Pillar 3 Disclosures

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Abu Dhabi Branch

For the Financial Year Ended 31st Dec. 2017

BASEL - II

Table (2)

(AED 000's)

CONSOLIDATED CAPITAL STRUCTURE UNDER BASEL II AS ON 31st Dec. 2017

	Summary Note and References	Amount
Tier 1 Capital		
1. Paid up share capital/common stock 2. Reserves		40,000 -
a. Statutory reserve		-
b. Special reserve c. General reserve [2]	Legal Reserves (Art 82 Union Law No.8); Audited CY. Profit (Net of Dividend)	- 892
3. Minority interests in the equity of subsidiaries 4. Innovative capital instruments [1]		- -
5. Other capital instruments		-
6. Surplus capital from insurance companies		-
Sub-total		40,892
Less: Deductions for regulatory calculation		-
Less: Deductions from Tier 1 capital		-
Tier 1 Capital – Subtotal		40,892
Tier 2 capital	Eligible general provision (max 1.25% of CRWA under standardised approach)	177
Less: Other deductions from capitals		-
Tier 3 capital		-
Total eligible capital after deductions		41,069

1. Include minority interests in equity accounts of consolidated subsidiaries that take form of SPVs and moderate step-ups in instruments issued through SPV's, as well as directly issued Tier I instruments, subject to stringent conditions (refer to Basel Committee's press release, Instruments eligible for inclusion in Tier I capital- 27 October 1988) and limited to a maximum of 15% of Tier I capital.
2. Including undisclosed reserves, revaluation reserves, general provisions/general loan loss reserves Hybrid debt capital instruments and subordinated debt.

TABLE (3a and 3b)

CAPITAL AQEQUACY AS ON 31ST Dec. 2017

a) Qualitative Disclosures

The Bank of Tokyo-Mitsubishi UFJ. Ltd. – Abu Dhabi Branch uses Standardised Approach for Credit Risk and Basic Indicator Approach for Operational Risk capital charge calculations. The Branch does not have any positions resulting in Market or Equity Risk. Interest Rate Risk in Banking Book is insignificant and not considered in the regulatory capital calculations though it is measured and reported annually. The Branch intends to continue with the same approaches in the foreseeable future.

	b) Quantitative Disclosures	Capital Charge (AED 000's)	Capital Ratio (%)
	Capital Requirements	-	
	1. Credit Risk	-	
	a. Standardised Approach	1,695	
	b. Foundation IRB	-	
	c. Advanced IRB	-	
	2. Market Risk		
	a. Standardised Approach	-	
or	b. Models Approach	-	
	3. Operational Risk		
	a. Basic Indicator Approach	1,713	
or	b. Standardised Approach/ASA	-	
or	c. Advanced Measurement Approach	-	
	Total Capital requirements	3,408	
	Capital Ratio		
	a. Total for Top consolidated Group		144.55
	b. Tier 1 ratio only for top consolidated Group		143.93
	c. Total for each significant bank subsidiary		-

BASEL - III

TABLE (1)

INFORMATION ON SUBSIDIARIES AND SIGNIFICANT INVESMENTS AS ON 31ST DEC. 2017

Basis of Consolidation : The Bank of Tokyo-Mitsubishi UFJ. Ltd. – Abu Dhabi Branch does not have any subsidiaries and hence there is no financial consolidation in its Balance Sheet

	Country of Incorporation	% Ownership	Description[2]	Accounting Treatment[3]	Surplus Capital[4]	Capital Deficiencies[5]	Total Interests[6]
Subsidiaries:	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Significant Investments:	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Restrictions on transfer of regulatory capital within the group:

1. Include an outline of differences in the basis of consolidation of subsidiaries for accounting and regulatory purposes.
2. A brief description of the entities within the group such as securities, insurance, other financial subsidiaries, commercial subsidiaries, significant minority equity investments in insurance, financial and commercial entities.
3. Report the accounting treatment as:
   - that are fully consolidated;
   - that are pro-rata consolidated;
   - that are given a deduction treatment;
   - those from which surplus capital is recognized, and
   - that are neither consolidated nor deducted (e.g. where the investment is risk weighted)
4. The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group. Surplus capital in unconsolidated regulated subsidiaries is the difference between the amount of investment in those entities and their regulatory capital requirements.
5. The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. they are deducted.
6. The aggregate amounts (e.g. current book value) of the licensed bank's total interests in insurance entities, which are risk-weighted rather than deducted from capital or subjected to an alternate group-wide method, as well as, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this (it's required to method) versus using the deduction or alternate group wide method

CONSOLIDATED CAPITAL STRUCTURE UNDER BASEL III AS ON 31ST Dec.2017 **TABLE 2**

(AED 000's)

Details		Summary Note and References	Amount
Capital Base			
1	**Common Equity Tier 1 (CET1) Capital**		
1.1	Share Capital		40,000
1.2	Share premium account		-
1.3	Eligible Reserves	Legal Reserves (Art 82 Union Law No.8)	186
1.4	Retained Earnings / (-) Loss	Audited CY. Profit (Net of Dividend)	706
1.5	Eligible amount of minority interest		-
1.6	Capital shortfall if any		-
	CET1 capital Before the regulatory adjustments and threshold deduction		
1.7	Less: Regulatory deductions		-
1.8	Less: Threshold deductions		-
	Total CET1 capital after the regulatory adjustments and threshold deduction		40,892
	Total CET1 capital after transitional arrangement for deductions (CET1)		40,892
2	**Additional Tier 1 (AT1) Capital**		
2.1	Eligible AT1 capital (After grandfathering)		-
2.2	Other AT1 Capital e.g. (Share premium, minority interest)		-
	Total AT1 capital		-
	Total AT1 capital after transitional arrangements (AT1)		-
3	**Tier 2 (T2) Capital**		
3.1	Tier 2 Instruments e.g. subordinated loan (After grandfathering and/or amortization)		-
3.2	Other Tier 2 capital (including General Provisions, etc.) [1]	Eligible general provision (max 1.25% of CRWA under standardised approach)	177
	Total T2 Capital		177
	Total T2 capital after transitional arrangements (T2)		177

[1] Impact of changes in fair value reserve should be factored here

TABLE 3(a) AND 3(b)

CAPITAL ADEQUACY as on 31st Dec.2017

a) Qualitative Disclosures				
The Bank uses Standardized Approach for Credit Risk and Basic Indicator Approach for Operational Risk. The Branch does not have any exposure to Market and Equity Risk. Banking Book Interest Rate Risk is insignificant and no approach is being followed. The bank plans to continue with the same approaches in the foreseeable future.				
a) Quantitative Disclosures				**AED 000's**
	Capital Requirements	**RWA**	**Capital Charge**	Capital Ratio (%)
1	Credit Risk - Standardized Approach	14,132	1,484	10.5
2	Market Risk - Standardized Approach	-	-	
3	Operation Risk			
	a. Basic Indicator Approach	14,279	1,499	10.5
	b. Standardised Approach/ASA	-	-	-
	c. Advanced Measurement Approach	-	-	-
	Total Capital requirements	28,411	2,983	10.5
	Capital Ratio			
	a. Total for Top consolidated Group			144.56
	b. Tier 1 ratio only for top consolidated Group			143.93
	c. CET1 ratio only for top consolidated Group			143.93

TABLE 4(a)

Qualitative Disclosures

Definition of past due and impaired (for accounting purposes)
Facilities where Principal and/or interest payment(s) is/are not made at agreed payment date(s) are defined as Past Due Facilities. In case of amortized facilities, non-receipt of scheduled repayment also results in Past Due classification of the facility. Impaired Facilities are those where it is probable that a bank will be unable to collect all amounts due, including both interest and principal, according to the contractual terms of the loan agreement.
Description of approaches followed for specific and general allowances and statistical methods
Specific – Specific Allowance for impaired assets is based on the rating of the counterparty and the percentage advised by Head Office. **General –** In line with the CBUAE regulations, the Branch maintains General Allowance (General Provision) of 1.5% of the total CRWA. However, for the Capital Adequacy Ratio calculations, only up to 1.25% is considered as Tier 2 Capital.
Discussion of Bank's credit risk management policy
The term "Credit" means an act of taking on credit risks (or exposed credit risk itself) for a customer or a transaction through extending a credit facility or providing other financial support. Depending on the type of transaction, credits are classified as "Credit Risk Transactions," "Market Risk Transactions" or "Specific Risk Transactions." Credit risk is the risk that a customer or counterparty to a financial instrument will cause a financial loss for the Bank by failing to discharge its obligation. The Bank applies the Basel III standardised approach to credit risk for computing the regulatory capital charge for credit risk. The Bank's credit risk management policy establishes the framework in which the Bank manages its credit risk. Amongst others, the following components are defined within the policy: credit authority, portfolio quality, credit extension policy, portfolio concentration limit, risk grading, lending policy of highly leverage transactions and account officer responsibilities. The Bank ensures the credit risk is managed and controlled in compliance with the Bank's policy and risk appetite. The bank is required to implement credit policies, procedures and lending guidelines that meet local requirements while conforming to MUFG group standards. In addition, there are other policies integral to the credit risk management such as those relating to stress testing, risk measurement and impairment provisioning. European Internal Audit and Credit Examination (EIACE) performs internal audit and examination, at a pre-agreed periodicity, on the implementation of credit policies and procedures, and assesses the effectiveness of the Banks credit risk management program within the EMEA region. The results are reported to Senior Management and the Board of Directors.

Partial adoption of foundation IRB/advanced IRB		
Approach	**Description of exposures**	**Plan and timing of migration to implement fully higher approach**
Standardised Approach	Sovereigns, Banks, Corporates, Other Assets	N/A
Foundation IRB	N/A	N/A
Advanced IRB	N/A	N/A

TABLE 4(b)

GROSS CREDIT EXPOSURES BY CURRENCY TYPE AS ON 31st Dec. 2017

(AED OOO's)

Currency	Loans	Debt Securities	Total Funded	Commitments	OIC Derivatives	Other Off-Balance Sheet Exposures	Total Non-funded	Others	Grand Total
AED	39,889	-	39,889	-	-	9,189	9,189	1,174	50,252
Other	-	-	-	-	-	-	-	-	-

TABLE 4(c)

GROSS CREDIT EXPOSURES BY GEOGRAPHY AS ON

(AED OOO's)

GEOGRAPHIC DISTRIBUTION	Loans	Debt Securities	Total Funded	Commitments	OTC Derivatives	Other Off-Balance Sheet exposures	Total Non-Funded	Other Assets	Total
United Arab Emirates	39,889	-	39,889	-	-	400	400	1,174	41,463
GCC excluding UAE	-	-	-	-	-	4,570	4,570	-	4,570
Arab League (excluding GCC)	-	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	4,219	4,219	-	4,219
Africa	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Australia	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	39,889	-	39,889	-	-	9,189	9,189	1,174	50,252

1. Concerning independent institutions insert the figures opposite the country that licensed them.
2. Concerning institutions that operate as branches for their H.O. insert the figures opposite the country where the H.O. are licensed.

GROSS CREDIT EXPOSURE BY INDUSTRY SEGMENT AS ON 31ST Dec. 2017

TABLE4 (d)
(AED 000'S)

INDUSTRY SEGMENT	Loans	Debt Securities	Total Funded	Commitments	OTC Derivatives	Other Off- Balance Sheet Exposures	Total Non-Funded	Other Assets	Gross
Agriculture, Fishing & related activities	-	-	-	-	-	-	-	-	-
Crude Oil, Gas, Mining & Quarrying	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	9,189	9,189	-	9,189
Electricity & Water	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-
Trade	-	-	-	-	-	-	-	-	-
Tranasport, Storage & Communication	-	-	-	-	-	-	-	-	-
Financial Institutions	39,380	-	39,380	-	-	-	-	-	39,380
Services	-	-	-	-	-	-	-	-	-
Government	509	-	509	-	-	-	-	-	509
Retail/ Consumer Banking	-	-	-	-	-	-	-	-	-
All Others	-	-	-	-	-	-	-	1,174	1,174
Total	39,889	-	39,889	-	-	9,189	9,189	1,174	50,252

1. Agriculture, Fishing and Allied Activities includes cultivation of crops, dairy and poultry farming, fishing & other activities (sheep rearing, etc).
2. Crude Oil, Gas, Mining and Quarrying include crude petroleum, natural gas and others.
3. Manufacturing includes food, tobacco, beverages, textile, leather, footwear, clothing, furniture, fixtures, other wood products, paper, paper products, printing presses, chemical, chemical products, petroleum refining, petrochemicals, basic metal products including aluminum, fabricated metal products, machinery, equipment, construction materials (brick tiles, etc.), cement, ship building, engineering works, saw mills, marble tiles and other manufacturing.
4. Construction includes construction of buildings, contractors and other construction.
5. Trade includes wholesale trade in construction materials, consumer durables, motor vehicles, non-durables and retail trade.
6. Transport and communication includes taxies, and other land transport, water transport, air transport, warehousing, storage and others.
7. Financial institutions include insurance companies, money and exchange dealers, NBFCS and other financial institutions.
8. Services include hotel and restaurants, professional services, repair work (repair of motor vehicles, a/cs, etc.), recreation services (cinemas, sports club, etc.) and other services.
9. Government includes federal government and local government.
10. Retail/consumer lending includes personal loan installments, residential mortgage loans, car loans, credit cards, other retail products, loans for investments in shares etc.

TABLE 4(e)

GROSS CREDIT EXPOSURES BY RESIDUAL CONTRACTUAL MATURITY AS ON 31ST Dec. 2017

(AED 000's)

RESIDUAL CONTRACTUAL MATURITY	Loans	Debt Securities	Total Funded	Commitments	OTC Derivatives	Other Off-Balance Sheet exposures	Total Non-Funded	Other Assets	Gross Total
Less than 3 months	39,889	-	39,889	-	-	5,490	5,490	-	45,379
3 months to one year	-	-	-	-	-	2,997	2,997	-	2,997
One to five years	-	-	-	-	-	702	702	-	702
Over five years	-	-	-	-	-	-	-	1,174	1,174
Grand Total	39,889	-	39,889	-	-	9,189	9,189	1,174	50,252

TABLE4(f)

IMPAIRED LOANS BY INDUSTRY SEGMENT AS ON 31st Dec. 2017 (AED 000's)

INDUSTRY SEGMENT	OVERDUE			PROVISIONS		ADJUSTMENTS		Total Impaired Assets
	Less than 90 days	90 days and above	Total	Specific	General	Write-offs	Write-backs	
Agriculture, Fishing & related activities[1]	-	-	-	-	-	-	-	-
Crude Oil, Gas, Mining & Quarrying[2]	-	-	-	-	-	-	-	-
Manufacturing[3]	-	-	-	-	37	-	-	-
Electricity& Water	-	-	-	-	-	-	-	-
Construction [4]	-	-	-	-	-	-	-	-
Trade[5]	-	-	-	-	-	-	-	-
Transport, Storage & Communication[6]	-	-	-	-	-	-	-	-
Financial Institutions[7]	-	-	-	-	158	-	-	-
Services[8]	-	-	-	-	-	-	-	-
Government[9]	-	-	-	-	0	-	-	-
Retail/consumer banking[10]	-	-	-	-	-	-	-	-
All Others	-	-	-	-	17	-	-	-
Grand Total	-	-	-	-	212	-	-	-

1. Agriculture, Fishing and Allied Activities includes cultivation of crops, dairy and poultry farming, fishing other activities (sheep rearing, etc).
2. Crude Oil, Gas, Mining and Quarrying include crude petroleum, natural gas and others.
3. Manufacturing includes food, tobacco, beverages, textile, leather, footwear, clothing, furniture, fixtures, other wood products, paper, paper products, printing presses, chemical, chemical products, petroleum refining, petrochemicals, basic metal products including aluminium, fabricated metal products, machinery, equipment, construction materials (brick tiles, etc.), cement, ship building, engineering works, saw mills, marble tiles and other manufacturing.
4. Construction includes construction of buildings, contractors and other construction.
5. Trade includes wholesale trade in construction materials, consumer durables, motor vehicles, non-durables and retail trade.
6. Transport and communication includes taxies, and other land transport, water transport, air transport, warehousing, storage and others.
7. Financial institutions include insurance companies, money and exchange dealers, NBFCS and other financial institutions.
8. Services include hotel and restaurants, professional services, repair work (repair of motor vehicles, a/cs, etc.), recreation services (cinemas, sports club, etc.) and other services.
9. Government includes federal government and local government.
10. Retail/consumer lending includes personal loan instalments, residential mortgage loans, car loans, credit cards, other retail products, loans for investments in shares etc.

TABLE 4(g)

IMPAIRED LOANS BY GEOGRAPHIC DISTRIBUTION AS ON 31ST DEC. 2017 (AED 000's)

Geographic Region	OVERDUE			PROVISIONS		ADJUSTMENTS		Total Impaired Assets
	Less than 90 days	90 days and above	Total	Specific	General	Write-offs	Write-backs	
United Arab Emirates	-	-	-	-	139	-	-	-
GCC (excluding UAE)	-	-	-	-	34	-	-	-
Arab League (excluding GCC)	-	-	-	-	-	-	-	-
Asia	-	-	-	-	36	-	-	-
Africa	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-
Caribbean	-	-	-	-	-	-	-	-
Europe	-	-	-	-	3	-	-	-
Australia	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Grand Total	-	-	-	-	212	-	-	-

Note: Jurisdictions should not be included more than once under the geographic region

TABLE 4(h)

RECONCILIATION OF CHANGES IN PROVISION FOR IMPAIRED LOANS FOR THE PERIOD TO

Description	AED 000's
Opening Balance of Provisions for Impaired Loans	194*
Charge for the year	-
• Specific provisions	-
• General provisions	18
Write-off of impaired loans to income statement	-
Recovery of loan loss provisions	-
Recovery of loans previously written-off	-
Write-back of provisions for loans	-
Adjustments of loan loss provisions	-
Closing Balance of Provisions for Impaired Loans	212*

***** These are general provisions and not the provisions for impaired loans.

TABLE4 (i)

LOAN PORTFOLIO AS PER STANDARDISED APPROACH AS ON

(AED 000's)

ASSET CLASSES	ON BALANCE SHEET	OFF BALANCE SHEET	CREDIT RISK MITIGATION (crm)			RISK WEIGHTED ASSETS
See Basel II, June 2006, Para 50 to 81, and Central Bank National Discretions	GROSS OUTSTANDING	NET EXPOSURE AFTER CREDIT CONVERSION FACTORS (CCF)	EXPOSURE BEFORE CRM	CRM	AFTER CRM	
CLAIMS ON SOVEREIGNS	509	-	509	-	509	0
CLAIMS ON NON-CENTRAL GOVERNMENT PUBLIC SECTOR ENTITIES (PSEs)	-	-	-	-	-	-
CLAIMS ON MULTI LATERAL DEVELOPMENT BANKS	-	-	-	-	-	-
CLAIMS ON BANKS	39,380	-	39,380	-	39,380	7,876
CLAIMS ON SECURITIES FIRMS	-	-	-	-	-	-
CLAIMS ON CORPORATES	-	9,189	9,189	-	9,189	5,094
CLAIMS INCLUDED IN THE REGULATORY RETAIL PORTFOLIO	-	-	-	-	-	-
CLAIMS SECURED BY RESIDENTIAL PROPERTY	-	-	-	-	-	-
CLAIMS SECURED BY COMMERCIAL REAL ESTATE	-	-	-	-	-	-
PAST DUE LOANS	-	-	-	-	-	-
HIGH RISK CATEGORIES	-	-	-	-	-	-
OTHER ASSETS	1,174	-	1,174	-	1,174	1,162
CLAIMS ON SECURITISED ASSETS	-	-	-	-	-	-
CREDIT DERIVATIVES (Banks Selling protection)	-	-	-	-	-	-
TOTAL CLAIMS	-	50,252	9,189	50,252	0	14,132

TABLE5(a) AND 5(b)

a) **Qualitative Disclosures**
The Bank uses S&P, Moody's and Fitch for all counterparties rated externally.

LOAN PORTFOLIO AS PER STANDERDISED APPROACH AS ON 31ST Dec. 2017 (AED 000's)

b) Quantitative **Asset Class**	**Gross Credit Exposures**					**Exposures Subject to Deduction**				
	Rated	**Unrated**	**Total**	**Post CRM**	**RWA Post CRM**	**Rated**	**Unrated**	**Total**	**Post CRM**	**RWA Post CRM**
Claims on Sovereigns	509	-	509	509	0	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-	-	-	-	-
Claims on Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on securities firms	-	-	-	-	-	-	-	-	-	-
Claims on Banks	39,380	-	39,380	39,380	7,876	-	-	-	-	-
Claims on Corporate	-	-	-	-	-	-	-	-	-	-
Regulatory & other retail exposure	-	-	-	-	-	-	-	-	-	-
Residential retail exposure	-	-	-	-	-	-	-	-	-	-
Commercial Real Estate	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Claims on Securitised Assets	-	-	-	-	-	-	-	-	-	-
Credit Derivatives (Banks selling protection)	-	-	-	-	-	-	-	-	-	-
Grand Total	39,889	-	39,889	39,889	7,876	-	-	-	-	-

TABLE7 (a, b &c)

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED APPROACH AS ON 31ST Dec. 2017

a) Qualitative Disclosures

The Bank does not use on- and off balance sheet netting or hold collaterals to reduce credit risks. It does hold parent guarantees for certain exposures but these are not considered to reduce the credit risk capital charge. The bank follows its internal policies & procedures for registering these guarantees in the system.

(AED OOO's)

b) Quantitative Disclosures		Exposures	Risk Weighted Assets
	Gross Exposure prior to Credit Risk Mitigation	50,252	14,132
Less:	Exposure covered by on-balance sheet netting	-	-
Less:	Exposures covered by Eligible Financial Collateral	-	-
Less:	Exposures covered by Guarantees	-	-
Less:	Exposures covered by Credit Derivatives	-	-
	Net Exposures after Credit Risk Mitigation	50,252	14,132

TABLE 10

TOTAL CAPITAL REQUIREMENT FOR MARKET RISK UNDER STANDARDISED APPROACH ON 31ST Dec. 2017

(AED 000's)

Market Risk	**Amount**
Interest rate risk	-
Equity position risk	-
Foreign exchange risk	-
Commodity risk	-
Total Capital Requirement	-

TABLE 13

(AED 000's)

EQUITY POSITION IN THE BANKING BOOK AS OF 31ST Dec. 2017

As at 31st Dec,2018, the Bank does not have any equity investment portfolio in the banking book

1. QUANTITATIVE DETAILS OF EQUITY POSITION:.

Type	Current Year		Previous Year	
	Publicly Traded	Privately Held	Publicly Traded	Privately Held
Equities	-	-	-	-
Collective investment schemes	-	-	-	-
Any other investment	-	-	-	-
Total	-	-	-	-

2. REALISED, UNREALISED AND LATENT REVALUATION GAINS (LOSES) DURING THE YEAR:

Gains (Losses)	Amount
Realised gains (losses) from sales and liquidations	-
*Unrealised gains (losses) recognised in the balance sheet but not through profit and loss account	-
**Latent revaluation gains (losses) for investment recorded at cost but not recognised in balance sheet or profit and loss account	-
Total	-

3. ITEMS IN (2) ABOVE INCLUDED IN TIER 1/TIER 2 CAPITAL:

Tier Capital	Amount
Amount included in Tier I capital	-
Amount included in Tier II capital	-
Total	-

TABLE 13

(CON'T)

EQUITY POSITION IN THE BANKING BOOK AS OF 31ST Dec. 2017

4. CAPITAL REQUIREMENTS BY EQUITY GROUPINGS: (AED 000's)

Grouping	**Amount**
Strategic investments	-
Available for sale	-
Held for trading	-
Total capital requirement	-

TABLE 14

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB) AS OF 31ST Dec. 2017

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability, cash flows or the fair values of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or reprice in a given period.

Interest rate risk is assessed by measuring the impact of defined movements in interest yield curves on the Bank's net interest income. The following is the economic impact on the net interest income for the year, of an immediate and permanent movement in interest yield curves as at 31st Dec. 2017:

Shift in Yield Curves	Impact on the Net Interest Income (AED 000's)
+200 basis point	(103)
- 200 basis point	103

The above interest rate sensitivities are illustrative only and adopt simplified scenarios. The sensitivities do not incorporate actions that could be taken by management to mitigate the effect of interest rate movements. Impact on the capital has not been assessed.