (2020: AED 18.8 billion) were held as cash collaterals.

Credit risk mitigation techniques – overview (CR3)

The following table discloses the extent of use of credit risk mitigation techniques.

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		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount AED 000	**Exposures secured by collateral AED 000**	**Exposures secured by collateral of which: secured amount AED 000**	**Exposures secured by financial guarantees AED 000**	**Exposures secured by financial guarantees, of which: secured amount AED 000**	**Exposures secured by credit derivatives AED 000**	**Exposures secured by credit derivatives, of which: secured amount AED 000**
1	Loans	360,833,964	55,837,027	24,065,031	5,601,399	1,075,069	-	-
2	Debt securities	102,850,718	-	-	-	-	-	-
3	**Total**	**463,684,682**	**55,837,027**	**24,065,031**	**5,601,399**	**1,075,069**	**-**	**-**
4	Of which defaulted	2,713,101	37,750	11,205	-	-	-	-

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		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount AED 000	**Exposures secured by collateral AED 000**	**Exposures secured by collateral of which: secured amount AED 000**	**Exposures secured by financial guarantees AED 000**	**Exposures secured by financial guarantees, of which: secured amount AED 000**	**Exposures secured by credit derivatives AED 000**	**Exposures secured by credit derivatives, of which: secured amount AED 000**
1	Loans	378,291,332	63,920,172	30,014,066	1,329,964	648,950	-	-
2	Debt securities	66,029,441	-	-	-	-	-	-
3	**Total**	**444,320,773**	**63,920,172**	**30,014,066**	**1,329,964**	**648,950**	**-**	**-**
4	Of which defaulted	5,104,485	38,499	18,125	-	-	-	-

QUALITATIVE DISCLOSURES ON BANKS' USE OF EXTERNAL CREDIT RATINGS UNDER THE STANDARDISED APPROACH FOR CREDIT RISK (CRD)

Recognition of External Credit Assessment Institutions (ECAI)

The standardised approach requires banks to use risk assessments prepared by ECAIs to determine the risk weightings applied to rated counterparties. As advised by CBUAE; Moody's Investor Service (Moody's), Standard and Poor's rating agency (S&P) and Fitch Ratings (Fitch) have been used for ratings purpose.

The Group in line with CBUAE guidelines follows below rating matrix in determining the risk weights.

S & P	Fitch	Moody's
AAA to AA-	AAA to AA-	Aaa to Aa3
A+ to A-	A+ to A-	A1 to A3
BBB+ to BBB-	BBB+ to BBB-	Baa1 to Baa3
BB+ to BB-	BB+ to BB-	Ba1 to Ba3
B+ to B-	B+ to B-	B1 to B3
Below B-	Below B-	Below B-
Unrated	Unrated	Unrated

If there is only one rating, that rating is used to determine the risk weight of the exposure. If there are two ratings that map to different risk weights, the higher risk weight is applied.

If there are three ratings with different risk weights, the ratings corresponding to the two lowest risk weights is referred to. If these give rise to the same risk weight, that risk weight is applied. If different, the higher risk weight is applied

ECAIs risk assessments are used within the Group as part of the determination of risk weightings for the following classes of exposure:

- Sovereigns
- Public Sector Enterprises
- Banks
- Corporates

All other exposure classes are assigned risk weightings as prescribed in the CBUAE standards.

CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS (CR4)

The following table Illustrates the effect of CRM on capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

31 DECEMBER 2021

	Exposure before CRM		Exposure post CCF and CRM		RWA and RWA Density	
	On Balance Sheet AED 000	Off Balance Sheet AED 000	On Balance Sheet AED 000	Off Balance Sheet AED 000	RWA AED 000	RWA Density
Sovereigns and their central banks	305,734,329	1,765,500	305,734,326	1,317,757	45,232,361	15%
Public Sector Entities	35,720,464	13,954,226	35,715,371	5,227,857	37,397,344	91%
Multilateral development banks	740,906	5,036	740,906	5,036	-	0%
Banks	51,351,600	24,917,640	50,212,347	16,906,397	35,843,585	53%
Securities firms	-	3,584	-	3,584	3,584	100%
Corporates	120,132,067	89,831,176	95,269,841	56,102,482	147,087,488	97%
Regulatory retail portfolios	69,575,620	43,928,743	65,916,307	2,459,664	53,119,090	78%
Secured by residential property	21,790,376	-	21,790,376	-	10,272,191	47%
Secured by commercial real estate	39,522,049	8,192,505	39,522,049	2,405,493	41,927,542	100%
Equity Investment in Funds (EIF)[1]	87,604	-	87,604	-	1,095,047	1250%
Past-due loans	40,154,122	1,889,375	2,843,221	1,889,375	5,053,537	107%
Higher-risk categories	-	-	-	-	-	-
Other assets	23,046,051	-	23,046,051	-	15,912,331	69%
Total	**707,855,188**	**184,487,785**	**640,878,399**	**86,317,645**	**392,944,100**	**54%**

[1]As per the revised capital adequacy standards and guidelines applicable from 2021, CBUAE has prescribed additional capital charge for Group's equity investment in funds (EIF). This exposure was classified as High-risk categories until 30 September 2021.

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CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION (CRM) EFFECTS (CR4) (continued)

31 DECEMBER 2020

	Exposure before CRM		Exposure post CCF and CRM		RWA and RWA Density	
	On Balance Sheet AED 000	Off Balance Sheet AED 000	On Balance Sheet AED 000	Off Balance Sheet AED 000	RWA AED 000	RWA Density
Sovereigns and their central banks	311,576,921	112,289	311,576,921	91,359	45,887,566	15%
Public Sector Entities	32,446,058	12,115,809	30,412,069	4,078,072	31,008,786	90%
Multilateral development banks	327,238	-	327,238	-	-	0%
Banks	39,189,377	15,620,365	34,284,636	12,625,894	28,950,761	62%
Securities firms	-	1,219	-	540	503	93%
Corporates	133,060,417	84,194,096	108,607,240	51,912,737	157,184,966	98%
Regulatory retail portfolios	71,938,085	28,433,691	68,403,313	2,539,290	54,668,530	77%
Secured by residential property	18,854,239	752,592	18,853,815	376,296	9,193,629	48%
Secured by commercial real estate	40,147,464	5,536,679	40,147,464	1,699,612	41,847,076	100%
Equity Investment in Funds (EIF)	-	-	-	-	-	-
Past-due loans	39,452,508	2,229,072	5,236,814	1,314,150	6,929,218	106%
Higher-risk categories	162,797	-	162,797	-	244,195	150%
Other assets	26,309,744	19,676	26,309,744	19,676	17,647,051	67%
Total	**713,464,848**	**149,015,488**	**644,322,051**	**74,657,626**	**393,562,281**	**55%**

EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS - (CR5)

The following table presents the breakdown of credit risk exposures under the standardised approach by asset class and risk weight.

Exposures amount (post CCF and post-CRM)

31 DECEMBER 2021

	Risk weights											
Regulatory portfolio	**0% AED 000**	**20% AED 000**	**35% AED 000**	**50% AED 000**	**75% AED 000**	**100% AED 000**	**150% AED 000**	**Others 250% AED 000**	**Others 85% AED 000**	**Other 2% AED 000**	**Others 1250% AED 000**	**Total credit exposure AED 000**
Sovereigns	254,146,983	8,949,332	-	1,026,552	-	42,929,215	-	-	-	-	-	307,052,082
Public Sector Entities	-	2,830,471	-	2,563,016	-	35,549,741	-	-	-	-	-	40,943,228
Multilateral development banks	745,942	-	-	-	-	-	-	-	-	-	-	745,942
Banks	669	23,824,381	-	23,881,730	-	18,815,505	209,735	-	-	386,724	-	67,118,744
Securities firms	-	-	-	-	-	3,584	-	-	-	-	-	3,584
Corporates	185,900	1,917,190	-	1,386,899	-	135,404,117	-	-	12,478,217	-	-	151,372,323
Regulatory retail portfolios	107,707	-	-	-	60,596,692	7,671,572		-	-	-	-	68,375,971
Secured by residential property	-	-	16,777,359	-	2,451,609	2,561,408	-	-	-	-	-	21,790,376
Secured by commercial real estate	-	-	-	-	-	41,927,542	-	-	-	-	-	41,927,542
Equity Investment in Funds	-		-	-	-		-	-	-	-	87,604	87,604
Past-due loans	-	-	-	-	-	4,090,714	641,882	-	-	-	-	4,732,596
Higher-risk categories	-	-	-	-	-		-	-	-	-	-	-
Other assets	8,658,143	194,297	-	291,036	-	11,947,781	1,106,812	847,982	-	-	-	23,046,051
Total	**263,845,344**	**37,715,671**	**16,777,359**	**29,149,233**	**63,048,301**	**300,901,179**	**1,958,429**	**847,982**	**12,478,217**	**386,724**	**87,604**	**727,196,043**

EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS - (CR5) (continued)

31 DECEMBER 2020

	Risk weights											
Regulatory portfolio	0% AED 000	20% AED 000	35% AED 000	50% AED 000	75% AED 000	100% AED 000	150% AED 000	Others 250% AED 000	Others 85% AED 000	Other 2% AED 000	Others 1250% AED 000	Total credit exposure AED 000
Sovereigns	264,136,938	1,470,284	-	935,099	-	45,125,959	-	-	-	-	-	311,668,280
Public Sector Entities (PSEs)	1,146,327	2,802,676	-	185,773	-	30,355,365	-	-	-	-	-	34,490,141
Multilateral development banks (MDBs)	327,238	-	-	-	-	-	-	-	-	-	-	327,238
Banks	73,927	6,445,601	-	25,510,954	-	14,827,819	52,229	-	-	-	-	46,910,530
Securities firms	37	-	-	-	-	503	-	-	-	-	-	540
Corporates	-	-	-	3,781,000	-	146,293,681	188,127	-	10,257,169	-	-	160,519,977
Regulatory retail portfolios	-	-	-	-	65,492,443	5,549,198	-	-	-	-	-	71,041,641
Secured by residential property	-	-	14,584,484	-	2,226,268	2,419,359	-	-	-	-	-	19,230,111
Secured by commercial real estate	-	-	-	-	-	41,847,076	-	-	-	-	-	41,847,076
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	5,800,864	752,236	-	-	-	-	6,553,100
Higher-risk categories	-	-	-	-	-	-	162,797	-	-	-	-	162,797
Other assets	10,370,494	311,575	-	-	-	13,473,354	1,323,609	850,388	-	-	-	26,329,420
Total	**276,054,961**	**11,030,136**	**14,584,484**	**30,412,826**	**67,718,711**	**305,693,177**	**2,478,998**	**850,388**	**10,257,169**	**-**	**-**	**719,080,850**

EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS - (CR5) (continued)

As per the revised capital adequacy standards and guidelines applicable from 2021, Claims on GCC sovereign in non-domestic currency attract risk weight based on country rating, previously risk weighted at 0%. Accordingly, there is a shift in sovereign exposure from 0% to 20% RW. Also, short term claims on banks in foreign currency can now attract preferential risk weight, resulting in increase in 20% RW bucket. Other movements are mostly volume driven.

COUNTERPARTY CREDIT RISK - (CCR)

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement. The value of derivative transactions will change with fluctuations in factors such as interest rates, foreign exchange rates, equities, or commodities. The Group is exposed to CCR from its sales, trading, and balance sheet management activities. CCR is managed though the Counterparty Credit Risk Policy and methodology framework.

Counterparty Credit Risk Oversight and Management

The Board Credit and Investment Committee (BCIC) is the board level committee with an oversight on counterparty credit risk. The Group Risk Committee (GRC) and Management Credit Committee (MCC) are the management level committees responsible for the same and have an oversight on policy, methodology and limit framework.

Group Market & Treasury Credit Risk (MTCR) is a group function which is independent from the first line client relationship and product risk taking units. MTCR reports directly to the Group Chief Risk Officer (CRO), has second line responsibility for measuring, monitoring and assists with managing counterparty credit risk in the Group.

Identification

Existing credit underwriting process, New Products and Process Approvals (NPPA) and ongoing discussions with business units and obligors are the methods adopted by the Group in its CCR management process.

Measurement

Mark-to-Market, Potential Future Exposure, Issuer (Risk) Exposure, Repo Exposure and Settlement (Risk) Exposure are calculated and reported on a daily basis. Approved risk measurement methodology is used to model statistical CCR measures such as the Potential Future Exposure (PFE). For derivative contracts, the total credit exposure of a contract is computed as peak exposure at a specified confidence interval over the remaining term of the contract.

Monitoring, Control and Reporting

Only authorized sales and trading activities for approved products and risk types are used by the Global Markets & Treasury business. Limits are approved to reflect credit exposure amount and tenor appetite. CCR positions are monitored daily against approved and allocated CCR limits. Exceptions, including any temporary breaches, are reported and escalated to senior management. CCR Limits are reviewed annually in accordance with applicable credit policies, processes and approval delegation. Interim reviews are undertaken where necessitated by change in counterparty credit worthiness and/or business plans. Appropriate counterparty credit limits are established for each counterparty based on the Group's assessment of the counterparty's creditworthiness. CCR limits are subject to regular review and are approved within the overarching framework of credit risk management. Counterparties are actively monitored and reviewed. Collateral may be taken to partially or fully cover mark-to-market exposures on outstanding positions. The collateral agreement typically includes a minimum threshold amount where additional collateral is to be posted by either party if the mark-to-market exposures exceed the agreed threshold. Master agreements, such as those from the International Swaps and Derivatives Agreement (ISDA) also allow for closeout netting if either counterparty defaults. The group also uses Central Clearing Counterparty (CCP) through clearing banks to reduce counterparty risk for Over the Counter (OTC) derivatives.

Counterparty Credit Risk Limits

The Group's credit policy focuses on the core credit principles, lending guidelines and parameters, control, monitoring and IFRS 9 reporting requirements, problem loan identification, management of high-risk borrowers and provisioning. Standard procedures specific to businesses are in place to manage various types of risks across different business segments, products and portfolios.

Counterparty Credit Risk Capital Calculation

For regulatory capital charge purposes of Over the Counter (OTC) derivatives, the Group calculates pre-settlement capital adequacy requirement using following counterparty credit risk measures:

COUNTERPARTY CREDIT RISK - (CCR) (continued)

- Standardized Approach to Counterparty Credit Risk Capital Calculation (SA-CCR) – Transition from current exposure method from December 2021
- Standardized Credit Valuation Adjustment Capital Charge (CVA) – Expected application from 30 June 2022

Risk Category	Approach	Application
Derivatives	Standardized Approach for Counterparty Credit Risk (SA-CCR)	SA-CCR calculates the exposure at default of derivatives and "long-settlement transactions" exposed to counterparty credit risk. It builds EAD as (i) a "Replacement Cost", were the counterparty to default today; combined with (ii) an "Add On" with its appropriate multiplier, essentially potential future exposure. The SA-CCR EAD is an input to the bank's regulatory capital calculation where it is combined with the counterparty's external ratings to derive risk weights.
	Standardized Credit Valuation Adjustment(S-CVA)	Group also provides capital requirement to cover the risk of mark-to-market losses on the expected counterparty risk (such losses being known as CVA) to OTC derivatives.

Wrong Way Risk (WWR)

WWR arises when there is adverse (positive) correlation between a client's credit worthiness (probability of default) and the Group's credit exposure to that client. Wrong Way Risk is broadly categorized as either general or specific.

General Wrong Way Risk (GWWR) – GWWR arises where there is adverse (positive) correlation between the client's credit worthiness (PD) and the Group's exposure to the client owing to a co-dependency on non-client specific, market driven risk factors such as market levels for Forex, Interest Rates or Commodities. GWWR transactions are strongly discouraged and require pre-approval.

Specific Wrong Way Risk (SWWR) - SWWR arises when there is adverse (positive) correlation between the client's credit worthiness (PD) and the Group's exposure to the client owing to the respective counterparty-group specific reasons. These would include trades with direct or indirect reference (including underlying collateral) to the counterparty or related entity's (parent, holding company, subsidiary, group entity) equity price or credit spread. These also include direct or indirect reference to the Group's security issuances. SWWR transactions are not permitted unless pre-approved.

Policy guidelines related to WWR are integrated in the Group's Counterparty Credit Risk Policy Framework. The goal of these guidelines is to provide best practices and guidelines for the identification, approval, reporting and mitigation of specific and general WWR.

Derivative Master Netting Agreements and Margin Agreements

Credit risk from derivatives is mitigated where possible through netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. The Group policy requires all netting arrangements to be legally documented. ISDA (International Swaps and Derivatives Association) master agreements are the Group's preferred manner for documenting OTC derivatives.

In-house legal counsel independently review relevant jurisdictions, counterparties and respective master agreements and advise business and risk units on close-out netting and collateral enforceability.

COUNTERPARTY CREDIT RISK - (CCR) (continued)

The Group considers the level of legal certainty regarding enforceability of its offsetting rights under master netting agreements and credit support annexes to be an important factor in its risk management process.

In-house legal counsel independently reviews and approves relevant jurisdictions, counterparties and respective master agreements eligible for close-out netting and collateral enforceability purposes.

The SACCR and S-CVA capital charge accordingly incorporates the margining impact due to these enforceable netting and margining agreements.

Impact of a Group's Rating Downgrade on collateral

The liquidity impact of a downgrade on collateral management from the Group's perspective is not material as the collateral agreements are generally not linked to Group's rating.

ANALYSIS OF COUNTERPARTY CREDIT RISK (CCR) EXPOSURE (CCR1)

The following table provides details of counterparty credit risk regulatory requirements and the main parameters. CBUAE requires banks to calculate CCR using standardized approach

SA-CCR (for derivatives)

31 DECEMBER 2021

		a	b	c	d	e	f
		Replacement cost AED 000	**Potential future exposure AED 000**	**EEPE AED 000**	**Alpha used for computing regulatory EAD**	**EAD post-CRM AED 000**	**RWA AED 000**
1	SA-CCR (for derivatives)	4,183,473	9,002,711	NA	1.4	18,460,657	11,335,237
2	Internal Model Method (for derivatives and SFTs)	NA	NA	NA	NA	NA	NA
3	Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
5	VaR for SFTs	NA	NA	NA	NA	NA	NA
6	**Total**	**4,183,473**	**9,002,711**	**-**	**-**	**18,460,657**	**11,335,237**

Emirates NBD
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CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS – (CCR3)

The following table presents information on the risk-weighting of CCR exposures under the standardised approach by regulatory portfolio.

31 DECEMBER 2021

	a	b	c	d	e	f	g	h
Risk weight Regulatory portfolio	**0% AED 000**	**20% AED 000**	**50% AED 000**	**75% AED 000**	**100% AED 000**	**150% AED 000**	**Others 2% AED 000**	**Total credit exposure AED 000**
Sovereigns	-	-	-	-	1,098,033	-	-	1,098,033
Public Sector Entities (PSEs)	-	-	1,030,276	-	650,895	-	-	1,681,171
Multilateral development banks (MDBs)	5,036	-	-	-	-	-	-	5,036
Banks	-	2,575,853	5,508,260	-	2,046,950	34,324	386,724	10,552,111
Securities firms	-	-	-	-	3,584	-	-	3,584
Corporates	-	1,624,051	149,786	-	3,101,637	-	-	4,875,474
Regulatory retail portfolios	-	-	-	217,889	27,359	-	-	245,248
Secured by residential property	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**5,036**	**4,199,904**	**6,688,322**	**217,889**	**6,928,458**	**34,324**	**386,724**	**18,460,657**

COMPOSITION OF COLLATERAL FOR CCR EXPOSURE – (CCR5)

Below table provides the breakdown of types of collateral posted or received related to derivative transactions.

31 DECEMBER 2021

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received AED 000	Fair value of posted collateral AED 000
	Segregated AED 000	Unsegregated AED 000	Segregated AED 000	Unsegregated AED 000		
Cash - other currencies	399,619	380,746	74,629	313,387	-	-
Government agency debt	-	-	-	-	-	-
Total	**399,619**	**380,746**	**74,629**	**313,387**	**-**	**-**

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CREDIT DERIVATIVE EXPOSURES – (CCR6)

The below table shows the credit derivative exposures that the Group holds.

31 DECEMBER 2021

	a	b
	Protection bought AED 000	**Protection sold AED 000**
Notional		
Single-name credit default swaps	36,725	-
Index credit default swaps	-	-
Total return swaps	1,219,554	1,219,554
Credit options	-	-
Other credit derivatives	-	-
Total notional	**1,256,279**	**857,664**
Fair values		
Positive fair value (asset)	142,263	-
Negative fair value (liability)	-	137,749

EXPOSURES TO CENTRAL COUNTERPARTIES – (CCR8)

31 DECEMBER 2021

		a	b
		EAD (post-CRM) AED 000	RWA AED 000
1	**Exposures to QCCPs (total)**	**386,724**	**7,734**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:	386,724	7,734
3	(i) OTC derivatives	386,724	7,734
4	(ii) Exchange-traded derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

MARKET RISK

Market Risk is the risk that the value of financial instruments in the Group's books – with the inclusion of some other financial assets and liabilities could produce a loss because of changes in future market conditions.

The Group takes on market risks in the pursuit of its strategic and business objectives.

The Group predominantly pursues opportunities in the market that exposes itself to the following categories of market risk - which are actively managed and monitored:

- Interest Rate Risk: losses in value due to changes in the level, slope and curvature of yield curves, the volatility of interest rates and changes in credit spreads
- FX Risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of currency rates
- Credit Spread Risk: Losses in the value due to change in credit spreads driven by associated credit risk of the security issuer/underlying
- Commodity Price Risk: losses in value due to exposures to changes in spot prices, forward prices, and volatilities of commodities such as precious metals.

Respective desk head/ managers are accountable for managing market risk within the approved limits. These managers have extensive knowledge of markets and products, their risk exposures and of the financial instruments available to hedge their exposures.

The Group's risk exposures to market risk are segregated into Trading and Banking Books. The Trading Book include those financial instruments held with trading intent arising from market-making, position-taking and other so designated financial instruments accounted for at fair value daily. The Banking Book include financial instruments not held with trading intent that arise from the management of Interest Rate risk and FX risk from the Group's retail and corporate and institutional banking assets and liabilities, and other financial investments designated as either FVOCI or Amortised Cost.

Market risk oversight and management process

As part of the Group's enterprise-wide risk management framework, an extensive governance process is applied to the market risk taking activities. This governance framework includes, inter alia:

- Approval by the Board Risk Committee and Group Asset-Liability Committee of a set of risk limits with appropriate monitoring, reporting and limits excesses' escalation procedures;
- Independent valuation of financial instruments in the Trading Book and measurement of market risk;
- A comprehensive set of policies, procedures and limits; and
- Monitoring a wide range of risk metrics appropriate for the respective trading activities - such as risk sensitivities, Gross and Net open positions, Value-at-Risk (VaR) and stop-loss limits.

The Group uses appropriate and independently validated market standard models for the revaluation and risk measurement of its trading book financial products and receives regular market information from independent market data providers in order to measure and monitor market risk.

Trading book oversight by Group Market & Treasury Credit Risk (MTCR)

MTCR is a group risk function which is independent from the first line market risk taking units. MTCR reports directly to the Group CRO, has second line responsibility for measuring, monitoring, and managing market risk in the Group, in co-operation with other independent and support functions across the Group's global businesses.

MTCR monitors the limits' utilisation in the Trading Book of the Group on a daily basis through a multi-layered Limit Monitoring System which uses independently sourced data and reports from the GM&T IT systems.

MARKET RISK (continued)

Depending on the trading exposure and as appropriate, MTCR uses appropriate metrics including:

- Non statistical metrics: Interest rate sensitivity, (DV01/PV01), FX sensitivity (FX01), Net open/Net Gross outstanding positions, Maximum notional and tenor measures, Derivatives' Greek sensitivities (Delta, Gamma, Vega), and Stop Loss limits;
- Statistical metrics: Value-at-Risk (VaR), by Desk as well as total for the whole Trading Book.

At a minimum, Trading Book limits are reviewed and approved the Board Risk Committee and Group Asset-Liability Committee on an annual basis. Portfolio updates are presented to Group Asset-Liability Committee on a monthly basis as well as to Board Risk Committee on a quarterly basis.

Market Risk Capital

The Group calculates market risk capital requirements using Basel III Standardised Approach. The following risk types are covered by Basel III Standardised Approach.

Interest rate risk:	Risk arising from fluctuations in the level of interest rates in the market environment and impacts prices of interest rate sensitivities financial instruments.
Equity risk:	Risk arising from fluctuations in equity prices, volatilities, and dividend yields.
Foreign exchange risk:	Risk arising from fluctuations in foreign exchange rates and impacts transactions denominated in a currency other than the domestic currency of the Group.
Commodity risk:	Risk arising from fluctuations in the prices of commodities.
Options Risk:	Risk arising from fluctuations in the volatilities and prices/ rates impacts financial instruments with optionality.

MARKET RISK UNDER THE STANDARDISED APPROACH – (MR1)

The following table provides the components of RWAs under the Standardised Approach for market risk:

		2021 RWA AED 000	2020 RWA AED 000
1	General Interest rate risk (General and Specific)	7,896,037	10,867,184
2	Equity risk (General and Specific)	-	-
3	Foreign exchange risk	2,052,365	2,567,106
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	996,902	1,165,832
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**10,945,304**	**14,600,122**

OPERATIONAL RISK - (ORA)

For details of Group's Operational Risk Management, kindly refer Note 46 N in the Financial Statements.

Basel III 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 2021 is AED 6.2 billion (2020: AED 5.6 billion). This charge is computed by categorising the Group's activities into 8 business lines (as defined by CBUAE guidelines) and multiplying the line's three-year average gross income by a pre-defined beta factor.

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

IRRBB Risk Management Objectives and Policies – (IRRBBA)

Overview

Interest Rate Risk in the Banking Book (IRRBB) is defined as potential loss of future earnings or economic value due to adverse movement in interest rates, which arises from a mismatch in the repricing profile of assets, liabilities, and off-balance sheet items in the banking book.

Management

In order to manage this risk optimally, IRRBB in non-trading portfolios is transferred to Group Treasury under the supervision of the Group ALCO, through Funds Transfer Pricing (FTP) framework. Interest rate risk is managed by Treasury under oversight of Group ALCO and within the Risk Appetite approved by the Board. The interest rate risk management process also involves utilization of off-balance sheet hedging strategies. The accounting treatment of hedges is described in the Note no.7 (m) of the Financial Statement. The Finance and Risk functions are responsible for measurement, monitoring, formulation of policy framework and provide periodic updates to the Group ALCO and the BRC. The Internal Audit provides an independent opinion to the Board Audit Committee (BAC) on the adequacy and effectiveness of risk governance and internal controls The Group ALCO regularly monitors the interest rate risk positions and if required directs suitable remediation to ensure this remains within Risk Appetite.

Measurement

The Group uses two key metrics for measuring IRRBB: Net Interest Income (NII) sensitivity, an income measure which quantifies the potential change in projected net interest income over a one-year horizon for defined movements in interest rates and Economic Value of Equity (EVE), a value measure which estimates the potential change in present value of the Bank's Assets and Liabilities for defined movements in interest rates. These metrics are measured and monitored on periodic basis.

The NII sensitivity disclosed below is calculated based on a stressed assumption of parallel shifts to the yield curve as recommended by Basel and assessing the corresponding impact on NII over a one year horizon. The EVE sensitivity disclosed below is calculated based on a stressed assumption of parallel and non-parallel shifts to the yield curve as recommended by Basel. Further, the EVE computations are based on a gap analysis with a repricing schedule that distributes the principal cash flows into granular time buckets and discounted with the equivalent risk-free rate. The sensitivity analysis performed for down rate shocks includes a floor to the market rates at zero, unless the market rates are already negative. The average repricing maturity of retail, wholesale non-maturity deposits are determined based on historical analysis conducted normally over a period of 5 years. Considering the nature, size, and duration of the portfolio, the interest rate risk on account of early settlement would not be significant relative to the portfolio and is excluded from computation assumptions.

Quantitative Disclosure

- Average repricing maturity assigned to NMDs – 2.3 years
- Longest repricing maturity assigned to NMDs – 5 years

Sensitivity of economic value of equity and NII - IRRBB1

The below table indicates the economic value of equity and net interest income under each of the prescribed interest rate shock scenarios.

In reporting currency	ΔEVE		ΔNII	
Period	**2021 (AED 000)**	**2020 (AED 000)**	**2021 (AED 000)**	**2020 (AED 000)**
Parallel up	965,777	1,637,804	3,007,810	2,426,410
Parallel down	348,133	89,933	(410,762)	(378,899)
Steepener	1,765,963	1,853,617	-	-
Flattener	318,773	493,633	-	-
Short rate up	482,950	840,836	-	-
Short rate down	1,312,311	163,508	-	-
Maximum	**1,765,963**	**1,853,617**	**-**	**-**
Period	**2021**		**2020**	
Tier 1 capital	**76,592,628**		77,514,733	

LIQUIDITY

Overview and Governance

Liquidity Risk refers to the inability of the Group to fund an increase in assets and meet obligations as they become due (Structural Funding Risk), or the inability to convert assets into cash at reasonable prices (Market Liquidity Risk). The risk arises from mismatches in the amount and timings of cash flows.

The Group's Board of Directors (BOD), through the Board Risk Committee (BRC), sets out the absolute boundaries of the Bank's Risk Appetite. The Group Asset Liability Committee (Group ALCO) is the principal senior management committee supporting the BOD to effectively discharge their oversight function on the Group's liquidity risk. Group ALCO is responsible for managing the liquidity risk within the internally approved Risk Appetite. The Group ALCO executes the liquidity risk management strategies through Treasury and Business units. The Finance and Risk functions are responsible for measurement, monitoring, formulation of policy framework and provide periodic updates to the Group ALCO and the BRC. The subsidiaries and international locations manage the liquidity risk profile through the local ALCOs under the guidance of the Group ALCO.

Management

The objective of the Group's liquidity and funding management framework is to ensure that all foreseeable funding commitments, under both normal and stressed conditions can be met when due. To this end, the Group maintains a diversified funding base comprising core retail and corporate customer deposits and institutional balances. The funding profile is further augmented with Term funding from Capital Market and Wholesale funding sources. The Group maintains a portfolio of High Quality, Liquidity Assets across the geographies to enable the Group to respond quickly and smoothly to unforeseen liquidity requirements. The details of liquidity risk maturity analysis are in the Note 46 O of the annual financial statements.

The Group's ALCO through the Funds Transfer Pricing (FTP) framework incorporates the liquidity costs, benefits and risks in the internal pricing of assets and liabilities to the business lines.

The funding liquidity management process includes:

- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- mis-match analysis between assets and liabilities for different periods with a focus on shorter time frames. These gap reports are based on contractual cash flow with overlays of behavioral assumptions for non-maturing assets and liabilities and potential liquidity demand through undrawn commitments;
- monitoring balance sheet liquidity, advances to deposits ratios, long term funding ratios, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) against internal and regulatory requirements;
- maintaining a diverse range of funding sources with back-up facilities;
- managing the deposit concentration and profile of debt maturities;
- maintaining debt financing plans;

Stress Testing

Stress Testing is an integral part of the Liquidity Risk Management Framework. The objective of stress testing is to ensure that the Bank maintains adequate level of liquidity to be able to withstand a range of severe stress scenario. The Bank conducts liquidity stress testing across Systemic, Bank Specific and Combined Scenarios and ensures that the Survival Horizon across these stress scenarios remains within the Board approved appetite. The Stress Tests are conducted on a periodic basis and updated to the Group ALCO and the BRC.

LIQUIDITY (continued)

Contingency Funding Plan

The Contingency Funding Plan (CFP) sets out the Bank's strategies to respond to a severe disruption of the bank's liquidity or funding position due to internal or external events. The plan designates the CFP Team, which will be activated in the event of a liquidity crisis and establishes allocation of roles within the Team. The CFP includes a set of early warning triggers consisting of internal and external indicators, which are monitored by Group ALCO and updated to the BRC. The plan includes identification, invocation and escalation procedures and details potential actions, available sources of liquidity, mitigations and specifies a communication plan, which could be implemented based on the severity of the liquidity crisis.

Liquidity Coverage Ratio (LCR) (LIQ1)

The Liquidity Coverage Ratio (LCR) is a regulatory ratio introduced as a part of the Basel III reforms with an objective to promote short term resilience of the liquidity risk profile of Banks. The ratio requires the Banks to hold an adequate stock of High Quality Liquid Assets (HQLA) to meet the liquidity needs for a 30-calendar day liquidity stress scenario.

The Group measures and reports its LCR under the Central Bank of UAE liquidity regulations. The Group also meets the local prudential LCR requirements across the international footprint, where applicable. The LCR is calculated as a proportion of the stock of unencumbered HQLA against the Net Cash Outflow over a 30 day period after applying the standardized haircuts.

The HQLA comprises of cash or assets that can be converted into cash at little or no loss of value. The HQLA eligible securities fall into three categories viz. level 1, level 2A and level 2B. Level 1 assets are of the highest quality and deemed most liquid e.g., Central Bank reserves. Level 2A and 2B assets are reliable source of liquidity but not to the same extent as level I and are capped at a maximum of 40% by the regulations.

The Net Cash Outflow comprise of total expected cash outflow as reduced by total expected cash inflows for the 30-day period. The total expected cashflows are calculated by multiplying the outstanding balances of various categories of liabilities, assets, and off-balance sheet commitments by prescribed rate at which they are expected to be run off or drawn down over the 30-day period.

LIQUIDITY (continued)

Liquidity Coverage Ratio (LCR) (LIQ1) (continued)

The LCR calculated based on CBUAE regulations is included in the following table. The LCR disclosure below is a simple average of the month end Group LCR observations over the last quarter of the year.

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		Total unweighted value (average) AED 000	Total weighted value (average) AED 000
1	Total HQLA	NA	138,634,283
2	**Retail deposits and deposits from small business customers, of which:**		
3	Stable deposits	6,482,588	324,129
4	Less stable deposits	219,153,867	20,013,045
5	**Unsecured wholesale funding, of which:**		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	31,121,887	7,780,472
7	Non-operational deposits (all counterparties)	122,658,797	55,615,589
8	Unsecured debt	-	-
9	**Secured wholesale funding**	-	145,506
10	**Additional requirements, of which:**		
11	Outflows related to derivative exposures and other collateral requirements	4,710,557	4,710,557
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	97,921,508	7,348,259
14	Other contractual funding obligations	7,443,595	7,443,595
15	Other contingent funding obligations	77,531,561	9,644,586
16	**TOTAL CASH OUTFLOWS**		
17	Secured lending (e.g., reverse repo)	1,762,516	1,379,927
18	Inflows from fully performing exposures	34,432,713	27,010,206
19	Other cash inflows	1,288,370	1,288,370
20	**TOTAL CASH INFLOWS**	**37,483,599**	**29,678,503**
			Total adjusted value
21	**Total HQLA**		**138,634,283**
22	**Total net cash outflows**		**83,347,234**
23	**Liquidity coverage ratio (%)**		**166.33%**

The Group maintained a LCR of 166.33% on an average during last quarter of the reporting year and 177.65% at the year end, which is in excess of the regulatory minimum of 100%. The LCR is influenced by the amount, profile of the funding base and the deployment of funding into customer lending or HQLA investments. The deployment alternatives are assessed on an ongoing basis and adjusted as per the market opportunities, while maintaining a prudent LCR surplus.

LIQUIDITY (continued)

Liquidity Coverage Ratio (LCR) (LIQ1) (continued)

The HQLA over the reporting period was 138.6 billion and 90% of this comprised of HQLA Level 1 assets, which represents balances held with Central Bank and other high quality sovereign securities. HQLA Level 2A and 2B assets comprised the remaining 10% of the total HQLA. The HQLA presented excludes excess liquidity held at subsidiaries that is deemed not transferable within the Group.

The retail deposits are prescribed a lower run-off factor and comprise 18% of the total cash outflow, whereas wholesale funding is prescribed a higher run-off and comprise 56% of the total cash outflows.

The Group manages liquidity at currency level and cross currency funding is utilized appropriately to manage the currency gaps. The Group measures LCR for major currencies and meets the local currency LCR as per the applicable local prudential requirements.

Net Stable Funding Ratio (NSFR) (LIQ2)

The Net Stable Funding Ratio (NSFR) is a regulatory ratio introduced as part of Basel III reforms with an objective to promote a sustainable funding structure at the Banks. The ratio requires the Banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

The Group measures and reports its NSFR under the Central Bank of UAE liquidity regulations. The Group also meets the local prudential NSFR requirements across the international footprint, where applicable.

The NSFR is calculated as a proportion of Available Stable Funding (ASF) against the Required Stable Funding (RSF). The ASF is defined as the portion of Capital and Liabilities expected to be stable over the time horizon of one year considered by NSFR. The RSF is measured based on broad characteristic of the liquidity risk profile of the Assets and Off-balance sheet exposures. The regulations prescribe the factor to be applied to the outstanding value of Capital, Liabilities, Assets and Off-balance sheet items for NSFR computation

Net Stable Funding Ratio (NSFR) (LIQ2) (Continued)

The NSFR computed based on Central Bank of UAE regulations is included in the following table. The NSFR disclosure below is as of quarter-end.

31 DECEMBER 2021

		a	b	c	d	e
		Unweighted value by residual maturity				
		No maturity* AED 000	<6 months AED 000	6 months to <1 AED 000	≥1 year AED 000	Weighted value AED 000
Available stable funding (ASF) item						
1	Capital:	-	-	-	-	-
2	Regulatory capital	-	-	-	87,844,223	87,844,223
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	-	-	-	-
5	Stable deposits	-	4,937,644	27,522	2,290	4,719,198
6	Less stable deposits	-	189,374,087	9,452,331	3,136,900	182,080,676
7	Wholesale funding:	-	-	-	-	-
8	Operational deposits	-	31,962,354	-	-	15,981,177
9	Other wholesale funding	-	191,547,855	50,545,693	66,834,109	172,453,804
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	-	-	-	-
12	NSFR derivative liabilities	-			-	-
13	All other liabilities and equity not included in the above categories	-	50,457,126	96,002	-	48,001
14	**Total ASF**	NA	-	NA	NA	463,127,079

Net Stable Funding Ratio (NSFR) (LIQ2) (Continued)

31 DECEMBER 2021

		a	b	c	d	e
			Unweighted value by residual maturity			
		No maturity* AED 000	<6 months AED 000	6 months to <1 AED 000	≥1 year AED 000	Weighted value AED 000
	Required stable funding (RSF) item	-				
15	Total NSFR high-quality liquid assets (HQLA)	NA	116,192,647	9,978,688	42,571,725	9,741,158
16	Deposits held at other financial institutions for operational purposes	-	-	-	383,871	383,871
17	Performing loans and securities:	-	-	-	-	-
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	35,447,986	7,553,001	4,044,464	13,138,162
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	66,372,637	31,132,132	191,327,516	211,904,368
21	With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	-	285,856	185,806
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	-	147,148,333	95,646,416

Net Stable Funding Ratio (NSFR) (LIQ2) (Continued)

31 DECEMBER 2021

		a	b	c	d	e
			Unweighted value by residual maturity			
		No maturity* AED 000	**<6 months AED 000**	**6 months to <1 AED 000**	**≥1 year AED 000**	**Weighted value AED 000**
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	1,969,003	2,520,131	5,599,544	7,004,179
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	-	-	-	-	-
27	Physical traded commodities, including gold	428,200	NA	NA	NA	363,970
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	NA			-	-
29	NSFR derivative assets	NA			11,274,515	3,677,825
30	NSFR derivative liabilities before deduction of variation margin posted	NA			-	-
31	All other assets not included in the above categories	-	31,480	-	21,336,198	21,336,198
32	Off-balance sheet items	175,455,212	-	-	-	18,490,220
33	**Total RSF**	NA	NA	NA	NA	**381,872,177**
34	**Net Stable Funding Ratio (%)**	NA	NA	NA	NA	**121.28%**

*Items to be reported in the "No maturity" time bucket do not have stated maturity. These may include, but are not limited to items such as capital with perpetual maturity, non maturity deposit, short positions, open maturity positions, non HQLA equities and physical traded.

The Group maintained a NSFR of 121.28% as at the year ended 31 December 2021, which is in excess of the regulatory minimum of 100%. The Group maintains a diversified funding base comprising core retail and corporate customer deposits, institutional balances and capital market term funding. This is illustrated in the composition of Available Stable Funding (ASF) broadly consisting of Capital (20%), Retail deposits (40%) and Wholesale deposits (40%). The Required Stable Funding (RSF) largely comprised of the Loan and Advances (84%) whereas the securities held in HQLA assets are prescribed a lower RSF factor.

REMUNERATION POLICY

The Group has a remuneration policy that covers all international entities and branches. Specific Remuneration Policies have been formally implemented in India, the United Kingdom and Turkey to set out the respective remuneration principles and practices which comply with local remuneration regulations.

Composition and functions of Board Nomination & Remuneration Committee

The Group Board Nomination & Remuneration Committee (BN&RC) provides oversight to the Group's HR policies and is the main body that oversees remuneration for the Group, on behalf of the Board of Directors. The BN&RC has independent oversight and control to review and approve HR policies and strategies endorsed by the Group Executive Committee (ExCo) or the Group Chief Executive Officer (CEO).

The BN&RC guides Management on strategic Human Resources (HR) decisions and reviews and approves changes to HR policies, related to for example executive succession planning, nationalization strategy, reward, workforce planning, ExCo compensation and HR governance.

During the year, the Group BN&RC provided approval for the following changes:

- The bonus structure, including application of deferral awards, in India to meet local regulatory requirements.
- Change in performance rating scale which underpins the pay-for-performance principle.

The BN&RC also focuses on HR strategic issues associated with Reward including bonus planning and variable pay policies, to ensure an appropriate balance between risk and financial results. Each year, approval is sought from the Group BN&RC with respect to:

- Approval of the bonus pool for the Group
- The distribution of the Performance Bonus to Group ExCo members
- Annual individual bonuses for ExCo where the allocated bonus exceeds more than 12 months of the Senior Management's gross pay.

In relation to International locations, the Group CEO is authorized to approve changes in HR policies for International Branches on behalf of the Group BN&RC in line with the Group BN&RC's Terms of Reference. During the year, the Group CEO reviewed and approved UK Remuneration Policy, which sets out the remuneration policy which conforms with the local regulations.

The BN&RC consists of four Directors of the Board and assembles on a quarterly basis. Management attendance comprises of the Group CEO, the Group Chief Human Resource Officer (GCHRO) and other members of executive and senior management who may attend by invitation.

Identification of Senior Managers and Material Risk Takers

From a Group perspective, Senior Managers have been identified as those responsible and accountable to the Board of Directors for the sound and prudent day-to-day management of the Group. i.e., the Group CEO, the Group ExCo, Group Heads of the Control Functions and Group Head of Legal.

The Group is in the process of determining Material Risk Takers (MRTs), of which the identification will be based on appropriately set qualitative and quantitative criteria and in line with the CBUAE Corporate Governance Regulations (September 2019) and Corporate Governance Standards (September 2019). This exercise will be completed in 2022.

REMUNERATION POLICY (continued)

Design and structure of remuneration policies and processes

The Group's general remuneration policies and practices aim to provide a Total Reward offering that recognizes and rewards performance aligned to our business strategy, within a sound risk management and governance framework that clearly emphasizes 'how' goals are achieved in addition to 'what' is achieved and has the following set objectives:

- Attract, retain and motivate talent through fair and equitable remuneration, with an offering that is clear and easy to understand and appropriately balanced between fixed and variable compensation.
- Foster a pay-for-performance culture, with appropriate differentiation based on performance and contribution aligned to the achievement of business objectives.
- Support a culture that generates sustainable growth and value over the long term to our stakeholders, customers, employees and communities.
- Align, drive and reinforce our culture, values and desired behaviors that are integral to the attainment of individual and team results and the achievement of organizational goals.
- Integrate risk management and compensation, promoting conduct based on prudent decision-making and highest ethical standards and guided by internal controls and regulatory compliance.
- Instill a sense of ownership in our employees by providing them with opportunities to share in the company's success through our competitive total reward offering that is linked to exceptional performance and financial results.

Specific Remuneration Policies have been formally implemented in India, the UK and Turkey to set out the respective remuneration principles and practices which comply with local remuneration regulations. The policies provide a governance framework to promote sound and effective risk management and create, modify and maintain appropriate compensation programs and processes with adequate supervision and control.

Overview of key risks and impact on remuneration

The Group has elaborated in its Risk Appetite Statement, its focus on steady/sustainable earnings growth through a good risk-reward balance, appropriate risk management techniques and low cost of funding. In addition, the Bank intends to optimize revenue derived from trading activities in order to moderate earnings volatility. In line with this philosophy the organization by design is geared to:

- Maintain earnings growth with strong Asset Quality through disciplined risk management. This is further emphasized by the independence of the Credit & Market Risk Functions from the Sales /Business/Revenue generation functions.
- Ensure that the appetite for material risks assessed by the Bank will be in line with the Bank-level appetite for maintaining high credit ratings.

The Enterprise and Regulatory Risk unit provides an overarching view of emerging risks and facilitates coordination between key risk functions, in order to minimize risks and achieve business objectives cohesively and effectively. The Group continues to employ an enterprise-wide approach to risk management.

A key element of our compensation philosophy is the integration of risk management and compensation, promoting conduct based on prudent decision-making and highest ethical standards, guided by internal controls and regulatory compliance. From a governance perspective, the BN&RC oversees the Group remuneration policies, focusing on ensuring that the policies are consistent with and promote sound and effective risk management and do not encourage excessive risk taking. Compensation is linked to corporate, business and individual performance objectives including performance against metrics set by control functions, including Risk.

Any future deferrals to be awarded, to employees are intended to be subject to Ex-Post Risk Adjustments covered in detail further below.

REMUNERATION POLICY (continued)

Linking performance with levels of remuneration

In assessing performance, there is a focus on 'how' goals are achieved in addition to 'what' is achieved and this applies to all levels of the Bank, including business units and at the individual levels.

The Group Scorecard and ExCo Scorecards include quantitative and qualitative measures which are set to support the Group's vision to be the most innovative bank for its customers, people and communities:

- From a quantitative perspective, there are benchmark metrics which are focused on promoting the right behaviors associated with the organization values and separate metrics s et by the Control Functions, setting the minimum level of performance relating to governance, controls and risk management across the organization. Where these metrics have not been met, this has a negative impact on the overall scoring for the ExCo on their Scorecards. There are also metrics in the Scorecard focused on the following areas: Financials, Customer and Communities, Process Improvement and Innovation and People.

- The qualitative measures in the Group and ExCo Scorecards are aligned with the Group's vision and set the objectives of the organization that are cascaded to business units and employees.

At the employee level, there are roles that may have standard objectives and/or KPIs applied as assessed by the business. Where appropriate, specific customer conduct objectives are included within individual performance objectives.

Linking individual remuneration to bank-wide and individual performance

The Group's compensation approach is a critical tool for the success of its vision and purpose. Group's compensation philosophy aims to provide a Total Reward offering that recognizes and rewards performance aligned to our business strategy, within a sound risk management and governance framework that clearly emphasizes 'how' goals are achieved in addition to 'what' is achieved.

Fixed remuneration for employees is set to appropriately reflect the level of professional experience, role responsibilities and seniority of the employee.

With respect to bonus remuneration decisions, Group adopts a top-down approach. The BN&RC approves the bonus pool taking into account financial and non-financial performance of the Group and overall compliance with the risk appetite. The pay-for-performance principle is then applied and bonus pools are allocated based on the performance of business units and employees measured against a range of performance metrics as set out in the relevant Scorecards.

Performance objectives are set by Group, ExCo and employees at the start of the performance year. The attainment of performance metrics is assessed throughout the year, formally at mid-year and year-end. At year-end, a score is calculated for each ExCo Scorecard and the overall performance of the units takes into account the achievement of qualitative and quantitative metrics. This end score impacts the overall bonus pool allocation for the ExCo's unit.

The bonus pool allocations to the Risk, Audit and Compliance functions are made irrespective of the overall financial performance of the units they support and are based on the function's performance and overall affordability only.

Employee performance is assessed using performance ratings which are designed to support the pay-for-performance principle and enables the organization to differentiate between varying levels of performance. Individual bonuses are then determined taking into account the bonus pool funding for the relevant business and employee performance rating.

The Group's Bonus Pool is adjusted taking into account the Group's performance based on financial and non-financial metrics. Subsequent allocations of the pool to the business units and employees take into account the performance or non-performance of the business unit and employee.

REMUNERATION POLICY (continued)

Individual remuneration linked to bank-wide and individual performance (continued)

In the event that performance metrics are weak (i.e. during periods of material restatement or downturn of financial results for the relevant period),the Group intends to apply Ex-Post Risk Adjustment in the form of in-year adjustments as part of the year-end remuneration process or via operation of Malus Adjustment and/or Clawback Adjustment on awards made The specific criteria for Ex-Post Risk Adjustment will be reviewed by the BN&RC annually and applied in each case as determined by the Committee in its sole discretion.

Variable remuneration

Variable remuneration, by way of the annual discretionary bonus and incentive payments, is awarded in cash which has been aligned to practice in the local market, and is relatively more straightforward to administer, whilst enabling the Bank to reward employees based on Group, business unit and individual performance.

Different forms of variable remuneration and a description of the factors that determine the mix and their relative importance

The Group's bonus scheme applies the pay-for-performance principle and operates on a discretionary basis. Bonus allocations to employees are determined based on the overall risk-adjusted Group performance, business performance and individual. performance, the employee's role and responsibilities, and performance assessment based on both financial and non-financial criteria, including conduct and behavior.

Incentives apply to certain businesses and sales roles (or operations roles which support the sales roles) and/or roles responsible for recoveries against outstanding collections. The incentives also operate on the pay-for-performance principle. Incentives are calculated based on value-add, whether it be associated with the effort made by selling products and growing portfolios or volumes of transactions processed. Quantitative targets are set for specific roles and measurement against the quantitative targets are based on a set formulaic approach. Conduct, quality and risk measures apply to the performance assessment of the employee and impact the overall incentive payout to the employee. Employees who are under an incentive scheme are not also entitled to annual bonuses.

Talent bonuses are awarded in very limited circumstances. Talent bonuses are awarded to select talent employees (circa 100 employees) with the intention of incentivizing and retaining top talent in the Group.

Other forms of Fixed Remuneration captured are Employer Pension Contributions and Expatriate Benefits, where applicable.

Remuneration related to Risk and Compliance employees

As Senior Managers of the Group, the variable remuneration of the Head of Risk and Head of Compliance are directly overseen by the BN&RC.

Remuneration for Risk and Compliance employees is set at a level to attract and retain suitably qualified and experienced employees and is predominantly fixed remuneration (when considering the fixed:variable remuneration ratio). Performance is assessed based on the objectives of their respective functions and not on the performance of the business units that they oversee/support.

The bonus pool allocations to the Risk and Compliance functions are made irrespective of the overall financial performance of the business units they support and are based on the function's performance and overall affordability of the Group. Individual variable remuneration decisions for Control Function employees are determined independently of the business areas that they oversee/support.

Engagement of external professional consultants

External professional consultants are engaged by the Group HR Reward team and local Compliance teams on a regular basis to ensure Group's remuneration policies, practices and processes are in alignment with the market and compliant with regulatory requirements in each relevant jurisdiction.

REMUNERATION POLICY (continued)

REMUNERATION AWARDED DURING THE FINANCIAL YEAR – (REM1)

The following table includes information on fixed and variable remuneration for the financial year.

31 DECEMBER 2021
All amounts in AED 000

		Senior Management
Fixed Remuneration		
1	Number of employees	15
2	Total fixed remuneration (3 + 5 + 7)	55,499
3	Of which: cash-based	53,549
4	Of which: deferred	-
5	Of which: shares or other share-linked instruments	-
6	Of which: deferred	-
7	Of which: other forms	1,950
8	Of which: deferred	-
Variable Remuneration		
9	Number of employees	15
10	Total variable remuneration (11 + 13 + 15)	30,948
11	Of which: cash-based	30,948
12	Of which: deferred	3,796
13	Of which: shares or other share-linked instruments	-
14	Of which: deferred	-
15	Of which: other forms	-
16	Of which: deferred	-
17	**Total Remuneration (2+10)**	**86,447**

SPECIAL PAYMENTS – (REM2):

The following table includes quantitative information on special payments for the financial year.

31 DECEMBER 2021

	Guaranteed Bonuses		Sign on Awards		Severance Payments	
Special Payments	**Number of employees**	**Total amount AED 000**	**Number of employees**	**Total amount AED 000**	**Number of employees**	**Total amount AED 000**
Senior Management	1	1,300	-	-	-	-

DEFERRED REMUNERATION – (REM3)

Deferrals are currently only applied in particular jurisdictions in which Group have subsidiaries branches and are subject to local regulatory requirements which require deferrals to be applied to those employees who have a material influence on the risk profile of Group respective branch. These countries are India and Turkey.

In both of these jurisdictions, deferrals are applied to the regulated population in line with local regulations. The proportion of deferrals is based on a set percentage of bonuses and applied consistently across the said population (subject to de minimis provisions) in the relevant jurisdiction.

Policy and criteria for adjusting deferred remuneration before vesting and after vesting through clawback arrangements

The Group intends to apply Ex-Post Risk Adjustment in the form of in-year adjustments as part of the year-end remuneration process or via operation of Malus Adjustment and/or Clawback Adjustment on awards made.

The specific criteria for Ex-Post Risk Adjustment will be reviewed by the Group BN&RC annually and applied in each case as determined by the Committee in its sole discretion. Group will take into account all relevant factors (including, where any of the circumstances described above arise, the proximity of the employee to the failure of risk management in question and the employee’s level of responsibility) in deciding whether, and to what extent, it is reasonable to seek recovery of any or all of their variable remuneration.

REMUNERATION POLICY (continued)

Deferred remuneration – (REM3)

The following table includes quantitative information on senior management remuneration for the financial year.

31 DECEMBER 2021

Deferred and retained remuneration	Total amount of outstanding deferred remuneration AED 000	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment AED 000	Total amount of amendment during the year due to ex post explicit adjustments AED 000	Total amount of amendment during the year due to ex post implicit adjustments AED 000	Total amount of deferred remuneration paid out in the financial year AED 000
Senior management	-	-	-	-	-
Cash	8,006	8,006	-	-	4,738
Shares	-	-	-	-	-
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Other material risk-takers	-	-	-	-	-
Cash	-	-	-	-	-
Shares	-	-	-	-	-
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Total	**8,006**	**8,006**	**-**	**-**	**4,738**

APPENDIX A

TEMPLATE CCA: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Sr no	Particulars	Equity Shares	U.S.$1,000,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities
1	Issuer	Emirates NBD Bank PJSC	Emirates NBD Bank PJSC	Emirates NBD Bank PJSC	Emirates NBD Bank PJSC
2	Unique identifier (e.g CUSIP, ISIN or Bloomberg identifier for private placement)		XS1964681610	XS2134363170	XS2342723900
3	Governing law(s) of the instrument	CBUAE, SCA, CCL	English Law	English Law	English Law
	Regulatory treatment				
4	Transitional arrangement rules (i.e. grandfathering)	Common Equity Tier I	NA	NA	NA
5	Post-transitional arrangement rules (i.e. grandfathering)	Common Equity Tier I	Additional Tier I	Additional Tier I	Additional Tier I
6	Eligible at solo/group/group and solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Common Shares	Perpetual Debt Instruments	Perpetual Debt Instruments	Perpetual Debt Instruments
8	Amount recognised in regulatory capital (AED in Billions, as of 31 December 2021)	6.3	3.7	2.7	2.7
9	Nominal amount of instrument	NA	U.S.$1,000,000,000	U.S.$750,000,000	U.S.$750,000,000
9a	Issue price		100 percent	100 percent	100 percent
9b	Redemption price	NA	100% in case of an Optional Redemption or a Tax Event Redemption, and 101% in case of a Capital Event Redemption.	100% in case of an Optional Redemption or a Tax Event Redemption, and 101% in case of a Capital Event Redemption.	100% in case of an Optional Redemption or a Tax Event Redemption, and 101% in case of a Capital Event Redemption.

TEMPLATE CCA: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS (continued)

Sr no	Particulars	Equity Shares	U.S.$1,000,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities
10	Accounting classification	Equity attributable to equity holders	Equity attributable to equity holders	Equity attributable to equity holders	Equity attributable to equity holders
11	Original date of issuance	Various	20th March 2019	9th July 2020	27th May 2021
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No Maturity	NA	NA	NA
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	20th March 2025 / Tax Event or a Capital Event / at Par for Optional and Tax Event call, at 101% in case of a Capital Event.	9th April 2026 / Tax Event or a Capital Event / at Par for Optional and Tax Event call, at 101% in case of a Capital Event.	27th Feb 2027 / Tax Event or a Capital Event / at Par for Optional and Tax Event call, at 101% in case of a Capital Event.
16	Subsequent call dates, if applicable	NA	20th September 2025 and every 6 months thereafter	9th July 2026 and every 6 months thereafter	27th May 2027 and every 6 months thereafter
	Coupons / dividends				
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed	Fixed
18	Coupon rate and any related index	NA	6.125%	6.125%	4.25%
19	Existence of a dividend stopper	NA	Yes	Yes	Yes
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary

TEMPLATE CCA: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS (continued)

Sr no	Particulars	Equity Shares	U.S.$1,000,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities
21	Existence of step-up or other incentive to redeem	No	No	No	No
22	Non-cumulative or cumulative	Non- Cumulative	Non- Cumulative	Non- Cumulative	Non- Cumulative
23	Convertible or non-convertible	NA	Non- Convertible	Non- Convertible	Non- Convertible
24	Write-down feature	NA	Yes	Yes	Yes
25	If write down, write down trigger(s)	NA	Notice from the UAE Central Bank (as the Regulator) to the Issuer that the Issuer has, or will, become Non-Viable (as defined in the Conditions) without a write-down or a public injection of capital or equivalent support (i.e., Point of Non-Viability (PONV) trigger)	Notice from the UAE Central Bank (as the Regulator) to the Issuer that the Issuer has, or will, become Non-Viable (as defined in the Conditions) without a write-down or a public injection of capital or equivalent support (i.e., Point of Non-Viability (PONV) trigger)	Notice from the UAE Central Bank (as the Regulator) to the Issuer that the Issuer has, or will, become Non-Viable (as defined in the Conditions) without a write-down or a public injection of capital or equivalent support (i.e., Point of Non-Viability (PONV) trigger)
26	If write down, full or partial	NA	Full/Partial (Both Options available)	Full/Partial (Both Options available)	Full/Partial (Both Options available)
27	If write down, permanent or temporary	NA	Permanent	Permanent	Permanent
28	If temporary write-own, description of writeup mechanism	NA	NA	NA	NA
28a	Type of subordination	NA	Contractual	Contractual	Contractual

TEMPLATE CCA: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS (continued)

Sr no	Particulars	Equity Shares	U.S.$1,000,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities	U.S.$750,000,000 Perpetual Additional Tier 1 Capital Securities
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Perpetual Debt Instruments	Prior to liquidation, Additional Tier 1 Capital Securities shall be subordinate to the Issuer's Tier 2 instruments. To the extent that any of the Solvency Conditions (as defined in the Conditions) are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the United Arab Emirates, all claims of the holders of the Additional Tier 1 Capital Securities under the Additional Tier 1 Capital Securities will be extinguished and the Additional Tier 1 Capital Securities will be cancelled without any further payment to be made by the Issuer under the Additional Tier 1 Capital Securities	Prior to liquidation, Additional Tier 1 Capital Securities shall be subordinate to the Issuer's Tier 2 instruments. To the extent that any of the Solvency Conditions (as defined in the Conditions) are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the United Arab Emirates, all claims of the holders of the Additional Tier 1 Capital Securities under the Additional Tier 1 Capital Securities will be extinguished and the Additional Tier 1 Capital Securities will be cancelled without any further payment to be made by the Issuer under the Additional Tier 1 Capital Securities	Prior to liquidation, Additional Tier 1 Capital Securities shall be subordinate to the Issuer's Tier 2 instruments. To the extent that any of the Solvency Conditions (as defined in the Conditions) are not satisfied at the relevant time or if a bankruptcy order in respect of the Issuer has been issued by a court in the United Arab Emirates, all claims of the holders of the Additional Tier 1 Capital Securities under the Additional Tier 1 Capital Securities will be extinguished and the Additional Tier 1 Capital Securities will be cancelled without any further payment to be made by the Issuer under the Additional Tier 1 Capital Securities
30	Non-compliant transitioned features	NA	No	No	No
31	If yes, specify non-compliant features	NA	NA	NA	NA

ACRONYMS

ALCO	Asset and Liability Committee	LGD	Loss Given Default
ALM	Asset and Liability Management	MDB	Multilateral Development Banks
ASF	Available stable funding	MR	Market Risk
AT1	Additional Tier 1	MTM	Mark-To-Market
BCBS	Basel Committee on Banking Supervision	NII	Net Interest Income
BIS	Bank for International Settlements	NSFR	Net Stable Funding Ratio
BRC	Board Risk Committee	OTC	Over the counter
CBUAE	Central Bank of UAE	PD	Probability of Default
CCF	Credit Conversion Factor	PFE	Potential Future Exposure
CCP	Central Counterparty	PIT	Point in Time
CCR	Counterparty Credit Risk	PM	Portfolio Management
CCyB	Countercyclical capital buffer	PVA	Prudent Valuation Adjustment
CET1	Common Equity Tier 1	QCCP	Qualifying Central Counterparty
CRM	Credit Risk Mitigation	RSF	Required stable funding
CRO	Chief Risk Officer	RWAs	Risk-Weighted Assets
CVA	Credit Valuation Adjustment	SA	Standardised Approach
D-SIB	Domestic Systemically Important Bank	SFT	Securities Financing Transactions
DVA	Debit Valuation Adjustment	SME	Small and Medium - sized Enterprise
EAD	Exposure at default	SPE	Special Purpose Entity
ECAI	External Credit Assessment Institutions	T1	Tier 1 capital
ECL	Expected Credit loss	T2	Tier 2 capital
FSB	Financial Stability Board	TC	Total capital
GCC	Gulf Cooperative Council	TESS	Target Economic Support Scheme
GCRO	Group Chief Risk Officer	VaR	Value at Risk
G-SIB	Global Systemically Important Bank	XVA	Credit and Funding Valuation Adjustment
HQLA	High Quality Liquid Asset	TM	Treasury Markets
IFRS	International Financial Reporting Standards	TC	Total capital
ICAAP	Internal Capital Adequacy Assessment Process	CRO	Chief Risk Officer
IRR	Interest Rate Risk	CHRO	Chief Human Resource Officer
LCR	Liquidity Coverage Ratio	CEO	Chief Executive Officer
ExCO	Executive Committee	CFO	Chief Financial Officer
BN&RC	Board Nomination & Remuneration Committee	SCA	Securities and Commodities Authority
CCL	Commercial Companies Law		

GLOSSARY

Capital conservation buffer

A capital buffer prescribed by BCBS and CBUAE under Basel III and designed to ensure banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred. Should the bank's CET1 capital fall within the capital conservation buffer range, capital distributions will be constrained by the regulators.

Countercyclical capital buffer (CCyB)

The countercyclical capital buffer is part of a set of macroprudential instruments, designed to help counter pro-cyclicality in the financial system. CCyB as defined in the Basel III standard provides for an additional capital requirement of up to 2.5 per cent of risk-weighted assets.

Counterparty credit risk (CCR)

The risk that a counterparty defaults before satisfying its obligations under a derivative, a securities financing transaction (SFT) or a similar contract.

Credit Conversion Factor (CCF)

As prescribed by CBUAE, an estimate of the amount the Group expects a customer to have drawn further on a facility limit at the point of default.

Credit risk adjustment (CRA)

This includes impairment allowances or provisions balances, and changes in ECL.

Credit risk mitigation (CRM)

Credit risk mitigation is a process to mitigate potential credit losses from any given account, customer or portfolio by using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and guarantees.

Domestic systemically important banks (D-SIB)

Domestic systemically important banks are deemed systemically relevant for the domestic financial system in which they operate. The CBUAE and the BCBS have developed a framework for identifying and dealing with D-SIBs. The Central Bank of the UAE annually assesses national banks at their consolidated group level and foreign banks at their UAE branch level; to designate banks whose failure could escalate to systemic risk for the UAE banking sector and eventually impact the economy.

Internal Capital Adequacy Assessment Process (ICAAP)

A requirement under Pillar 2 of the Basel framework to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks.

Leverage ratio

A ratio introduced under Basel III/CRD that compares Tier 1 capital to total exposures, including certain exposures held off-balance sheet as adjusted by stipulated credit conversion factors. Intended to be a simple, non-risk based backstop measure.

Liquidity Coverage Ratio (LCR)

The ratio of the stock of high quality liquid assets to expected net cash outflows over the following 30 days. High quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.

GLOSSARY (continued)

Net stable funding ratio (NSFR)

The ratio of available stable funding to required stable funding over a one-year time horizon, assuming a stressed scenario. It is a longer-term liquidity measure designed to restrain the amount of wholesale borrowing and encourage stable funding over a one-year time horizon.

RWA density

The risk-weighted asset as a percentage of exposure at default (EAD).

Securities Financing Transactions (SFT)

Securities Financing Transactions are secured (i.e. collateralised) transactions that involve the temporary exchange of cash against securities, or securities against other securities, e.g. stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.

Standardised Approach (SA)

In relation to credit risk, a method for calculating credit risk capital requirements using External Credit Assessment Institutions (ECAI) ratings and supervisory risk-weights. In relation to operational risk, a method of calculating the operational risk capital requirement by the application of a supervisory defined percentage charge to the gross income of eight specified business lines.

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