

**BASEL II - PILLAR III
DISCLOSURES**

**For the year ended
31 December 2020**



BASEL II – PILLAR III DISCLOSURES

Contents	Page
Overview	1
Information on subsidiaries and significant investments	3
Consolidated capital structure as per Basel III	4
Gross credit exposure as per standardized approach	7
Capital requirement for market risk as per standardized approach	8
Gross credit exposure by currency	9
Gross credit exposure by geography	10
Gross credit exposure by economic activity	12
Gross credit exposure by maturity	14
Impaired financing by economic activity	16
Impaired financing by geography	18
Reconciliation of changes in provision for impaired financing	20
Gross credit exposure as per standardized approach	21
Gross credit exposure as per standardized approach (Rated / Unrated)	23
Exposure subject to deduction as per standardized approach (Rated / Unrated)	25
Credit risk mitigation as per standardized approach	27
Quantitative disclosures for equity position in the banking book	28

OVERVIEW

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

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

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

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

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

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

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

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

Information on capital adequacy includes:

- Capital adequacy computation
- Capital profile – Tier I and Tier II

OVERVIEW (continued)

Introduction

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

Pillar III disclosures 2020

Pillar III complements the minimum capital requirements and the supervisory review process. Its aim is to encourage market discipline by developing a set of disclosure requirements which allow market participants to assess certain specified information on the scope of application of Basel II, capital, particular risk exposures and risk assessment processes, and hence the capital adequacy of the institution. Disclosures consist of both quantitative and qualitative information and are provided at the consolidated level.

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (‘CET1’), Additional Tier 1 (‘AT1’) and Total Capital. Additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) introduced are over and above the minimum CET1 requirement of 7%.

Significant Developments

Target Economic Support Scheme (TESS) Standards

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

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

Future Developments

In 2017, the CBUAE issued ‘Regulations regarding Capital adequacy’, supplementing the introduction of these regulations, in June 2019, CBUAE issued ‘standard regarding capital adequacy’. These standards support the implementation of the regulations. The CBUAE has also developed ‘Guidance regarding capital adequacy’ to assist banks in the application of the regulations.

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

OVERVIEW (continued)

Verification

The Pillar III Disclosures for the year 2020 have been reviewed by the Group’s statutory auditors.

Implementation of Basel II guidelines

The Group is compliant with Standardized Approach for Credit, Market and Operational Risk (Pillar I) with effect from 31 October 2007.

The Bank also assigns capital on other than Pillar I risk categories, for ‘Profit Rate risk on Banking Book’ and for ‘Business Risk’, within the Pillar II framework.

Group Structure

Emirates Islamic Bank PJSC (formerly Middle East Bank) (the “Bank”) was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with a limited liability in the Emirate of Dubai on 3rd of October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995 and is regulated by the Central Bank of United Arab Emirates.

At an extraordinary general meeting held on 10th of March 2004, a resolution was passed to transform the Bank’s activities to be in full compliance with the Sharia rules and principles. The entire process was completed on 9th of October 2004 (the “Transformation Date”) when the Bank obtained the UAE Central Bank and other UAE authorities’ approvals.

The Bank is a subsidiary of Emirates NBD PJSC, Dubai (the “Group Holding Company”). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai (the “Ultimate Parent Company”), a company in which the Government of Dubai is the major shareholder.

The Bank is listed in the Dubai Financial Market (TICKER: “EIB”). The Bank’s website is <http://www.emiratesislamic.ae>. In addition to its head office in Dubai, the Bank operates through 41 branches in the UAE. The consolidated financial statements comprise financial statements of the Bank and its following subsidiaries (together referred to as “the Group”).

	Date of incorporation & country	Principal activity	Ownership %	
			31 December 2020	31 December 2019
Emirates Islamic Financial Brokerage Co. LLC	26 April 2006, UAE	Financial brokerage services	100%	100%
EIB Sukuk Company Limited	6 June 2007, Cayman Islands	Special Purpose Entity	100%	100%
EI Funding Limited	15 May 2014, Cayman Islands	Special Purpose Entity	100%	100%

The Bank provides full commercial and banking services and offers a variety of products through financing and investing instruments in accordance with Islamic Sharia.

The Bank’s registered office address is P.O. Box 6564, Dubai, United Arab Emirates.

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III

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

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

For 2020, as per the relief provided under CBUAE Targeted Economic Support Scheme (TESS) standards, 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 2020.

Regulatory Capital

The Bank's capital base is divided into three main categories, namely CET1, AT1 and Tier 2 ('T2'), depending on their characteristics.

- CET 1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserves, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under 'CBUAE' guidelines.
- AT1 capital comprises eligible non-common equity capital instruments.
- T2 capital comprises qualifying subordinated debt, undisclosed reserve.

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

	2020 AED 000	2019 AED 000
Available capital		
Common equity tier 1 capital	7,901,151	8,255,209
Tier 1 capital	7,901,151	8,255,209
Total eligible capital	8,399,230	8,726,631
Risk-weighted assets		
Credit risk	39,846,281	37,713,763
Market risk	29,578	20,547
Operational risk	3,950,030	4,500,169
Total risk-weighted assets	43,825,889	42,234,479

Capital Ratio	2020	2019
a. Total capital ratio for consolidated Group	19.16%	20.66%
b. Tier 1 ratio only for consolidated Group	18.03%	19.55%
c. CET1 ratio only for consolidated Group	18.03%	19.55%

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III (continued)

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

	2020	2019
	AED 000	AED 000
Common Equity Tier 1 (CET1) Capital		
Share Capital	5,430,422	5,430,422
Eligible Reserves	1,207,524	1,164,446
IFRS transitional arrangement: Partial addback of ECL impact to CET1	152,196	-
Retained Earnings / (-) Loss	1,111,009	1,660,341
Total CET1 capital after the regulatory adjustments and threshold deduction	7,901,151	8,255,209
Total CET1 capital after transitional arrangement for deductions (CET1) (A)	7,901,151	8,255,209
Additional Tier 1 (AT1) Capital		
Eligible AT1 capital	-	-
Other AT1 Capital e.g. (Share premium, minority interest)	-	-
Total AT1 capital	-	-
Total AT1 capital after transitional arrangements (AT1) (B)	-	-
Tier 2 (T2) Capital		
Other Tier 2 capital (including General Provisions, etc.)	498,079	471,422
Total T2 Capital	498,079	471,422
Total T2 capital after transitional arrangements (T2) (C)	498,079	471,422
Total Regulatory Capital (A+B+C)	8,399,230	8,726,631

CAPITAL ADEQUACY (STANDARDISED APPROACH)

	2020	2019
	Capital Charge AED 000	Capital Charge AED 000
	-----	-----
Total Capital Requirements		
Credit Risk	5,180,017	4,902,789
Market Risk	3,106	2,157
Operational Risk	414,753	472,518
	-----	-----
Total Capital Requirements	5,597,876	5,377,464
	=====	=====

Standardized Approach – Credit risk & credit risk mitigation

Under Standardized Approach, all credit exposures are assessed according to the counterparty classifications and against the External Credit Assessment Institutions (“ECAI”) ratings as advised under national discretion (November 2009):

- Claims on sovereign and central banks in the GCC are risk weighted at 0%.
- Domestic currency claims on a non-commercial GCC Public Sector Enterprise (PSE) are treated as claims on their sovereigns if their central bank or monetary authority treats them as such. Foreign currency claims on such a PSE are risk weighted one grade less favorable than its sovereign i.e. 20% risk weight. Claims on other foreign PSEs are risk weighted one grade less favorable than its sovereign.
- Claims on commercial companies owned by a GCC sovereign or PSEs that operate as commercial organizations are treated as claims on a corporate and risk weighted in accordance with ratings from acceptable ECAIs.
- ECAI ratings are also used to determine the capital requirements against exposures to banks and financial institutions. The group uses option 2 (one of alternative risk weight and ECAI ratings matrices as prescribed in the Basel II accord) for determining the capital requirements in line with the supervisory discretion adopted by the CBUAE.
- Claims on corporate entities are risk weighted at prescribed risk weights applicable per the latest ECAI rating of the counterparty. Claims on unrated corporate entities are risk weighted at 100%.
- Consumer banking exposure is classified into ‘Qualified Residential Mortgage’, ‘Qualified regulatory retail portfolio’ and ‘Others’; per the CBUAE Basel II guidelines and are risk weighted at 35%, 75% and 100% respectively.
- All other assets are classified between ‘assets under higher risk categories’ and ‘others’; and risk weighted at prescribed risk weights.

For standardized capital adequacy calculations, the following rules are applied consistently to determine the appropriate ECAI ratings:

- Where more ECAI ratings of two acceptable rating agencies are available, the lower (worse) of the two is considered.
- Where the ECAI ratings are split evenly between all four rating agencies, the more conservative ratings are considered.
- Acceptable ECAI agencies are Moody’s, S&P, Fitch and Capital Intelligence.

Credit Risk

The total capital charge for credit risk as at 31 December 2020 is AED 5,180 million (2019: AED 4,903 million).

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

	2020		2019	
	Gross Exposure	Risk Weighted Assets	Gross Exposure	Risk Weighted Assets
	AED 000	AED 000	AED 000	AED 000
Claims on sovereigns	20,909,165	544,190	19,682,413	431,442
Claims on non-central government public sector entities	739,062	63,090	675,972	35,194
Claims on multi-lateral development banks	-	-	14,690	-
Claims on banks	5,544,113	2,744,664	3,809,450	1,735,267
Claims on securities firms	-	-	-	-
Claims on corporate and government related entities (GRE)	18,797,042	15,983,618	18,224,464	15,258,866
Claims included in the regulatory retail portfolio	12,369,185	9,352,776	12,058,937	9,280,717
Claims secured by residential property	10,982,775	5,547,848	9,537,672	5,226,585
Claims secured by commercial real estate	3,351,045	3,351,045	3,221,174	3,221,174
Past due financing	4,580,083	1,005,427	3,616,348	493,506
Higher-risk categories	3,158	4,737	158,597	237,895
Other assets	1,543,037	1,248,886	1,905,126	1,793,117
Claims on securitized assets	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-
Total	78,818,665	39,846,281	72,904,843	37,713,763

Market Risk

Market risks subject to capital charge are as follows:

- Profit Rate Risk
- Foreign Exchange Risk
- Equity Exposure Risk
- Commodity Risk
- Options Risk

Capital charge on profit rate risk, equity exposure risk and options risk is restricted to Bank's 'trading book', while capital charge on Foreign exchange risk applies on the bank's entire positions.

The total Capital requirement for Market Risk as at 31 December 2020 is AED 3.11 million (2019: AED 2.16 million) as detailed below:

CAPITAL REQUIREMENT FOR MARKET RISK AS PER STANDARDISED APPROACH

	2020 AED 000	2019 AED 000
	-----	-----
Profit rate risk	-	-
Equity position risk	-	-
Options risk	-	-
Foreign exchange risk	3,106	2,157
	-----	-----
Total capital requirement	3,106	2,157
	=====	=====

Operational Risk

Basel II framework outlines three methods for calculating the risk charge for operational risk – Basic Indicator, Standardized Approach and Advanced Measurement Approach. The Group presently follows the Standardized Approach.

The total capital requirement for Operational Risk as at 31 December 2020 is AED 414.75 million (2019: AED 472.52 million). This charge is computed by categorizing the Group's activities into 8 business lines (as defined by Basel II guidelines) and multiplying the line's three year average gross income by a pre-defined beta factor.

RISK MANAGEMENT OBJECTIVES AND POLICIES**CREDIT RISK**

Please refer Note no. 36 in the annual financial statements for detailed risk management objectives and policies on Credit risk

GROSS CREDIT EXPOSURE – CURRENCY CLASSIFICATION**31 DECEMBER 2020**

	Financing Receivables AED 000	Sukuk AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off- balance sheet exposures AED 000	Total non- funded AED 000	Total AED 000
Foreign Currency	4,178,246	4,698,810	2,304,803	11,181,859	367	109,559	819,022	928,948	12,110,807
AED	41,353,466	-	22,170,495	63,523,961	601,553	108,345	2,473,999	3,183,897	66,707,858
Total	45,531,712	4,698,810	24,475,298	74,705,820	601,920	217,904	3,293,021	4,112,845	78,818,665

31 DECEMBER 2019

	Financing Receivables AED 000	Sukuk AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off- balance sheet exposures AED 000	Total non- funded AED 000	Total AED 000
Foreign Currency	2,619,564	3,448,152	2,723,768	8,791,484	-	67,087	916,494	983,581	9,775,065
AED	38,982,330	-	20,396,658	59,378,988	743,411	86,477	2,920,902	3,750,790	63,129,778
Total	41,601,894	3,448,152	23,120,426	68,170,472	743,411	153,564	3,837,396	4,734,371	72,904,843

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Investment securities [net of Sukuk], Investment properties, Property & Equipment & Other Assets.

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

GROSS CREDIT EXPOSURE BY GEOGRAPHY

31 DECEMBER 2020

	Financing Receivables AED 000	Sukuk AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off- balance sheet exposures AED 000	Total non- funded AED 000	Total AED 000
United Arab Emirates	43,617,607	3,053,182	22,533,647	69,204,436	585,783	207,540	3,138,054	3,931,377	73,135,813
GCC excluding UAE*	1,387,095	1,583,528	302,006	3,272,629	14,232	4,112	45,860	64,204	3,336,833
Arab League (excluding GCC)	286,030	-	296,895	582,925	367	-	20	387	583,312
Asia	209,158	-	541,087	750,245	1,538	-	10,548	12,086	762,331
Africa	-	-	47,506	47,506	-	-	-	-	47,506
North America	-	-	59,137	59,137	-	-	-	-	59,137
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	6,252	-	6,252	6,252
Europe	31,822	62,100	694,530	788,452	-	-	98,539	98,539	886,991
Australia	-	-	490	490	-	-	-	-	490
Others	-	-	-	-	-	-	-	-	-
Total	45,531,712	4,698,810	24,475,298	74,705,820	601,920	217,904	3,293,021	4,112,845	78,818,665

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Investment securities [net of Sukuk], Investment properties, Property & Equipment & Other Assets.

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

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

GROSS CREDIT EXPOSURE BY GEOGRAPHY (continued)

31 DECEMBER 2019

	Financing Receivables AED 000	Sukuk AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off- balance sheet exposures AED 000	Total non- funded AED 000	Total AED 000
United Arab Emirates	40,338,103	2,116,536	22,017,877	64,472,516	688,328	153,564	3,773,195	4,615,087	69,087,603
GCC excluding UAE*	904,715	1,269,422	368,419	2,542,556	3,408	-	269	3,677	2,546,233
Arab League (excluding GCC)	184,511	-	80,583	265,094	43,806	-	36,745	80,551	345,645
Asia	174,565	-	445,802	620,367	556	-	26,902	27,458	647,825
Africa	-	-	44,558	44,558	-	-	-	-	44,558
North America	-	-	45,199	45,199	-	-	-	-	45,199
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	62,194	117,246	179,440	7,313	-	285	7,598	187,038
Australia	-	-	742	742	-	-	-	-	742
Others	-	-	-	-	-	-	-	-	-
Total	41,601,894	3,448,152	23,120,426	68,170,472	743,411	153,564	3,837,396	4,734,371	72,904,843

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Investment securities [net of Sukuk], Investment properties, Property & Equipment & Other Assets.

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

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

GROSS CREDIT EXPOSURE BY ECONOMIC ACTIVITY

31 DECEMBER 2020

	Financing Receivables AED 000	Sukuk AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off- balance sheet exposures AED 000	Total non- funded AED 000	Total AED 000
Agriculture, fishing & related activities	4,757	-	-	4,757	-	-	34,491	34,491	39,248
Crude, oil gas, mining & quarrying	5,323	-	-	5,323	-	-	11,348	11,348	16,671
Manufacturing	1,807,519	86,771	2,615	1,896,905	13,473	4,028	147,453	164,954	2,061,859
Electricity and water	579,794	315,451	-	895,245	-	2,000	21,561	23,561	918,806
Construction	741,216	-	-	741,216	16,623	1,695	1,664,990	1,683,308	2,424,524
Trade	6,071,814	-	-	6,071,814	1,945	21,185	277,034	300,164	6,371,978
Transport, Storage & Communication	857,481	163,709	-	1,021,190	2,172	-	16,367	18,539	1,039,729
Financial Institutions and Investment companies	752,804	1,919,550	23,086,135	25,758,489	45,000	118,518	781,945	945,463	26,703,952
Real Estate	3,517,304	363,901	364,680	4,245,885	106,095	12,489	14,296	132,880	4,378,765
Services	2,417,555	685,226	-	3,102,781	39,612	5,753	300,498	345,863	3,448,644
Sovereign	479,881	1,164,202	-	1,644,083	367	1,250	-	1,617	1,645,700
Personal	26,470,521	-	-	26,470,521	376,633	50,986	20,814	448,433	26,918,954
All Others	1,434,832	-	1,021,868	2,456,700	-	-	2,224	2,224	2,458,924
Add: Grossing up of profit in suspense	390,911	-	-	390,911	-	-	-	-	390,911
Total	45,531,712	4,698,810	24,475,298	74,705,820	601,920	217,904	3,293,021	4,112,845	78,818,665

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Investment securities [net of Sukuk], Investment properties, Property & Equipment & Other Assets.

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

GROSS CREDIT EXPOSURE BY ECONOMIC ACTIVITY (continued)

31 DECEMBER 2019

	Financing Receivables AED 000	Sukuk AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off- balance sheet exposures AED 000	Total non- funded AED 000	Total AED 000
Agriculture, fishing & related activities	6,126	-	-	6,126	-	-	30,590	30,590	36,716
Crude, oil gas, mining & quarrying	5,895	64,281	-	70,176	-	-	6,044	6,044	76,220
Manufacturing	1,624,787	26,946	2,946	1,654,679	69,987	14,404	223,890	308,281	1,962,960
Electricity and water	522,662	175,972	-	698,634	-	7,892	2,642	10,534	709,168
Construction	772,184	-	-	772,184	62,674	-	1,878,534	1,941,208	2,713,392
Trade	6,578,359	-	-	6,578,359	2,410	21,145	597,994	621,549	7,199,908
Transport, Storage & Communication	201,416	152,806	-	354,222	1,791	-	13,469	15,260	369,482
Financial Institutions and Investment companies	2,325,860	1,354,879	21,308,491	24,989,230	7,263	66,522	594,574	668,359	25,657,589
Real Estate	3,320,692	505,133	499,369	4,325,194	6,429	4,321	10,841	21,591	4,346,785
Services	2,684,270	142,787	78,446	2,905,503	133,308	3,465	461,872	598,645	3,504,148
Sovereign	342,766	1,025,348	-	1,368,114	39,806	-	-	39,806	1,407,920
Personal	22,832,139	-	-	22,832,139	417,906	6,005	13,699	437,610	23,269,749
All Others	10,332	-	1,231,174	1,241,506	1,837	29,810	3,247	34,894	1,276,400
Add: Grossing up of profit in suspense	374,406	-	-	374,406	-	-	-	-	374,406
Total	41,601,894	3,448,152	23,120,426	68,170,472	743,411	153,564	3,837,396	4,734,371	72,904,843

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Investment securities [net of Sukuk], Investment properties, Property & Equipment & Other Assets.

GROSS CREDIT EXPOSURE BY MATURITY

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

31 DECEMBER 2020

	Financing Receivables AED 000	Sukuk AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off- balance sheet exposures AED 000	Total non- funded AED 000	Total AED 000
Less than 3 months	10,616,372	54,779	16,877,724	27,548,875	483,442	14,252	2,295,671	2,793,365	30,342,240
3 months to 1 year	5,657,185	232,909	6,647,591	12,537,685	34,946	17,428	672,162	724,536	13,262,221
1 year to 5 years	14,497,676	2,930,676	-	17,428,352	24,648	147,565	311,705	483,918	17,912,270
Over 5 years	10,037,743	1,480,446	949,983	12,468,172	58,884	38,659	13,483	111,026	12,579,198
Add: Grossing up of profit in suspense & provisions	4,722,736	-	-	4,722,736	-	-	-	-	4,722,736
Total	45,531,712	4,698,810	24,475,298	74,705,820	601,920	217,904	3,293,021	4,112,845	78,818,665

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Investment securities [net of Sukuk], Investment properties, Property & Equipment & Other Assets.

GROSS CREDIT EXPOSURE BY MATURITY (continued)

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

31 DECEMBER 2019

	Financing Receivables AED 000	Sukuk AED 000	Other assets AED 000	Total funded AED 000	Commitments AED 000	OTC derivatives AED 000	Other off- balance sheet exposures AED 000	Total non- funded AED 000	Total AED 000
Less than 3 months	10,272,828	74,227	14,120,897	24,467,952	540,408	1,751	2,299,339	2,841,498	27,309,450
3 months to 1 year	7,103,036	231,869	7,426,808	14,761,713	44,048	3,036	1,089,662	1,136,746	15,898,459
1 year to 5 years	12,233,394	2,120,928	48,898	14,403,220	158,955	95,001	448,356	702,312	15,105,532
Over 5 years	7,887,288	1,021,128	1,523,823	10,432,239	-	53,776	39	53,815	10,486,054
Add: Grossing up of profit in suspense & provisions	4,105,348	-	-	4,105,348	-	-	-	-	4,105,348
Total	41,601,894	3,448,152	23,120,426	68,170,472	743,411	153,564	3,837,396	4,734,371	72,904,843

Other Assets include Cash & Deposits with Central Bank, Due from Banks, Investment securities [net of Sukuk], Investment properties, Property & Equipment & Other Assets.

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

IMPAIRED FINANCING BY ECONOMIC ACTIVITY

31 DECEMBER 2020

	Overdue (Gross of Profit in Suspense/ Provisions)		Provisions		Adjustments		Profit in Suspense AED 000	Total Impaired Assets AED 000	
	Less than 90 days AED 000	90 days and above AED 000	Total AED 000	Specific * AED 000	General ** AED 000	Write-offs AED 000			Write-backs AED 000
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000			AED 000
Agriculture, fishing & related activities	-	4,949	4,949	4,967	-	-	-	5	(23)
Crude, oil gas, mining & quarrying	-	-	-	-	-	-	-	-	-
Manufacturing	-	359,605	359,605	344,530	-	12,981	10,332	10,566	4,509
Electricity and Water	-	65	65	65	-	-	-	-	-
Construction	-	394,800	394,800	467,177	-	143,343	98	13,591	(85,968)
Trade	-	649,972	649,972	482,367	-	195,555	39,051	21,825	145,780
Transport, Storage & Communication	-	13,889	13,889	12,173	-	62,179	1,075	1,416	300
Financial Institutions	-	34,698	34,698	34,698	-	18,570	-	-	-
Real Estate	-	1,238,842	1,238,842	844,767	-	-	23,754	221,486	172,589
Services	-	897,257	897,257	537,310	-	44,182	8,471	24,525	335,422
Sovereign	-	-	-	-	-	-	-	-	-
Personal	-	849,019	849,019	567,859	-	378,146	26,607	97,497	183,663
All Others	-	-	-	-	-	-	-	-	-
Total	-	4,443,096	4,443,096	3,295,913	1,035,912	854,956	109,388	390,911	756,272

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

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

IMPAIRED FINANCING BY ECONOMIC ACTIVITY (continued)

31 DECEMBER 2019

	Overdue (Gross of Profit in Suspense/ Provisions)		Provisions		Adjustments		Profit in Suspense AED 000	Total Impaired Assets AED 000	
	Less than 90 days AED 000	90 days and above AED 000	Total AED 000	Specific * AED 000	General ** AED 000	Write-offs AED 000			Write-backs AED 000
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000			AED 000
Agriculture, fishing & related activities	-	4,949	4,949	4,967	-	2,379	1,463	5	(23)
Crude, oil gas, mining & quarrying	-	-	-	-	-	37,671	-	-	-
Manufacturing	-	120,914	120,914	105,387	-	90,202	4,277	8,325	7,202
Electricity and Water	-	-	-	-	-	-	-	-	-
Construction	-	410,255	410,255	489,755	-	10,112	4,855	15,365	(94,865)
Trade	-	525,516	525,516	428,021	-	194,608	32,331	43,107	54,388
Transport, Storage & Communication	-	79,250	79,250	76,480	-	11,578	4,810	3,064	(294)
Financial Institutions	-	56,538	56,538	53,362	-	-	6,512	3,176	-
Real Estate	-	1,011,527	1,011,527	756,066	-	109,400	175,119	190,835	64,626
Services	-	506,418	506,418	366,244	-	25,275	12,495	16,102	124,072
Sovereign	-	-	-	-	-	-	-	-	-
Personal	-	772,290	772,290	477,547	-	340,320	11,675	94,427	200,316
All Others	-	-	-	-	-	15,805	-	-	-
Total	-	3,487,657	3,487,657	2,757,829	973,113	837,350	253,537	374,406	355,422

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

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

IMPAIRED FINANCING BY GEOGRAPHY

31 DECEMBER 2020

	Overdue (Gross of Profit in Suspense/ Provisions)		Provisions		Adjustments		Profit in Suspense AED 000	Total Impaired Assets AED 000	
	Less than 90 days AED 000	90 days and above AED 000	Total AED 000	Specific * AED 000	General ** AED 000	Write-offs AED 000			Write-backs AED 000
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000			AED 000
United Arab Emirates	-	4,393,816	4,393,816	3,246,761	-	854,956	102,649	390,783	756,272
GCC excluding UAE***	-	49,280	49,280	49,152	-	-	6,739	128	-
Arab League (excluding GCC)	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	-	4,443,096	4,443,096	3,295,913	1,035,912	854,956	109,388	390,911	756,272

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

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

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

IMPAIRED FINANCING BY GEOGRAPHY (continued)

31 DECEMBER 2019

	Overdue (Gross of Profit in Suspense/ Provisions)		Provisions		Adjustments		Profit in Suspense AED 000	Total Impaired Assets AED 000	
	Less than 90 days AED 000	90 days and above AED 000	Total AED 000	Specific AED 000	General AED 000	Write-offs AED 000			Write-backs AED 000
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000			AED 000
United Arab Emirates	-	3,430,314	3,430,314	2,701,400	-	799,679	251,293	372,204	356,710
GCC excluding UAE***	-	56,799	56,799	55,891	-	-	2,244	2,196	(1,288)
Arab League (excluding GCC)	-	-	-	-	-	37,671	-	-	-
Asia	-	544	544	538	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	-	3,487,657	3,487,657	2,757,829	973,113	837,350	253,537	374,406	355,422

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

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

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

RECONCILIATION OF CHANGES IN PROVISION FOR IMPAIRED FINANCING

	2020 AED 000	2019 AED 000
	-----	-----
Balance of provision for impaired financing as at 1 January	3,730,942	3,982,772
Add: Charge for the year	-	-
Specific Provisions (ECL Stage 3)	1,502,428	1,068,799
General Provisions (ECL Stage 1 and Stage 2)	62,799	(163,731)
Less: Write-off of impaired financing	(854,956)	(837,350)
Less: Recovery of financing previously written off	-	-
Less: Write back / Recovery of loan loss provisions	(109,388)	(253,537)
Adjustments of loan loss provisions	-	(66,011)
	-----	-----
Balance of provision for impaired financing as at 31 December	4,331,825	3,730,942
	=====	=====

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

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

31 DECEMBER 2020

	On Balance Sheet		Off Balance Sheet		Total Gross Exposure		Credit Risk Mitigation (CRM)		CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
	Gross Outstanding AED 000		Net Exposure after Credit Conversion Factors (CCF) AED 000		AED 000		Exposure Before CRM AED 000				
Claims on sovereigns	20,906,797		2,368		20,909,165		20,909,165		-	20,909,165	544,190
Claims on non-central government public sector entities	739,062		-		739,062		739,062		-	739,062	63,090
Claims on multi-lateral development banks	-		-		-		-		-	-	-
Claims on banks	5,455,370		88,743		5,544,113		5,544,113		-	5,544,113	2,744,664
Claims on securities firms	-		-		-		-		-	-	-
Claims on corporate and government related entities (GRE)	15,288,591		3,508,451		18,797,042		18,797,042	2,417,830		16,379,212	15,983,618
Claims included in the regulatory retail portfolio	12,369,185		-		12,369,185		12,369,185	138,391		12,230,794	9,352,776
Claims secured by residential property	10,606,479		376,296		10,982,775		10,982,775			10,982,775	5,547,848
Claims secured by commercial real estate	3,351,045		-		3,351,045		3,351,045			3,351,045	3,351,045
Past due financing	4,443,095		136,988		4,580,083		1,005,216			1,005,216	1,005,427
Higher-risk categories	3,158		-		3,158		3,158			3,158	4,737
Other assets	1,543,037		-		1,543,037		1,543,037			1,543,037	1,248,866
Claims on securitized assets	-		-		-		-			-	-
Credit derivatives (Banks selling position)	-		-		-		-			-	-
Total	74,705,819		4,112,846		78,818,665		75,243,798	2,556,221		72,687,577	39,846,281

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (continued)

31 DECEMBER 2019

	On Balance Sheet		Off Balance Sheet Net Exposure after Credit Conversion Factors (CCF)		Total Gross Exposure AED 000	Credit Risk Mitigation (CRM)		Risk Weighted Assets AED 000
	Gross Outstanding AED 000		AED 000			Exposure Before CRM AED 000	CRM AED 000	
Claims on sovereigns	19,642,607		39,806		19,682,413		19,682,413	431,442
Claims on non-central government public sector entities	675,972		-		675,972		675,972	35,194
Claims on multi-lateral development banks	14,690		-		14,690	14,690	14,690	-
Claims on banks	3,763,593		45,857		3,809,450	3,809,450	3,809,450	1,735,267
Claims on securities firms	-		-		-	-	-	-
Claims on corporate and government related entities (GRE)	14,122,208		4,102,256		18,224,464	18,224,464	2,837,773	15,258,866
Claims included in the regulatory retail portfolio	12,058,937		-		12,058,937	12,058,937	-	9,280,717
Claims secured by residential property	9,119,911		417,761		9,537,672	9,537,672	-	5,226,585
Claims secured by commercial real estate	3,221,174		-		3,221,174	3,221,174	-	3,221,174
Past due financing	3,487,656		128,692		3,616,348	484,118	-	493,506
Higher-risk categories	158,597		-		158,597	158,597	-	237,895
Other assets	1,905,126		-		1,905,126	1,905,126	-	1,793,117
Claims on securitized assets	-		-		-	-	-	-
Credit derivatives (Banks selling position)	-		-		-	-	-	-
Total	68,170,471		4,734,372		72,904,843	69,772,613	2,837,773	37,713,763

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (RATED/ UNRATED)**31 DECEMBER 2020**

	Rated AED 000	Unrated AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	1,594,877	19,314,288	20,909,165	20,909,165	20,909,165	544,190
Claims on non-central government public sector entities	315,451	423,611	739,062	739,062	739,062	63,090
Claims on multi-lateral development banks	-	-	-	-	-	-
Claims on banks	4,930,109	614,004	5,544,113	5,544,113	5,544,113	2,744,664
Claims on corporate and government related entities (GRE)	1,214,618	17,582,424	18,797,042	18,797,042	16,379,212	15,983,618
Claims included in the regulatory retail portfolio	-	12,369,185	12,369,185	12,369,185	12,230,794	9,352,776
Claims secured by residential property	-	10,982,775	10,982,775	10,982,775	10,982,775	5,547,848
Claims secured by commercial real estate	-	3,351,045	3,351,045	3,351,045	3,351,045	3,351,045
Past due financing	-	4,580,083	4,580,083	1,005,216	1,005,216	1,005,427
Higher-risk categories	-	3,158	3,158	3,158	3,158	4,737
Other assets	-	1,543,037	1,543,037	1,543,037	1,543,037	1,248,886
Claims on securitized assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	8,055,055	70,763,610	78,818,665	75,243,798	72,687,577	39,846,281

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

31 DECEMBER 2019

	Rated	Unrated	Total Gross Exposure	Exposure Before CRM	After CRM	Risk Weighted Assets
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Claims on sovereigns	1,394,596	18,287,817	19,682,413	19,682,413	19,682,413	431,442
Claims on non-central government public sector entities	175,972	500,000	675,972	675,972	675,972	35,194
Claims on multi-lateral development banks	14,690	-	14,690	14,690	14,690	-
Claims on banks	3,315,132	494,318	3,809,450	3,809,450	3,809,450	1,735,267
Claims on corporate and government related entities (GRE)	867,606	17,356,858	18,224,464	18,224,464	15,386,691	15,258,865
Claims included in the regulatory retail portfolio	-	12,058,937	12,058,937	12,058,937	12,058,937	9,280,717
Claims secured by residential property	-	9,537,672	9,537,672	9,537,672	9,537,672	5,226,585
Claims secured by commercial real estate	-	3,221,174	3,221,174	3,221,174	3,221,174	3,221,174
Past due financing	-	3,616,348	3,616,348	484,118	484,118	493,506
Higher-risk categories	-	158,597	158,597	158,597	158,597	237,895
Other assets	-	1,905,126	1,905,126	1,905,126	1,905,126	1,793,117
Claims on securitized assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	5,767,996	67,136,847	72,904,843	69,772,613	66,934,840	37,713,763

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

31 DECEMBER 2020

	Rated AED 000	Unrated AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	-	-	-	-	-	-
Claims on non-central government public sector entities	-	-	-	-	-	-
Claims on multi-lateral development banks	-	-	-	-	-	-
Claims on banks	-	-	-	-	-	-
Claims on corporate and government related entities (GRE)	-	5,262,117	5,262,117	5,262,117	2,844,287	2,822,313
Claims included in the regulatory retail portfolio	-	259,421	259,421	259,421	121,030	90,773
Claims secured by residential property	-	-	-	-	-	-
Claims secured by commercial real estate	-	-	-	-	-	-
Past due financing	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Claims on securitized assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	-	5,521,538	5,521,538	5,521,538	2,965,317	2,913,086

EXPOSURE SUBJECT TO DEDUCTION AS PER STANDARDISED APPROACH (RATED/ UNRATED) (continued)**31 DECEMBER 2019**

	Rated AED 000	Unrated AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	-	-	-	-	-	-
Claims on non-central government public sector entities	-	-	-	-	-	-
Claims on multi-lateral development banks	-	-	-	-	-	-
Claims on banks	-	-	-	-	-	-
Claims on corporate and government related entities (GRE)	-	4,425,719	4,425,719	4,425,719	1,587,946	1,587,946
Claims included in the regulatory retail portfolio	-	-	-	-	-	-
Claims secured by residential property	-	-	-	-	-	-
Claims secured by commercial real estate	-	-	-	-	-	-
Past due financing	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Claims on securitized assets	-	-	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-	-	-
Total	-	4,425,719	4,425,719	4,425,719	1,587,946	1,587,946

CREDIT RISK MITIGATION AS PER STANDARDISED APPROACH

	2020		2019	
	Gross credit exposure (AED 000)	Risk weighted assets (AED 000)	Gross credit exposure (AED 000)	Risk weighted assets (AED 000)
Gross exposure prior to credit risk mitigation	78,818,665	45,934,921	72,904,843	43,683,766
Exposure covered by on-balance sheet netting	(3,574,867)	(3,574,911)	(3,132,230)	(3,132,230)
Exposure covered by eligible financial collateral	(2,556,221)	(2,513,729)	(2,837,773)	(2,837,773)
Exposures covered by Guarantees	-	-	-	-
Net exposure after credit risk mitigation	72,687,577	39,846,281	66,934,840	37,713,763

RISK MANAGEMENT OBJECTIVES AND POLICIES**MARKET RISK**

Please refer Note no. 36 in the annual financial statements for detailed risk management objectives.

QUANTITATIVE DISCLOSURES FOR EQUITY POSITION IN THE BANKING BOOK

31 DECEMBER 2020

(a) Quantitative details of equity position

Type	FS Category (FVPL)	Basel II Category (Banking book)	Publicly Traded	Current Year Privately Held	AED 000
Equities					
Collective investment schemes	157,032	157,032	-	157,032	
Any other investment	3,158	3,158	543	2,615	
Total	160,190	160,190	543	159,647	
(b) Realized, Unrealized & Latent revaluation gains/ (losses) during the year					
Particulars	AED 000				
Gains (Losses)	AFS				
Realized gains (losses) from sale and liquidations	705				
Unrealized gains (losses) recognized in the balance sheet but not through profit and loss account	-				
Latent revaluation gains (losses) for investment recorded at cost but not recognized in balance sheet or profit and loss account	-				
Total	705				
(c) Items in (b) above included in Tier I/ Tier II Capital					
Tier Capital	AED 000				
Amount included in Tier I capital (realized gains)	705				
Amount included in Tier II capital (unrealized gains)	-				
Total	705				

QUANTITATIVE DISCLOSURES FOR EQUITY POSITION IN THE BANKING BOOK (continued)**31 DECEMBER 2020****(d) Capital requirements by equity groupings**

	AED 000
Grouping	Amount
Investments in associates and joint ventures	-
Investment Securities	20,825
Held for Trading	-

Total capital requirement	20,825
	=====

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

	AED 000	
Particulars	Banking Book (Per Basel II Definition)	Trading Book (Per Basel II Definition)
Quoted	543	-
Unquoted	159,647	-
	-----	-----
Total	160,190	-
	=====	=====

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

31 DECEMBER 2019

(a) Quantitative details of equity position

Type	FS Category (FVPL)	Basel II Category (Banking book)	Publicly Traded	Current Year Privately Held	AED 000
Equities	251,548	251,548	-	251,548	
Collective investment schemes	-	-	-	-	
Any other investment	158,597	158,597	441	158,156	
Total	410,145	410,145	441	409,704	

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

Particulars	AED 000
Gains (Losses)	AFS
Realized gains (losses) from sale and liquidations	(3,892)
Unrealized gains (losses) recognized in the balance sheet but not through profit and loss account	-
Latent revaluation gains (losses) for investment recorded at cost but not recognized in balance sheet or profit and loss account	-

Total (3,892)

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

Tier Capital	AED 000
Amount included in Tier I capital (realized gains)	Amount
Amount included in Tier II capital (unrealized gains)	(3,892)

Total (3,892)

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

31 DECEMBER 2019

(d) Capital requirements by equity groupings

	AED 000
Grouping	Amount
Investments in associates and joint ventures	-
Investment Securities	53,319
Held for Trading	-
Total capital requirement	53,319

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

	Banking Book (Per Basel II Definition)	Trading Book (Per Basel II Definition)	AED 000
Particulars			
Quoted	441	-	-
Unquoted	409,704	-	-
Total	410,145	-	-

RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign Exchange Risk

Foreign exchange risk hedging strategies are used to ensure that positions are always within established limits. The Group has a conservative policy towards foreign exchange risk and has set limits on positions by currency. Foreign exchange risk is measured using position reports showing the net long or short position for currencies, which are monitored on a real-time basis. Foreign exchange risk is actively managed using spot and forward foreign exchange instruments.

The capital requirement for foreign exchange risk as at 31 December 2020 is AED 3.11 million (as at 31 December 2019 is AED 2.16 million).

Operational Risk

Please refer Note no. 36 in the annual financial statements for detailed risk management objectives and policies for Operational risk.

Liquidity Risk

Please refer Note no. 36 in the annual financial statements for detailed risk management objectives and policies for Liquidity risk.

Reputational Risk

Please refer Note no. 36 in the annual financial statements for detailed risk management objectives and policies for reputation risk.

Regulatory/Compliance Risk

Please refer Note no. 36 in the annual financial statements for detailed risk management objectives and policies for Regulatory/compliance risk.

Internal Audit's role in overall risk management

Please refer Note no. 36 in the annual financial statements for detailed risk management objectives and policies for details on Internal Audit's role in overall risk management.

