الإمارات الإسلامي
EMIRATES ISLAMIC

BASEL II – PILLAR III DISCLOSURES

For the year ended 31 December 2019

BASEL II – PILLAR III DISCLOSURES

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OVERVIEW

In November 2009, The Central Bank of the United Arab Emirates (“CBUAE”) issued guidelines for implementation of Basel II Capital Accord in the banks in UAE. As per the circular, the 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.

OVERVIEW (continued)

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

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 2019

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%.

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 June 2020.

OVERVIEW (continued)

Verification

The Pillar III Disclosures for the year 2019 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. The federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984.

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 56 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 2019	**31 December 2018**
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 2019, CCB is required to be kept at 2.5% of the Capital base. CCyB is not in effect and is not required to keep for 2019.

Regulatory Capital

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

- 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:

	2019 AED 000	2018 AED 000
Available capital		
Common equity tier 1 capital	8,255,209	7,211,162
Tier 1 capital	8,255,209	7,211,162
Total eligible capital	8,726,631	7,684,756
Risk-weighted assets		
Credit risk	37,713,763	37,887,486
Market risk	20,547	17,938
Operational risk	4,500,169	4,342,402
Total risk-weighted assets	**42,234,479**	**42,247,826**

CONSOLIDATED CAPITAL STRUCTURE AS PER BASEL III (continued)

Capital Ratio	Minimum capital requirement 2019	2019	2018
a. Total capital ratio for consolidated Group	13.00%	20.66%	18.19%
b. Tier 1 ratio only for consolidated Group	11.00%	19.55%	17.07%
c. CET1 ratio only for consolidated Group	9.50%	19.55%	17.07%

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

	2019 AED 000	2018 AED 000
Common Equity Tier 1 (CET1) Capital		
Share Capital	5,430,422	5,430,422
Eligible Reserves	1,164,446	888,600
Retained Earnings / (-) Loss	1,660,341	892,140
Total CET1 capital after the regulatory adjustments and threshold deduction	**8,255,209**	**7,211,162**
Total CET1 capital after transitional arrangement for deductions (CET1) (A)	**8,255,209**	**7,211,162**
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.)	471,422	473,594
Total T2 Capital	471,422	473,594
Total T2 capital after transitional arrangements (T2) (C)	**471,422**	**473,594**
Total Regulatory Capital (A+B+C)	**8,726,631**	**7,684,756**

CAPITAL ADEQUACY (STANDARDISED APPROACH)

	2019	2018
	Capital Charge AED 000	**Capital Charge AED 000**
Total Capital Requirements		
Credit Risk	4,902,789	4,688,576
Market Risk	2,157	1,883
Operational Risk	472,518	455,952
Total Capital Requirements	**5,377,464**	**5,146,411**

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 2019 is AED 4,903 million (2018: AED 4,689 million).

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH

	2019		2018	
	Gross Exposure	Risk Weighted Assets	Gross Exposure	Risk Weighted Assets
	AED 000	AED 000	AED 000	AED 000
Claims on sovereigns	19,682,413	431,442	15,402,609	654,354
Claims on non-central government public sector entities	675,972	35,194	474,892	33,012
Claims on multi-lateral development banks	14,690	-	14,690	-
Claims on banks	3,809,450	1,735,267	5,535,962	1,791,956
Claims on securities firms	-	-	-	-
Claims on corporate and government related entities (GRE)	18,224,464	15,258,866	15,858,188	13,528,942
Claims included in the regulatory retail portfolio	12,058,937	9,280,717	11,365,184	8,588,334
Claims secured by residential property	9,537,672	5,226,585	9,409,744	8,219,904
Claims secured by commercial real estate	3,221,174	3,221,174	2,915,332	2,915,332
Past due financing	3,616,348	493,506	3,945,954	562,816
Higher-risk categories	158,597	237,895	121,612	182,419
Other assets	1,905,126	1,793,117	1,687,346	1,410,417
Claims on securitized assets	-	-	-	-
Credit derivatives (Banks selling protection)	-	-	-	-
Total	**72,904,843**	**37,713,763**	**66,731,513**	**37,887,486**

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 2019 is AED 2.16 million (2018: AED 1.88 million) as detailed below:

CAPITAL REQUIREMENT FOR MARKET RISK AS PER STANDARDISED APPROACH

	2019 AED 000	**2018 AED 000**
Profit rate risk	-	-
Equity position risk	-	-
Options risk	-	-
Foreign exchange risk	2,157	1,883
Total capital requirement	**2,157**	**1,883**

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 2019 is AED 472.52 million (2018: AED 455.95 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 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**

31 DECEMBER 2018

	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	3,049,258	2,043,207	1,438,009	**6,530,474**	-	-	791,396	**791,396**	**7,321,870**
AED	37,710,522	-	18,468,688	**56,179,210**	192,560	-	3,037,873	**3,230,433**	**59,409,643**
Total	**40,759,780**	**2,043,207**	**19,906,697**	**62,709,684**	**192,560**	**-**	**3,829,269**	**4,021,829**	**66,731,513**

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 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 GEOGRAPHY (continued)

31 DECEMBER 2018

	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	38,179,943	1,322,189	18,735,954	**58,238,086**	192,560	-	3,798,629	**3,991,189**	**62,229,275**
GCC excluding UAE*	1,130,678	630,557	407,083	**2,168,318**	-	-	269	**269**	**2,168,587**
Arab League (excluding GCC)	302,939	-	10,633	**313,572**	-	-	22	**22**	**313,594**
Asia	912,887	-	253,915	**1,166,802**	-	-	29,026	**29,026**	**1,195,828**
Africa	-	-	451	**451**	-	-	-	**-**	**451**
North America	-	-	358,821	**358,821**	-	-	215	**215**	**359,036**
South America	-	-	-	**-**	-	-	-	**-**	**-**
Caribbean	-	-	-	**-**	-	-	-	**-**	**-**
Europe	233,333	90,461	138,905	**462,699**	-	-	1,108	**1,108**	**463,807**
Australia	-	-	935	**935**	-	-	-	**-**	**935**
Others	-	-	-	**-**	-	-	-	**-**	**-**
Total	**40,759,780**	**2,043,207**	**19,906,697**	**62,709,684**	**192,560**	**-**	**3,829,269**	**4,021,829**	**66,731,513**

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 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.

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 2018	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	35,702	-	-	**35,702**	-	-	8,527	**8,527**	**44,229**
Crude, oil gas, mining & quarrying	44,602	-	-	**44,602**	-	-	2,063	**2,063**	**46,665**
Manufacturing	1,467,362	-	4,022	**1,471,384**	50,660	-	140,325	**190,985**	**1,662,369**
Electricity and water	310,321	165,059	-	**475,380**	-	-	635	**635**	**476,015**
Construction	930,123	-	-	**930,123**	34,900	-	1,922,664	**1,957,564**	**2,887,687**
Trade	6,375,452	-	-	**6,375,452**	60,600	-	500,288	**560,888**	**6,936,340**
Transport, Storage & Communication	263,417	-	-	**263,417**	-	-	43,042	**43,042**	**306,459**
Financial Institutions and Investment companies	2,017,617	808,401	18,387,708	**21,213,726**	-	-	562,741	**562,741**	**21,776,467**
Real Estate	4,222,158	292,885	549,614	**5,064,657**	10,600	-	35,107	**45,707**	**5,110,364**
Services	2,496,917	246,281	117,264	**2,860,462**	32,900	-	544,509	**577,409**	**3,437,871**
Sovereign	615,474	530,581	-	**1,146,055**	-	-	-	**-**	**1,146,055**
Personal	21,255,216	-	-	**21,255,216**	2,900	-	37,752	**40,652**	**21,295,868**
All Others	120,321	-	848,089	**968,410**	-	-	31,616	**31,616**	**1,000,026**
Add: Grossing up of profit in suspense	605,098	-	-	**605,098**	-	-	-	**-**	**605,098**
Total	**40,759,780**	**2,043,207**	**19,906,697**	**62,709,684**	**192,560**	**-**	**3,829,269**	**4,021,829**	**66,731,513**

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 2019

	Financing Receivables	Sukuk	Other assets	Total funded	Commitments	OTC derivatives	Other off-balance sheet exposures	Total non-funded	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Less than 3 months	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, Investment in associate and joint ventures, Property & Equipment & Other Assets.

GROSS CREDIT EXPOSURE BY MATURITY (continued)

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

31 DECEMBER 2018

	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	13,403,870	-	14,707,705	**28,111,575**	192,560	-	2,307,257	**2,499,817**	**30,611,392**
3 months to 1 year	7,319,793	219,340	3,720,024	**11,259,157**	-	-	1,178,675	**1,178,675**	**12,437,832**
1 year to 5 years	9,368,050	1,369,178	-	**10,737,228**	-	-	343,335	**343,335**	**11,080,563**
Over 5 years	6,080,197	454,689	1,478,968	**8,013,854**	-	-	2	**2**	**8,013,856**
Add: Grossing up of profit in suspense & provisions	4,587,870	-	-	**4,587,870**	-	-	-	**-**	**4,587,870**
Total	**40,759,780**	**2,043,207**	**19,906,697**	**62,709,684**	**192,560**	**-**	**3,829,269**	**4,021,829**	**66,731,513**

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

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

IMPAIRED FINANCING BY ECONOMIC ACTIVITY

31 DECEMBER 2019

	Overdue (Gross of Profit in Suspense/ Provisions)			Provisions		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	Profit in Suspense AED 000	Total Impaired Assets 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 ECONOMIC ACTIVITY (continued)

31 DECEMBER 2018

	Overdue (Gross of Profit in Suspense/ Provisions)			Provisions		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	Profit in Suspense AED 000	Total Impaired Assets AED 000
Agriculture, fishing & related activities	-	4,177	4,177	3,705	-	-	28	496	(24)
Crude, oil gas, mining & quarrying	-	39,121	39,121	37,671	-	-	-	1,450	-
Manufacturing	-	202,657	202,657	181,800	-	13,830	981	6,840	14,017
Electricity and Water	-	-	-	-	-	-	-	-	-
Construction	-	318,111	318,111	339,977	-	94,508	10,033	12,077	(33,943)
Trade	-	594,963	594,963	516,560	-	199,619	27,817	35,173	43,230
Transport, Storage & Communication	-	90,942	90,942	89,059	-	7,132	1,821	2,178	(295)
Financial Institutions	-	84,848	84,848	75,872	-	-	-	8,975	1
Real Estate	-	1,486,896	1,486,896	898,730	-	105,409	90,118	392,096	196,070
Services	-	506,326	506,326	249,652	-	103,014	40,651	11,357	245,317
Sovereign	-	-	-	-	-	-	-	-	-
Personal	-	599,765	599,765	388,155	-	735,221	70,785	134,311	77,299
All Others	-	18,150	18,150	19,246	-	772	64,266	145	(1,241)
Total	**-**	**3,945,956**	**3,945,956**	**2,800,427**	**1,182,345**	**1,259,505**	**306,500**	**605,098**	**540,431**

* 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 2019

	Overdue (Gross of Profit in Suspense/ Provisions)			Provisions		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	Profit in Suspense AED 000	Total Impaired Assets 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	-	-	-	6	-
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.

IMPAIRED FINANCING BY GEOGRAPHY (continued)

31 DECEMBER 2018

	Overdue (Gross of Profit in Suspense/ Provisions)			Provisions		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	Profit in Suspense AED 000	Total Impaired Assets AED 000
United Arab Emirates	-	3,844,759	3,844,759	2,706,930	-	1,183,539	298,392	600,986	536,843
GCC excluding UAE***	-	62,076	62,076	55,826	-	75,966	8,108	2,662	3,588
Arab League (excluding GCC)	-	39,121	39,121	37,671	-	-	-	1,450	-
Asia	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	**-**	**3,945,956**	**3,945,956**	**2,800,427**	**1,182,345**	**1,259,505**	**306,500**	**605,098**	**540,431**

* 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

	2019 AED 000	2018 AED 000
Balance of provision for impaired financing as at 1 January (as per IAS 39)	**3,982,772**	**3,545,158**
Reversal on transition to IFRS 9	**-**	**(650,786)**
ECL recognized under IFRS 9	**-**	**1,548,144**
Balance at 1 January (Adjusted opening as per IFRS 9)	**3,982,772**	**4,442,516**
Add: Charge for the year		
Specific Provisions (ECL Stage 3)	1,068,799	1,115,168
General Provisions (ECL Stage 1 and Stage 2)	(163,731)	(356,044)
Less: Write-off of impaired financing	(837,350)	(1,259,505)
Less: Recovery of financing previously written off	-	-
Less: Write back / Recovery of loan loss provisions	(253,537)	(306,500)
Adjustments of loan loss provisions	(66,011)	347,137
Balance of provision for impaired financing as at 31 December	**3,730,942**	**3,982,772**

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 2019

	On Balance Sheet	Off Balance Sheet		Credit Risk Mitigation (CRM)			
	Gross Outstanding AED 000	Net Exposure after Credit Conversion Factors (CCF) AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	19,642,607	39,806	**19,682,413**	**19,682,413**	-	19,682,413	**431,442**
Claims on non-central government public sector entities	675,972	-	**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	15,386,691	**15,258,866**
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	9,119,911	417,761	**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	3,487,656	128,692	**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 position)	-	-	**-**	**-**	-	-	**-**
Total	**68,170,471**	**4,734,372**	**72,904,843**	**69,772,613**	**2,837,773**	**66,934,840**	**37,713,763**

GROSS CREDIT EXPOSURE AS PER STANDARDISED APPROACH (continued)

31 DECEMBER 2018

	On Balance Sheet Gross Outstanding	Off Balance Sheet Net Exposure after Credit Conversion Factors (CCF)	Total Gross Exposure	Credit Risk Mitigation (CRM) Exposure Before CRM	CRM	After CRM	Risk Weighted Assets
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Claims on sovereigns	15,402,609	-	**15,402,609**	**15,402,609**	-	15,402,609	**654,354**
Claims on non-central government public sector entities	474,892	-	**474,892**	**474,892**	-	474,892	**33,012**
Claims on multi-lateral development banks	14.690	-	**14,690**	**14,690**	-	14,690	**-**
Claims on banks	5,535,962	-	**5,535,962**	**5,535,962**	-	5,535,962	**1,791,956**
Claims on securities firms	-	-	**-**	**-**	-	-	**-**
Claims on corporate and government related entities (GRE)	11,836,359	4,021,829	**15,858,188**	**15,858,188**	2,293,988	13,564,200	**13,528,942**
Claims included in the regulatory retail portfolio	11,365,184	-	**11,365,184**	**11,365,184**	-	11,365,184	**8,588,334**
Claims secured by residential property	9,409,744	-	**9,409,744**	**9,409,744**	-	9,409,744	**8,219,904**
Claims secured by commercial real estate	2,915,332	-	**2,915,332**	**2,915,332**	-	2,915,332	**2,915,332**
Past due financing	3,945,954	-	**3,945,954**	**540,429**	-	540,429	**562,816**
Higher-risk categories	121,612	-	**121,612**	**121,612**	-	121,612	**182,419**
Other assets	1,687,346	-	**1,687,346**	**1,687,346**	-	1,687,346	**1,410,417**
Claims on securitized assets	-	-	**-**	**-**	-	-	**-**
Credit derivatives (Banks selling position)	-	-	**-**	**-**	-	-	**-**
Total	**62,709,684**	**4,021,829**	**66,731,513**	**63,325,988**	**2,293,988**	**61,032,000**	**37,887,486**

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

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	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**

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

31 DECEMBER 2018

	Rated AED 000	Unrated AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	530,581	14,872,028	**15,402,609**	15,402,609	15,402,609	**654,354**
Claims on non-central government public sector entities	165,059	309,833	**474,892**	474,892	474,892	**33,012**
Claims on multi-lateral development banks	14,690	-	**14,690**	14,690	14,690	**-**
Claims on banks	4,728,836	807,126	**5,535,962**	5,535,962	5,535,962	**1,791,956**
Claims on corporate and government related entities (GRE)	488,502	15,369,686	**15,858,188**	15,858,188	13,564,200	**13,528,942**
Claims included in the regulatory retail portfolio	-	11,365,184	**11,365,184**	11,365,184	11,365,184	**8,588,334**
Claims secured by residential property	-	9,409,744	**9,409,744**	9,409,744	9,409,744	**8,219,904**
Claims secured by commercial real estate	-	2,915,332	**2,915,332**	2,915,332	2,915,332	**2,915,332**
Past due financing	-	3,945,954	**3,945,954**	540,429	540,429	**562,816**
Higher-risk categories	-	121,612	**121,612**	121,612	121,612	**182,419**
Other assets	-	1,687,346	**1,687,346**	1,687,346	1,687,346	**1,410,417**
Claims on securitized assets	-	-	**-**	-	-	**-**
Credit derivatives (Banks selling protection)	-	-	**-**	-	-	**-**
Total	**5,927,668**	**60,803,845**	**66,731,513**	**63,325,988**	**61,032,000**	**37,887,486**

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

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**

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

31 DECEMBER 2018

	Rated AED 000	Unrated AED 000	Total Gross Exposure AED 000	Exposure Before CRM AED 000	After CRM AED 000	Risk Weighted Assets AED 000
Claims on sovereigns	-	-	-	-	-	-
Claims on non-central government public sector entities	-	-	-	-	-	-
Claims on multi-lateral development banks	-	-	-	-	-	-
Claims on banks	-	-	-	-	-	-
Claims on corporate and government related entities (GRE)	-	3,921,227	3,921,227	3,921,227	1,627,239	1,627,239
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	**-**	**3,921,227**	**3,921,227**	**3,921,227**	**1,627,239**	**1,627,239**

CREDIT RISK MITIGATION AS PER STANDARDISED APPROACH

	2019		2018	
	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	**72,904,843**	**43,683,766**	**66,731,513**	**43,586,999**
Exposure covered by on-balance sheet netting	(3,132,230)	(3,132,230)	(3,405,525)	(3,405,525)
Exposure covered by eligible financial collateral	(2,837,773)	(2,837,773)	(2,293,988)	(2,293,988)
Exposures covered by Guarantees	-	-	-	-
Net exposure after credit risk mitigation	**66,934,840**	**37,713,763**	**61,032,000**	**37,887,486**

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 2019

(a) Quantitative details of equity position

Type	FS Category (AFS/FVPL)	Basel II Category (Banking book)	AED 000 Current Year Publicly Traded	AED 000 Current Year Privately Held
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 AFS
Gains (Losses)	
Realized gains (losses) from sale and liquidations	(3,892)
Unrealized gains (losses) recognized in the balance sheet but not through profit and loss account	(42,840)
Latent revaluation gains (losses) for investment recorded at cost but not recognized in balance sheet or profit and loss account	-
Total	**(46,732)**

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

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

AED 000

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

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

31 DECEMBER 2018

(a) Quantitative details of equity position

				AED 000
			Current Year	
Type	**FS Category (AFS/FVPL)**	**Basel II Category (Banking book)**	**Publicly Traded**	**Privately Held**
Equities	289,636	289,636	6,314	283,322
Collective investment schemes	-	-	-	-
Any other investment	192,017	192,017	382	191,635
Total	**481,653**	**481,653**	**6,696**	**474,957**

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

Particulars	**AED 000 AFS**
Gains (Losses)	
Realized gains (losses) from sale and liquidations	2,458
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	**2,458**

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

Tier Capital	**AED 000 Amount**
Amount included in Tier I capital (realized gains)	2,458
Amount included in Tier II capital (unrealized gains)	-
Total	**2,458**

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

31 DECEMBER 2018

(d) Capital requirements by equity groupings

	AED 000
Grouping	**Amount**
Investments in associates and joint ventures	-
Investment Securities	59,605
Held for Trading	-
Total capital requirement	**59,605**

(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	6,696	-
Unquoted	474,957	-
Total	**481,653**	**-**

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 2019 is AED 2.16 million (as at 31 December 2018 is AED 1.88 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.