

# BOK International Financial Institutions Profile



**BOK**  
International Bank  
United Arab Emirates



بنك  
بي أوكي  
إنترناشونال  
الإمارات العربية المتحدة







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1 March 2018

**BOK International - UAE**

It gives me great pleasure to introduce BOK International to you, an Islamic Bank, fully licensed by the Central Bank of the UAE. We take great pride to be one of the oldest financial institution in the world which was established in 1913.

BOK International focus is on the core area of correspondent banking, trade finance, corporate banking and being the financial intermediary of choice for trade flows from the UAE and wider GCC into Sudan estimated to be over USD 4 Billion annually.

Our global professional team continuously drive BOK International business forward while ensuring best banking performances to fully comply with the regional and global prudential practices and regulations.

It is my pleasure to share with you the enclosed profile highlighting the main information about us and we look forward establish a mutually successful and fruitful partnership with your esteemed financial institution.

Yours sincerely



**Akram Elbaloula**  
Country CEO





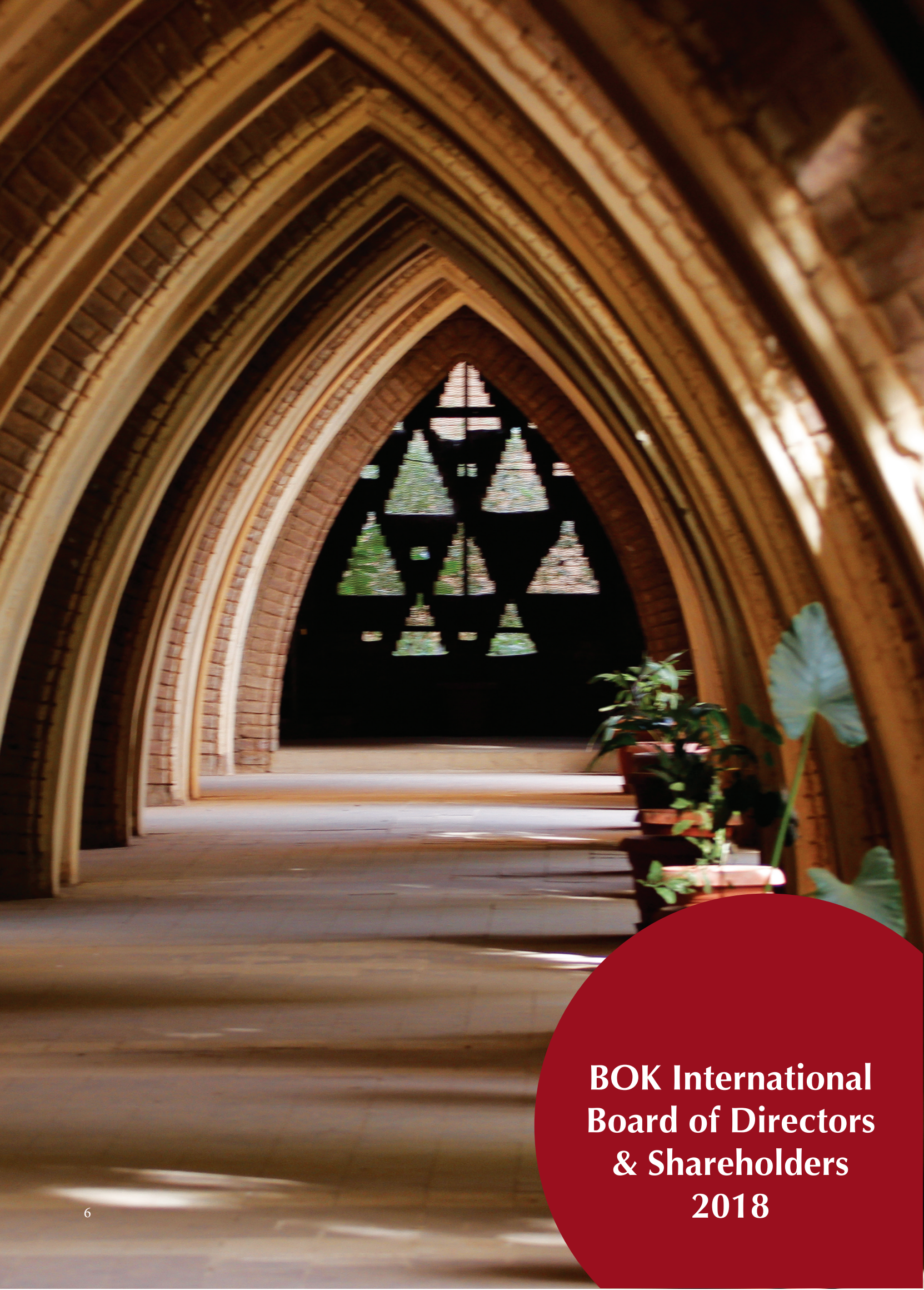




## Key Information

- **Full Islamic Banking License UAE**  
Issued by the Central Bank of UAE License Number 13/1080/2017  
Dated 23/08/2017
- **Trade License**  
Abu Dhabi Department of Economic Development Number: CN-2300923
- **Member of Central Bank of UAE Banking Systems**
  - Fund Transfer System (AED Clearing System)
  - Image Clearing Cheque System (AED Cheque Clearing System)
  - Direct Debit System (DDS)
  - Wages Protection System (WPS)
- **Member of UAE Union Banking Federation**
- **Foreign Account Tax Compliance Act (FATCA) -**  
Registered published at IRS under GIIN Number CSZP9B.99999.SL.784
- **US Tax Withholding & Reporting**  
W-8BEN-E – TIN Number 110004102500
- **Auditors**  
Ernst Young (EY) UAE
- **Shariah Board**  
Shariyah Review Bureau
- **SWIFT**  
BOKMAEADXXX





**BOK International  
Board of Directors  
& Shareholders  
2018**



# Board of Directors

**Mr. Mohamed Saeed Alsharif**  
Chairman



UAE

**Mr. Fadul Mohamed Khair**  
Deputy Chairman



Sudan

**Mr. Mohamed Elmurtada**  
Board Member



Sudan

**Mr. Salaheldin Abu Elnaja**  
Board Member



Sudan

**Mr. Jihad Alhussein**  
Board Member



Sudan

**Dr. Awadalkarim Mustafa**  
Board Member



Sudan

**Mr. Mohamed Ali Elshiekh**  
Board Member



Sudan

**Mr. Obaid Elshamsi**  
Board Member



UAE

**Mr. Mohamed Elnahdi**  
Board Member



UAE

**Mr. Muhammed Maqbool**  
Board Member

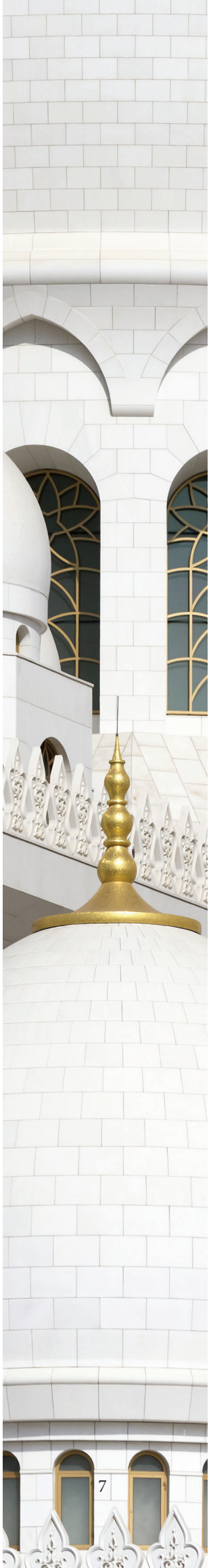


Pakistan

**Mr. Fadi Alfaqih**  
Group CEO

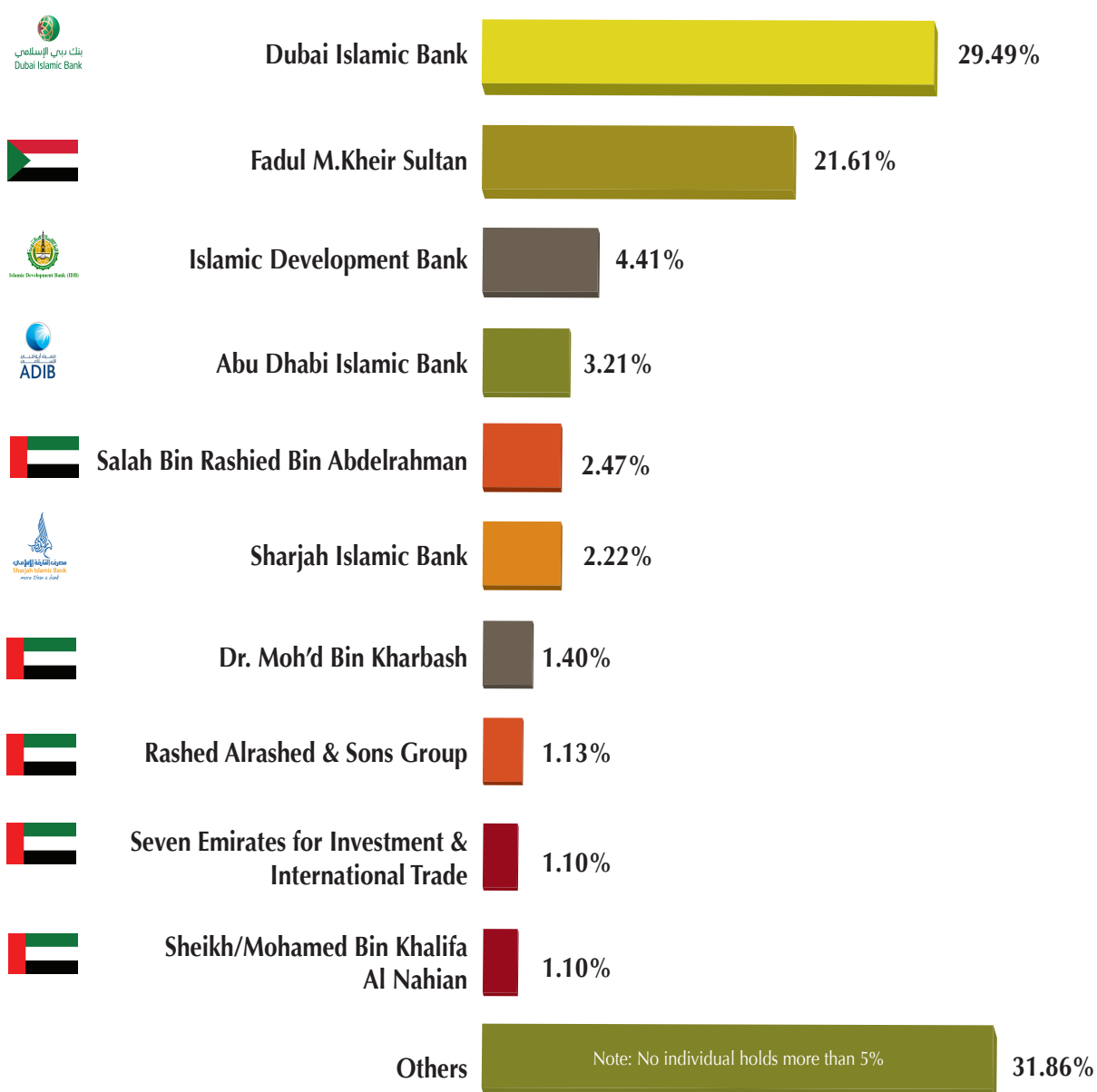


Jordan



# Bank of Khartoum

## Key Shareholders 2018







**BOK International  
Central Bank of the  
UAE License  
2018**





# مصرف الإمارات العربية المتحدة المركزي CENTRAL BANK OF THE U.A.E.

Date : 23/08/2017

التاريخ : 2017/08/23

Ref. : 13/1080/2017

الإشارة : 2017/1080/13

## (Main Branch License)

## (رخصة فرع رئيسي)

## (BOK International)

## (بي أو كي انترناشيونال)

The Bank, having undertaken to comply in every respect with the contents of Union Law No. (10) of 1980 concerning the Central Bank, the Monetary System and Organization of Banking, and Union Law No. (6) of 1985 regarding Islamic Banks, Islamic Financial Institutions and Islamic Investment Companies, is hereby licensed to conduct banking activities as a branch of a bank operating in accordance with Islamic Sharia Principles, incorporated outside the UAE, at the following address :-

بما أن البنك قد تعهد بالتقيد بكل ما نص عليه القانون الاتحادي رقم (10) لسنة 1980 في شأن المصرف المركزي والنظام النقدي وتنظيم المهنة المصرفية، والقانون الاتحادي رقم (6) لسنة 1985 في شأن المصارف والمؤسسات المالية والشركات الاستثمارية الإسلامية، فقد صرح له بموجب هذه الرخصة بممارسة النشاط المصرفي كفرع لبنك يعمل وفقاً لمبادئ الشريعة الإسلامية مؤسس خارج دولة الإمارات، وذلك في العنوان التالي :-

### **Ground & Mezzanine Floors**

### **الطابق الأرضي وطابق الميزانين**

### **Al Sahel Tower**

### **بناية الساحل**

### **Zayed The First Street, Al Khalidiya Area**

### **شارع زايد الأول، منطقة الخالدية**

### **Abu Dhabi**

### **أبوظبي**

This license is valid from above date until further notice.

تسري هذه الرخصة اعتباراً من تاريخه وحتى إشعار آخر.

سيف هادف الشامسي

مساعد المحافظ

لشؤون السياسة النقدية والرقابة على البنوك

Saif Hadeef Al Shamsi

Assistant Governor

Monetary Policy & Banking Supervision Affairs

SF

RFU/B55 LIC/HO





**BOK International  
Compliance  
Statement  
2018**





## Compliance Statement

BOK International UAE is an Islamic Bank (foreign branch) licensed by the Central Bank of The UAE License reference 13/1080/2017 dated 23/08/2017 and by Abu Dhabi Department of Economic Development under Trade License number CN-2300923. The Bank is located at Al Sahil Building, Zayed The First Street, Al Khalidiya, Abu Dhabi, UAE.

BOK International UAE has established a Risk, Legal and Compliance Department with the objective of ensuring all banking transactions and business is conducted in compliance with Central Bank's regulations and international legislations while guaranteeing best practices and Anti-Money Laundering and Combating Terrorist Financing are adopted.

BOK International UAE is committed to maintaining the highest standards of Compliance by fully complying with the laws and regulations of its regulator, the Central Bank of The UAE (CBUAE) and the regulations in all markets and jurisdictions in which it operates, including the AML and CTF international requirements. The policies are based on and not limited to:

### Central Bank of The UAE Regulations

- Circular No. 24/2000 "Regulations Concerning Procedures for Anti-Money Laundering" and all subsequent amendments/circulars
- Union Law No.10 of 1980 Concerning The UAE Central Bank, The Monetary System and Organisation of Banking and any subsequent amendments/circulars

### UAE Federal Law

- Law No. 4/2002 regarding Criminalization of Money Laundering
- Law No. 1/2004 Combating Terrorism Offences

### International Standards

- Financial Action Task Force (FATF) recommendations
- Wolfsberg Group Principles
- US Patriot Act Certificate
- Basel Committee recommendation on Banking supervision

The Board, Senior Management and all other staff of the Bank (parent bank and branches) endeavor to maintain and follow the highest standards of ethics and professional conduct at all times while carrying out the Bank's business activities. The Bank will not accept nor condone activities or behavior that will or might in any way, conflict with any of its core values and standards

### Governance Framework

The Head of Compliance (HOC) and the compliance team is entrusted by the Board of BOK Group and both the Group and Country CEOs to establish, implement and manage the bank wide AML, CTF and sanctions related policy and procedures. HOC is responsible to adherence to all applicable Financial Crime regulations and obligations and responsible for establishing and maintaining the AML program to identify, assess, manage, monitor and report the risks to Anti Financial Crimes at the Central Bank of UAE (CBUAE).

### Anti-Money Laundering (AML) and Countering of Terrorist Financing (CTF) Framework

BOK International UAE complies with applicable standards set out by the Central Bank of UAE's Anti-Money Laundering (AML) and Combating Terrorist Financing (CTF) practices in all markets and jurisdictions in which it operates including the UAE. It is a committed to complying with Laws and regulations related to anti-fraud, anti-bribery and corruption prevention as well.





In line with the Bank's AML and CTF framework, the Bank has also put in place and not limited to the below measures:

- AML/CTF Policy
- Customer On Boarding Policy
- Risk Based Approach
- Controls
- Sanctions policy
- Training Programs
- Anti-Bribery and Anti-Fraud Policy
- Record Retention Policy
- Independent Review – Internal and External audit

The Bank is committed to create value for its customers whilst meeting its statutory and regulatory obligations. It includes maintaining a best practice AML, fraud and corruption prevention culture. BOK International UAE staff are provided with training and communication in ethics and compliance, including anti-money laundering awareness, anti-fraud, bribery and corruption prevention, to understand their responsibilities and obligations in observing and maintaining high standards of integrity in all business dealings.

A proactive AML structure is in place to ensure group-wide compliance including AML/CTF procedures. This structure consists of the Group Head of Compliance, overseas branch Head of Compliance, MLROs, Deputy MLROs, and Compliance Officers. The Bank also maintains systems to ensure that business relationships are commenced with clients whose identity and activities can reasonably be established to be legitimate, to collect and record all relevant client information and to monitor and report suspicious transactions. This is reflective in the detailed and careful client on-boarding process that the bank follows. The Bank's core values and standards, governance and risk management frameworks, and controls work together to prevent, detect and respond to potential or actual fraudulent or corrupt conduct. The Bank also has in place records retention procedures to reflect regulatory requirements.

### **Customer On-Boarding/KYC Policy**

BOK International UAE has a very high standard of customer on-boarding policy with regard to on-boarding clients. The bank will refuse to open an account / enter into a relationship / terminate accounts / relationships, if there is any doubts about ownership, source of funds of customers, if the customer is connected in any way to terrorist/criminal organizations or listed on any sanction or black lists.

### **Record Retention**

BOK International UAE has a comprehensive record and retention / archival policy which is strictly followed and is as per the guidelines set out by the Central Bank of The UAE (CBUAE).

### **Compliance with FACTA**

The Foreign Account Tax Compliance Act (FATCA) is a United States (US) law that was introduced by the United States Department of Treasury (Treasury) and the US Internal Revenue Service (IRS) aimed at foreign financial institutions (FFIs) and other financial intermediaries, to encourage better tax compliance by preventing US Persons from using Banks and other Financial Organizations to avoid US taxation on their income and assets through use of offshore accounts. The IRS has set up a framework to collect on a periodic basis from non-US financial institutions information relating to foreign income and assets held by US taxpayers outside the US. This regulation requires financial institutions to put in place procedures to identify their US clients. Otherwise, they will be subject to a 30% withholding tax for all financial flows from a US source or from the US that they receive on their behalf or on behalf of their customers.



BOK International UAE has registered as a foreign financial institution (Deemed-Compliant Financial Institution) with the US's Internal Revenue Service, and obtained a Global Intermediary Identification Number (GIIN). BOK International's parent Bank of Khartoum is registered as an FFI with the IRS and has obtained a separate GIIN.

BOK International UAE is committed to comply with FATCA laws and regulations and intends to meet all obligations imposed under FATCA. BOK International UAE participates to comply with the Central Bank of The UAE to meet the objectives of Foreign Account Tax Compliance Act (FATCA).

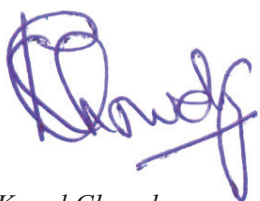
### **Compliance with Common Reporting Standards (CRS) and Global Account Tax Compliance (GATCA)**

Many governments around the world are looking at ways in which they can exchange information in order to fight tax evasion and protect the integrity of the tax systems. This has resulted in the development by the Organisation for Economic Co-Operation and Development (the OECD) of a system for the automatic exchange of information between member states relating to tax payers within the OECD. This system is commonly referred to as the 'Common Reporting Standard'. Many governments within the OECD have adopted the Common Reporting Standard under new local law.

These local laws will mean that from the beginning of January 2017, governments require all banks and other financial institutions to ask customers for information with a view to determining where they are resident for tax purposes.

BOK International UAE is complying with the CRS/GATCA directives that have been introduced by the OECD and complies with the CRS/GATCA directives which the Central Bank of The UAE has issued to all banks on complying with CRS/GATCA. BOK International UAE is committed to protecting the integrity of tax systems and preventing financial crime of all types and will fully comply with these new laws.

Should you have any queries related to your personal tax matters, we suggest that you consult a professional tax advisor, as BOK International UAE is not authorized to provide you with any tax advice.



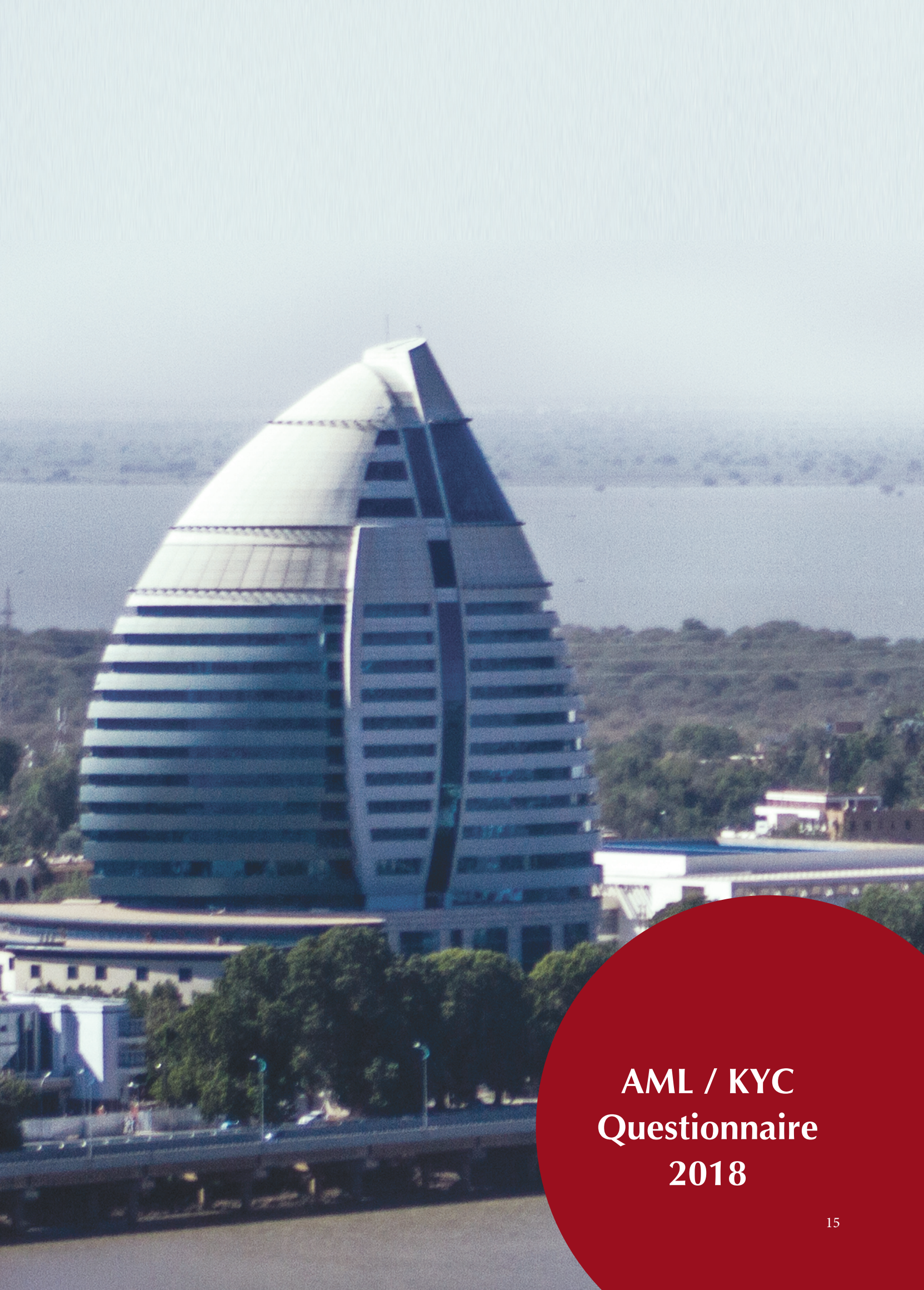
*Kunal Chowdry*

*Country Chief Compliance Officer, MLRO and Head of Legal*

*1 March 2018*







**AML / KYC  
Questionnaire  
2018**





**BOK**  
International Bank



بنك  
بي او كي  
إنترناسيونال



# **Anti Money Laundering/KYC and Counter Terrorist Financing**

## **Information & Questionnaire**

**March 2018**

## AML/KYC QUESTIONNAIRE

### Corporate Information

1.	<b>Legal name of the institution:</b> <i>BOK International</i>
2.	<b>Principal place of business (Address)</b> <i>Al Sahil Building, Zayed The First Street, Khalidiya, Abu Dhabi, UAE</i> <i>PO Box 42253, Khalidiya, Abu Dhabi, UAE</i>
3.	<b>Head Office Physical Address (if different from the above)</b> <i>Bank of Khartoum, Gamhoria Street and Qaser Street Intersection, Khartoum, Sudan</i>
4.	<b>Name of the External Auditors</b> <i>Ernst &amp; Young (EY), Abu Dhabi, UAE</i>
5.	<b>Date of Establishment</b> <i>BOKI UAE Licensed by the Central Bank of UAE on 23 August 2017</i> <i>Bank Of Khartoum (HQ) 1913 Licensed by Central Bank of Sudan</i>
6.	<b>Please provide principal type of banking (business) activities of your institution:</b> <i>Full Islamic Banking License</i>
7.	<b>Are you a publicly traded Company? If yes, which stock exchange(s) is your institution listed on? Please include your institution's trading name</b> <i>BOK International                      No</i> <i>BOK (HQ)                                  Yes      Sudan Stock Exchange</i>
8.	<b>Name of Subsidiaries / Affiliates (if any)</b> <i>None</i>
9.	<b>Name of the regulatory body(s)?</b> <i>Central Bank of UAE - CBUAE</i>





	<b>Name of Supervisory body (if other than above)</b> <i>As Above</i>
<b>12.</b>	<b>Please provide details of the designated Compliance officer / MLRO, responsible for coordinating &amp; overseeing the AML program on a day to day basis, on the format given below.</b>
	<b>NAME:</b> KUNAL CHOWDRY
	<b>TITLE:</b> Country Chief Compliance Officer, MLRO and Head of Legal
	<b>ADDRESS:</b> Al Sahil Building, Zayed The First Street, Khalidiya, Abu Dhabi, UAE Postal: PO Box: 42253, Khalidiya, Abu Dhabi UAE
	<b>TELEPHONE NO:</b> +971506847623
	<b>EMAIL:</b> kunal.chowdry@bokintl.ae

### Section I. AML Policies, Practice, & Procedure

<b>1.</b>	Has your country established laws designed to prevent Money Laundering and is your institution subject to such laws?	<b>YES</b>
<b>2.</b>	Are you in compliance with anti-money laundering regulations?	<b>YES</b>
<b>3.</b>	Has you H.Q. maintained a place of business that is located at affixed address in the country in which your H.Q. is authorized to conduct business?	<b>YES</b>
<b>4.</b>	Do you follow the guidelines for “know your customer, and accept your customer” policies?	<b>YES</b>
<b>5.</b>	Has your institution established written policies designed to combat money laundering? (“Yes”, please provide any written material outlining such policies)?	<b>YES</b>
<b>6.</b>	Has your institution established written internal procedures and control to implement anti-money laundering policies?	<b>YES</b>
<b>7.</b>	Does your institution have an established employee training program to teach employees about money laundering and to assist them in identifying any suspicious activities?	<b>YES</b>
<b>8.</b>	Does your institution have an established audit and compliance review function to test the adequacy of anti- money laundering policies and procedures?	<b>YES</b>
<b>9.</b>	Are the anti-money laundering policies applicable to your head office also applied to your foreign branches and majority owned subsidiaries? (If “No”, please explain the basic nature of your anti-money laundering arrangement)	<b>YES</b>
<b>10.</b>	Is there an established method at your institution for reporting suspicious activities and transaction to the appropriate authorities?	<b>YES</b>
<b>11.</b>	Does your institution have a written policy to ensure that reasonable measures are taken to obtain information about the true identity of customers so as to ensure legitimate activities?	<b>YES</b>
<b>12.</b>	Does you institution maintain records on customer identification, account files and correspondence for a specified period of time and cooperate with local authorities so as to permit investigation of suspicious activities as well as provide, if necessary, evidence for prosecution of criminal behavior?	<b>YES</b>

13.	Does your institution have a policy of protecting employees if they report, in good faith, any suspicious activity?	<b>YES</b>
14.	If your institution does not have a written policy at this time, do you plan to develop written policies? (IF “yes”, please indicate the expected completion date for your policies)	<b>N/A</b>
15.	Does your institution have a policy of not opening accounts for a bank that does not have a physical presence in any country, (i.e. a foreign shell bank)?	<b>YES</b>
16.	It is the policy of your bank to only process transfers received from other banks in the name, account number and address of the originator of the transfer are noted on the instructions received. When remitting funds do you also provide the same information other banks?	<b>YES</b>

## Section II. Know Your Customer, Due-Diligence/Enhanced Due Diligence

17.	Does your institution conduct due-diligence of its customers including their ownership structure on an on-going basis?	<b>YES</b>
18.	Has your institution implemented systems for the identification of its customers including customer information, in case of recorded transactions, account opening etc. ( <i>e.g. name, nationality, street address, telephone number, occupation, age, date of birth, type and number of valid identification, as well as the name of the country/state that issued it</i> )?	<b>YES</b>
19.	Does your institution have procedures to obtain record for each customer regarding their respective identification documents, Know Your Customer data at the time of account opening?	<b>YES</b>
20.	Does your institution provide anonymous accounts, or numbered accounts for which you do not collect the full details of the beneficial owner?  If yes, How does your institution know who the ultimate beneficial owner of the account is?	<b>NO</b>
21.	Does your institution have a requirement to collect information regarding your customer’s business activities/source of funds?	<b>YES</b>
22.	Does your institution take steps to understand the normal and expected transactions of its customers based on its profile/ line of business?	<b>YES</b>

## Section III. Transactions Monitoring, Risk Assessment & Reporting

23.	Does your institution have a monitoring program for suspicious or unusual activity that covers funds transfer and monetary instruments ( <i>such as traveler cheques, money orders, etc?</i> )	<b>YES</b>
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24.	Does your institution filter payments against relevant sanction lists?	<b>YES</b>
25.	Have your Bank established any, procedures regarding an on going monitoring of activities conducted through customer accounts.	<b>YES</b>
26.	Does your Bank have a risk focused assessment of its customer base and their transactions?	<b>YES</b>
27.	Does your bank have monitoring procedures for large cash transaction?	<b>YES</b>
28.	Does your institution have policy or practice for the identification and reporting of transactions that is required to be reported to the relevant authority?	<b>YES</b>
29.	Does your bank have procedures to report suspicious activity to competent government authorities consistent with local laws, and regulations or to identify transactions structured to avoid large cash reporting requirement.	<b>YES</b>
30.	Does your institution screen transactions for customers or transactions you deem to be of significantly heightened risk ( <i>which may include persons, entities or countries appearing on lists issued by government/international bodies</i> ) that special attention to such customers or transactions is necessary prior to completing any such transactions.	<b>YES</b>

#### Section IV. Risk Assessment

31.	Does your institution have a risk focused assessment of its customer base and transactions of its customers?	<b>YES</b>
32.	Does your institution determine the appropriate level of enhanced due diligence necessary for those categories of customers and transactions that has reason to believe pose a heightened risk of illicit activities at or through the institution?	<b>YES</b>
33.	Do you have Customers who are: i. High Net Worth Individuals (net worth exceeding USD \$10,000,000) served by a dedicated private banking or similar unit ii. Politically Exposed Persons (PEPs) iii. Money transmission services which are not licensed or authorised by a regulatory or governmental body iv. Shell companies	<b>NO</b> <b>YES (Few)</b> <b>NO</b> <b>NO</b>

#### Section V. Correspondent Banking Relationship

34.	Does your institution have a policy to reasonably ensure that it only deals with correspondent banks that hold license to operate in their respective country or origin?	<b>YES</b>
35.	Does your institution as a policy obtain sufficient information to gain an understanding of your correspondents business, reputation and regulatory history?	<b>YES</b>
36.	Are all new correspondent relationships approved by the Senior Management of your institution?	<b>YES</b>
37.	Does your institution obtain and assess your correspondent's AML policies, and / or information regarding related SOPs or practices.	<b>YES</b>
38.	Does your institution offer "Payable Through Accounts" or any other related product allowing transactions which can transact through nostro and vostro accounts?	<b>NO</b>
39.	Does your bank establish correspondent banking relationship with, i) A Shell Bank ( <i>A shell bank is defined as a bank incorporated in a jurisdiction in which it has no physical presence and which is unaffiliated with a financial group</i> ).	<b>NO</b>



	ii) A Bank that maintains business relationship with terrorist suspects designated by any government, regulatory body, inter-governmental body of United Nations.	
40.	Has your Bank established, procedures regarding on going monitoring of activities conducted through correspondent accounts.	<b>YES</b>
41.	Does your institution have policies to reasonably ensure that your correspondent banks will not conduct transactions on behalf of Shell banks?	<b>YES</b>

## Section VI. Wire Transactions

42.	Does the institution have policies and procedures for the identification and reporting of transactions that are required to be reported to the regulatory authorities (e.g. transactions exceeding certain thresholds, suspicious and unusual transactions, etc)?	<b>YES</b>
43.	Where cash transaction reporting is mandatory, does the institution have procedures to identify transactions structured to avoid such obligations?	<b>YES</b>
44.	Does the institution screen customers and transactions against lists of persons, entities or countries issued by government/competent authorities such as UN; FATF; OFAC; EU; UKHMT & Interpol etc?	<b>YES</b>
45.	Does your institution accept wire transfers or any other means of funds transfer on behalf of non-customers without obtaining proof of identification?	<b>NO</b>

## Section VII. AML Training

46.	Does your institution provide AML training to relevant employees that include identification and reporting of transactions to government authorities, examples of different form of money laundering involving your products and services and internal policies to prevent money laundering?	<b>YES</b>
47.	Does your institution retain records of its training sessions including attendance records and relevant training materials used?	<b>YES</b>
48.	Does your institution have policies to communicate new AML related laws or changes to existing AML, related policies or practices to relevant employees?	<b>YES</b>
49.	<p>Does your institution employ agents to carry out some of the functions of your institution and provide AML training to the relevant agents that include identification and reporting of transactions that must be reported to relevant Government authorities, i.e. various forms of money laundering involving institutions products and services and internal policies to prevent money laundering?</p> <p>If yes, then do you provide AML training to relevant third parties that includes:</p> <ul style="list-style-type: none"> <li>• Identification and reporting of transactions that must be reported to government authorities;</li> <li>• Examples of different forms of money laundering involving the organization products and services;</li> <li>• Internal policies to prevent money laundering?</li> </ul>	<b>NO</b>





## Section VIII. Foreign Account Tax Compliance Act ( FATCA )

50.	Is the financial institution FATCA Compliant?	<b>YES</b>
51.	If Compliant, please provide Global Intermediary Identification Number (GIIN)? GIIN: CSZP9B.99999.SL.784	<b>YES</b>
52.	Please provide the contact details of the FATCA responsible person FATCA Responsible Person Name: KUNAL CHOWDRY Title: Country Chief Compliance Officer, MLRO and Head of Legal Telephone: +971506847623 / +97123041736 Email: kunal.chowdry@bokintl.ae	<b>YES</b>

I, the undersigned confirm that the details provided in this questionnaire on behalf of BOK International UAE, is current and accurate and reflects the institution's KYC and AML/CTF Policies and controls.

Name: Kunal Chowdry

Title: Country Chief Compliance Officer, MLRO and Head of Legal

Phone: +971506847623 / +97123041736.

Email: kunal.chowdry@bokintl.ae

Date: 1 March 2018







**BOK Wolfsberg  
Certificate  
2018**



<b>Financial Institution Name:</b>	<b>BOK International</b>
<b>Location:</b>	<b>Abu Dhabi, UAE</b>

*This questionnaire acts as an aid to firms conducting due diligence and should not be relied on exclusively or excessively. Firms may use this questionnaire alongside their own policies and procedures in order to provide a basis for conducting client due diligence in a manner consistent with the risk profile presented by the client. The responsibility for ensuring adequate due diligence, which may include independent verification or follow up of the answers and documents provided, remains the responsibility of the firm using the questionnaire.*

<b>Anti-Money Laundering Questionnaire</b>			
If you answer “no” to any question, additional information can be supplied at the end of the questionnaire.			
<b>I. General / AML Policies, Practices and Procedures :</b>		<b>Yes</b>	<b>No</b>
1.	Is the AML compliance program approved by the FI’s board or a senior committee?	✓	
2.	Does the FI have a legal and regulatory compliance program that includes a designated officer that is responsible for coordinating and overseeing the AML framework?	✓	
3.	Has the FI developed written policies documenting the processes that they have in place to prevent, detect and report suspicious transactions?	✓	
4.	In addition to Inspections by the government supervisors/regulators, does the FI client have an Internet audit function or other independent third party that assesses AML policies and practices on a regular basis?	✓	
5.	Does the FI have a policy prohibiting accounts/relationships with shell banks? (A shell bank is defined as a bank incorporated in a jurisdiction in which it has no physical presence and which is unaffiliated with a regulated financial group.)	✓	
6.	Does the FI have policies to reasonably ensure that they will not conduct transactions with or on behalf of shell banks through any of its accounts or products?	✓	
7.	Does the FI have policies covering relationships with Politically Exposed Persons (PEP’s), their family and close associates?	✓	
8.	Does the FI have record retention procedures that comply with applicable law?	✓	
9.	Are the FI’s AML policies and practices being applied to all branches and subsidiaries of the FI both in the home country and in locations outside of that jurisdiction?	✓	

The Wolfsberg Group consists of the following leading International financial institutions: Banco Santander, Bank of America, Bank of Tokyo-Mitsubishi UFJ, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase, Société Générale, Standard Chartered and UBS which aim to develop frameworks and guidance for the management of financial crime risks particularly with respect to Know Your Customer, Anti-Money Laundering and Counter Terrorist Financing policies.

<b>II. Risk Assessment:</b>		<b>Yes</b>	<b>No</b>
10.	Does the FI have a risk-based assessment of its customer base and their transactions?	✓	
11.	Does the FI determine the appropriate level of enhanced due diligence necessary for those categories of customers and transactions that the FI has reason to believe pose a heightened risk of illicit activities at or through the FI?	✓	
<b>III. Know Your Customer, Due Diligence and Enhanced Due Diligence:</b>		<b>Yes</b>	<b>No</b>
12.	Has the FI implemented processes for the identification of those customers on whose behalf it maintains or operates accounts or conducts transactions?	✓	
13.	Does the FI have a requirement to collect information regarding its customers' business activities?	✓	
14.	Does the FI assess its FI customers' AML policies or practices?	✓	
15.	Does the FI have a process to review and, where appropriate, update customer information relating to high risk client information?	✓	
16.	Does the FI have procedures to establish a record for each new customer noting their respective identification documents and 'Know Your Customer' information?	✓	
17.	Does the FI complete a risk-based assessment to understand the normal and expected transactions of its customers?	✓	
<b>IV. Reportable Transactions and Prevention and Detection of Transactions with Illegally Obtained Funds:</b>		<b>Yes</b>	<b>No</b>
18.	Does the FI have policies or practices for the identification and reporting of transactions that are required to be reported to the authorities?	✓	
19.	Where cash transaction reporting is mandatory, does the FI have procedures to identify transactions structured to avoid such obligations?	✓	
20.	Does the FI screen customers and transactions against list of persons, entities or countries issued by government/competent authorities?	✓	
21.	Does the FI have policies to reasonably ensure that it only operates with correspondent banks that possess licenses to operate in their countries of origin?	✓	
22.	Does the FI adhere to the Wolfsberg Transparency Principles and the appropriate usage of the SWIFT MT 202/202COV and MT 205/205COV message formats? <sup>1</sup>	✓	
<b>V. Transaction Monitoring:</b>		<b>Yes</b>	<b>No</b>
23.	Does the FI have a monitoring program for unusual and potentially suspicious activity that covers funds transfers and monetary instruments such as travelers checks, money orders, etc?	✓	

<sup>1</sup> The four payment message standards to be observed are: i) FIs should not omit, delete, or alter information in payment messages or orders for the purpose of avoiding detection of that information by any other FI in the payment process; ii) FIs should not use any particular payment message for the purpose of avoiding detection of information by any other FI in the payment process; iii) Subject to applicable laws, FIs should cooperate as fully as practicable with other FIs in the payment process when requesting to provide information about the parties involved; and (iv) FIs should strongly encourage their correspondent banks to observe these principles. Source: [http://www.wolfsberg-principles.com/pdf/standards/Wolfsberg NYCH Statement on Payment Message Standards 2007\).pdf](http://www.wolfsberg-principles.com/pdf/standards/Wolfsberg%20NYCH%20Statement%20on%20Payment%20Message%20Standards%202007).pdf)

**The Wolfsberg Group consists of the following leading International financial institutions: Banco Santander, Bank of America, Bank of Tokyo-Mitsubishi UFJ, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase, Société Générale, Standard Chartered and UBS which aim to develop frameworks and guidance for the management of financial crime risks particularly with respect to Know Your Customer, Anti-Money Laundering and Counter Terrorist Financing policies.**



VI. AML Training		Yes	No
24.	Does the FI provide AML training to relevant employees that includes: <ul style="list-style-type: none"><li>• Identification and reporting of transactions that must be reported to government authorities</li><li>• Examples of different forms of money laundering involving the FI's products and services.</li><li>• Internal policies to prevent money laundering.</li></ul>	✓	
25.	Does the FI retain records of its training sessions including attendance records and relevant training materials used?	✓	
26.	Does the FI communicate new AML related laws or changes to existing AML related policies or practices to relevant employees?	✓	
27.	Does the FI employ third parties to carry out some of the functions of the FI?		✓
28.	If the answer to question 27 is yes, does the FI provide AML training to relevant third parties that includes: <ul style="list-style-type: none"><li>• Identification and reporting of transactions that must be reported to government authorities</li><li>• Examples of different forms of money laundering involving the FI's products and services.</li><li>Internal policies to prevent money laundering.</li></ul>	✓	N/A

Space for additional information:  
(Please indicate which question the information is referring to.)

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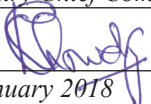
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Name:	KUNAL CHOWDRY
Title:	Country Chief Compliance Officer, MLRO & Head of Legal
Signature	
Date:	4 January 2018

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**BOK International  
USA Patriot Act  
2018**



# CERTIFICATION REGARDING CORRESPONDENT ACCOUNTS FOR FOREIGN BANKS

## [OMB CONTROL NUMBER 1506-0043]

*The information contained in this Certification is sought pursuant to Sections 5318(j) and 5318(k) of Title 31 of the United State Code, as added by sections 313 and 319(b) of the USA PATRIOT Act of 2001 (Public Law 107-56).*

This Certification should be completed by any **foreign bank** that maintains a **correspondent account** with any U.S. bank or broker-dealer in securities (**a covered financial institution** as defined in 31 CFR 1010.605 (e)). An entity that is not a foreign bank is not required to complete this Certification.

A **Foreign bank** is a bank organized under foreign law and located outside of the United States (see definition at 31 CFR 1010.100(u)). A **bank** includes offices, branches, and agencies of commercial banks or trust companies, private banks, national banks, thrift institutions, credit unions, and other organizations chartered under banking laws and supervised by banking supervisors of any state (see definition at 31 CFR 1010.100(d)).<sup>1</sup>

A **correspondent account** for a foreign bank is any account to receive deposits from, make payments or other disbursements on behalf of a foreign bank, or handle other financial transactions related to the foreign bank.

*Special instructions for foreign branches of U.S. banks:* A branch or office of a U.S. bank outside the United State is a foreign bank. Such a branch or office is not required to complete this Certification with respect to Correspondent Accounts with U.S. branches and offices of the same U.S. bank.

*Special Instructions for covering multiple branches on a single Certification:* A foreign bank may complete one Certification for its branches and offices outside the United States. The Certification must list all of the branches and offices that are covered and must include the information required in Part C for **each** branch or office that maintains a Correspondent Account with a Covered Financial Institution. Use attachment sheets as necessary.

A. The undersigned financial institution, **BOK International** hereby certifies as follows:

---

<sup>1</sup>A “foreign bank” does not include any foreign central bank or monetary authority that functions as a central bank, or any international financial institution or regional development bank formed by treaty or international agreement.

**B. Correspondent Accounts Covered by this Certification:** Check one box.

☒ This Certification applies to **all** accounts established for Foreign Bank by Covered Financial Institutions.

☐ This Certification applies to Correspondent Accounts established by \_\_\_\_\_ (name of Covered Financial Institution(s) for Foreign Bank.

**C. Physical Presence/Regulated Affiliate Status:** Check one box and complete the blanks.

☒ Foreign Banks maintains a **physical presence** in any country. That means:

- Foreign Bank has a place of business at the following street address: Al Sahil Building, Zayed The First Street, Khalidiya, Abu Dhabi, UAE where Foreign Bank employs one or more individuals on a full-time basis and maintains operating records related to its banking activities.
- The above address is in Abu Dhabi, UAE (insert country), where Foreign Bank is authorized to conduct banking activities.
- Foreign Bank is subject to inspection by Central Bank of UAE (insert Banking Authority), the banking authority that licensed Foreign Bank to conduct banking activities.

☐ Foreign Banks does not have a physical presence in any country, but Foreign Bank is a **regulated affiliate**. That means:

- Foreign Bank is an affiliate of a depository institution, credit union, or a foreign bank that maintains a physical presence at the following street address: \_\_\_\_\_, where it employs one or more persons on a full-time basis and maintains operating records related to its banking activities.
- The above address is in \_\_\_\_\_ (insert country), where the depository institution, credit union, or foreign bank is authorized to conduct banking activities.
- Foreign Bank is subject to supervision by \_\_\_\_\_, (insert Banking Authority), the same banking authority that regulates the depository institution, credit union, or foreign bank.

☐ Foreign Banks does not have a physical presence in a country and is **not** a regulated affiliate.

**D. Indirect Use of Correspondent Accounts:** Check box to certify.

☒ No Correspondent Account maintained by a Covered Financial Institution may be used to indirectly provide banking services to certain foreign banks. Foreign Banks hereby certifies that it does **not** use



any Correspondent Account with a Covered Financial Institution to indirectly provide banking services to any foreign bank that does not maintain a physical presence in any country and that is not a regulated affiliate.

E. **Ownership Information:** Check box 1 or 2 below, **if applicable.**

- ☐ 1. **Form FR Y-7 is on file.** Foreign Bank has filed with the Federal Reserve Board a current Form FR Y-7 and has disclosed its ownership information on Item 4 of Form FR Y-7.
- ☒ 2. **Foreign Bank’s shares are publicly traded.** Publicly traded means that the shares are traded on an exchange or an organized over-the-counter market that is regulated by a foreign securities authority as defined in section3(a)(50) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(50)).

If **neither** box 1 or 2 of Part E is checked, complete Item 3 below, **if applicable.**

- ☐ 3. Foreign Bank has no **owner(s)** except as set forth below. For purposes of this Certification, **owner** means any person who, directly or indirectly, (a) owns, controls, or has power to vote 25 percent or more of any class of voting securities or other voting interests of Foreign Bank; or (b) controls in any manner the election of a majority of the directors (or individuals exercising similar functions) of Foreign Bank. For purposes of this Certification, (i) **person** means any individual, bank, corporation, partnership, limited liability company or any other legal entity; (ii) **voting securities or other voting interests** means securities or other interests that entitle the holder to vote for or select directors (or individuals exercising similar functions); and (iii) members of the same family <sup>2</sup> shall be considered one **person**.

Name	Address

<sup>2</sup>The same family means parents, spouses, children siblings, uncles, aunts, grandparents, grandchildren, first cousins, stepchildren, stepsiblings, parents-in-law and spouses of any of the foregoing. In determining the ownership interest of the same family, any voting interest of any family member shall be taken into account.

**F. Process Agent:** complete the following.

The following individual or entity: Squire Patton Boggs (US) LLP is a resident of the United States at the following street address: 2550 M Street NW, Washington, DC 20037, **and** is authorized to accept service of legal process on behalf of Foreign Bank from the Secretary of the Treasury or the Attorney General of the United States pursuant to Section 5318(k) of title 31, United States Code.

**G. General**

Foreign Bank hereby agrees to notify in writing each Covered Financial Institution at which it maintains any Correspondent Account of any change in facts or circumstances reported in this Certification. Notification shall be given within 30 calendar days of such change.

Foreign Bank understands that each Covered Financial Institution at which it maintains a Correspondent Account may provide a copy of this Certification to the Secretary of the Treasury and the Attorney General of the United States. Foreign Bank further understands that the statements contained in this Certification may be transmitted to one or more departments or agencies of the United States of America for the purpose of fulfilling such departments' and agencies' governmental functions.

I, KUNAL CHOWDRY (name of signatory) certify that **I** have read and understand this Certification, that the statements made in this Certification are complete and correct, and that I am authorized to execute this Certification on behalf of Foreign Bank.

***BOK International***



***Kunal Chowdry***  
***Country Chief Compliance Officer, MLRO & Head of Legal***  
***Executed on this 4 day of January 2018***



***Received & Reviewed by:***



***Akram Elbaloula***  
***Country CEO***  
***BOK International***  
***UAE***





**FATCA  
2017**



Account Information

Responsible Officer *KUNAL CHOWDRY*  
POC Name  
Legal Name of FI *BOK INTERNATIONAL*  
FI Type *Single*  
FATCA ID *CSZP9B*  
GIIN *CSZ9B.99999.SL.784*  
Account Status *Approved*  
Effective Date *10/03/2017*

Next Steps

- If changes are needed, go to Registration - Edit or Change FI Type.
- Monitor email and message board for account updates.
- Your FI agreement has been approved. Periodic certifications are required by the FATCA regulations. You will be notified when you need to certify.

Available Account Options:

[Registration - Edit - Start from My Information \(Part 1\)](#)

[Agreement - Cancel](#)

[Challenge Questions - Edit/Review](#)

[Access Code - Change](#)

[Print Registration Information \(PDF\)](#)

[Download Registration Tables](#)

[Change FI Type](#)

Message Board

3 items, displaying all items

Check all	Date	Type	Message
<input type="checkbox"/>			
<input type="checkbox"/>	10/3/2017	Information	<a href="#">Approved</a>
<input type="checkbox"/>	10/3/2017	Information	<a href="#">Registration Submission successful</a>
<input type="checkbox"/>	10/3/2017	Information	<a href="#">Account Credited</a>

[Delete](#)

Your Information



## Edit/Review Part 1

- 1) Financial Institution Type:  
*Single (not a member of an Expanded Affiliated Group)*
- 2) Legal Name of the Financial Institution: \*  
*BOK INTERNATIONAL*
- 3A) What is the Financial Institution's country/jurisdiction of residence for tax purposes? \*  
*United Arab Emirates*
- 4) Select the Financial Institution's FATCA classification in its country/jurisdiction of tax residence \*  
*Registered Deemed-Compliant Financial institution (including a Reporting Financial Institution under a Model 1/GA)*
- 5) Mailing Address of Financial Institution: \*  
*United Arab Emirates  
Ground Floor and Mezannine Floors  
Al Sahil Tower, Zayed The First Street,  
Al Khalidiya Area,  
ABU DHABI, UAE*
- 6) Indicate whether the Financial Institution has in effect a withholding agreement with the IRS to be treated as one of the following: \*  
*Not applicable*
- 7) Does the Financial Institution maintain a branch in a jurisdiction outside of its country/jurisdiction of tax residence? \*  
*No*
- 10) Provide information about the Responsible Officer (RO) for the Financial Institution: \*  
*HEAD OF LEGAL & COMPLAINT  
KUNAL CHOWDRY  
United Arab Emirates  
Ground and Mezannine Floors, Al Sahil Tower,  
Zayed The First Street, Al Khalidiya,  
Abu Dhabi, UAE  
971 506847623  
kunal.chowdry@bokintl.ae*
- 11A) The Financial Institution's RO will be a point of contact (POC) for the Financial Institution. In addition, the RO of a Financial Institution registering as a Lead of all or part of an Expanded Affiliated Group will be a POC for each Member of that group.
- Does the RO or an Authorizing individual wish to designate one or more additional POCs for the Financial Institution? \*  
*No*

[Edit/Review Part 1](#)[Next](#)



**Tax Withholding  
and Reporting  
W-8BEN-E  
2018**



Form **W-8BEN-E**

(Rev. July 2017)

Department of the Treasury  
Internal Revenue Service**Certificate of Status of Beneficial Owner for  
United States Tax Withholding and Reporting (Entities)**

► For use by entities. Individuals must use Form W-8BEN. ► Section references are to the Internal Revenue Code.

► Go to [www.irs.gov/FormW8BENE](http://www.irs.gov/FormW8BENE) for instructions and the latest information.

► Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

**Do NOT use this form for:**

- U.S. entity or U.S. citizen or resident . . . . . W-9
- A foreign individual . . . . . W-8BEN (Individual) or Form 8233
- A foreign individual or entity claiming that income is effectively connected with the conduct of trade or business within the U.S. (unless claiming treaty benefits) . . . . . W-8ECI
- A foreign partnership, a foreign simple trust, or a foreign grantor trust (unless claiming treaty benefits) (see instructions for exceptions) . . . W-8IMY
- A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession claiming that income is effectively connected U.S. income or that is claiming the applicability of section(s) 115(2), 501(c), 892, 895, or 1443(b) (unless claiming treaty benefits) (see instructions for other exceptions) . . . . . W-8ECI or W-8EXP
- Any person acting as an intermediary (including a qualified intermediary acting as a qualified derivatives dealer) . . . . . W-8IMY

**Instead use Form:****Part I Identification of Beneficial Owner**

<b>1</b> Name of organization that is the beneficial owner <b>BOK International</b>	<b>2</b> Country of incorporation or organization <b>United Arab Emirates – Abu Dhabi</b>
--	--

**3** Name of disregarded entity receiving the payment (if applicable, see instructions)

<b>4</b> Chapter 3 Status (entity type) (Must check one box only): <input type="checkbox"/> Simple trust <input type="checkbox"/> Central Bank of Issue	<input type="checkbox"/> Grantor trust <input type="checkbox"/> Tax-exempt organization	<input type="checkbox"/> Corporation <input type="checkbox"/> Complex trust <input type="checkbox"/> Private foundation	<input type="checkbox"/> Disregarded entity <input type="checkbox"/> Estate <input type="checkbox"/> International organization	<input type="checkbox"/> Partnership <input type="checkbox"/> Government
---	--	---	---	---

If you entered disregarded entity, partnership, simple trust, or grantor trust above, is the entity a hybrid making a treaty claim? If "Yes" complete Part III. ☐ Yes ☐ No

- |  |   |
|--|---|
| <b>5</b> Chapter 4 Status (FATCA status) (See instructions for details and complete the certification below for the entity's applicable status.)<br><input type="checkbox"/> Nonparticipating FFI (including an FFI related to a Reporting IGA FFI other than a deemed-compliant FFI, participating FFI, or exempt beneficial owner).<br><input type="checkbox"/> Participating FFI.<br><input checked="" type="checkbox"/> Reporting Model 1 FFI.<br><input type="checkbox"/> Reporting Model 2 FFI.<br><input type="checkbox"/> Registered deemed-compliant FFI (other than a reporting Model 1 FFI, sponsored FFI, or nonreporting IGA FFI covered in Part XII). See instructions.<br><input type="checkbox"/> Sponsored FFI. Complete Part IV.<br><input type="checkbox"/> Certified deemed-compliant nonregistering local bank. Complete Part V.<br><input type="checkbox"/> Certified deemed-compliant FFI with only low-value accounts. Complete Part VI.<br><input type="checkbox"/> Certified deemed-compliant sponsored, closely held investment vehicle. Complete Part VII.<br><input type="checkbox"/> Certified deemed-compliant limited life debt investment entity. Complete Part VIII.<br><input type="checkbox"/> Certain investment entities that do not maintain financial accounts. Complete Part IX.<br><input type="checkbox"/> Owner-documented FFI. Complete Part X.<br><input type="checkbox"/> Restricted distributor. Complete Part XI. | <input type="checkbox"/> Nonreporting IGA FFI. Complete Part XII.<br><input type="checkbox"/> Foreign government, government of a U.S. possession, or foreign central bank of issue. Complete Part XIII.<br><input type="checkbox"/> International organization. Complete Part XIV.<br><input type="checkbox"/> Exempt retirement plans. Complete Part XV.<br><input type="checkbox"/> Entity wholly owned by exempt beneficial owners. Complete Part XVI.<br><input type="checkbox"/> Territory financial institution. Complete Part XVII.<br><input type="checkbox"/> Excepted nonfinancial group entity. Complete Part XVIII.<br><input type="checkbox"/> Excepted nonfinancial start-up company. Complete Part XIX.<br><input type="checkbox"/> Excepted nonfinancial entity in liquidation or bankruptcy. Complete Part XX.<br><input type="checkbox"/> 501(c) organization. Complete Part XXI.<br><input type="checkbox"/> Nonprofit organization. Complete Part XXII.<br><input type="checkbox"/> Publicly traded NFFE or NFFE affiliate of a publicly traded corporation. Complete Part XXIII.<br><input type="checkbox"/> Excepted territory NFFE. Complete Part XXIV.<br><input type="checkbox"/> Active NFFE. Complete Part XXV.<br><input type="checkbox"/> Passive NFFE. Complete Part XXVI.<br><input type="checkbox"/> Excepted inter-affiliate FFI. Complete Part XXVII.<br><input type="checkbox"/> Direct reporting NFFE.<br><input type="checkbox"/> Sponsored direct reporting NFFE. Complete Part XXVIII.<br><input type="checkbox"/> Account that is not a financial account. |
|--|---|

**6** Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address (other than a registered address).  
**Zayed The First st. Khalidiya Area, Abu Dhabi - United Arab Emirates**City or town, state or province. Include postal code where appropriate.  
**Khalidiya Area, Abu Dhabi - United Arab Emirates, P.O.Box 42253**Country  
**United Arab Emirates****7** Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate.

Country

**8** U.S. taxpayer identification number (TIN), if required**9a** GIIN**CSZP9B.99999.SL.784****b** Foreign TIN**100322602200003****10** Reference number(s) (see instructions)**Note:** Please complete remainder of the form including signing the form in Part XXX.

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 59689N

Form **W-8BEN-E** (Rev. 7-2017)



**Part II Disregarded Entity or Branch Receiving Payment.** (Complete only if a disregarded entity with a GIIN or a branch of an FFI in a country other than the FFI's country of residence. See instructions.)

- 11 Chapter 4 Status (FATCA status) of disregarded entity or branch receiving payment  
☐ Branch treated as nonparticipating FFI. ☐ Reporting Model 1 FFI. ☐ U.S. Branch.  
☐ Participating FFI. ☐ Reporting Model 2 FFI.
- 12 Address of disregarded entity or branch (street, apt. or suite no., or rural route). **Do not use a P.O. box or in-care-of address** (other than a registered address).

City or town, state or province. Include postal code where appropriate.

Country

- 13 GIIN (if any) \_\_\_\_\_

**Part III Claim of Tax Treaty Benefits** (if applicable). (For chapter 3 purposes only.)

- 14 I certify that (check all that apply):
- a ☐ The beneficial owner is a resident of \_\_\_\_\_ within the meaning of the income tax treaty between the United States and that country.
- b ☐ The beneficial owner derives the item (or items) of income for which the treaty benefits are claimed, and, if applicable, meets the requirements of the treaty provision dealing with limitation on benefits. The following are types of limitation on benefits provisions that may be included in an applicable tax treaty (check only one; see instructions):
- |  |   |
|--|---|
| <input type="checkbox"/> Government                                  | <input type="checkbox"/> Company that meets the ownership and base erosion test                         |
| <input type="checkbox"/> Tax exempt pension trust or pension fund    | <input type="checkbox"/> Company that meets the derivative benefits test                                |
| <input type="checkbox"/> Other tax exempt organization               | <input type="checkbox"/> Company with an item of income that meets active trade or business test        |
| <input type="checkbox"/> Publicly traded corporation                 | <input type="checkbox"/> Favorable discretionary determination by the U.S. competent authority received |
| <input type="checkbox"/> Subsidiary of a publicly traded corporation | <input type="checkbox"/> Other (specify Article and paragraph): _____                                   |
- c ☐ The beneficial owner is claiming treaty benefits for U.S. source dividends received from a foreign corporation or interest from a U.S. trade or business of a foreign corporation and meets qualified resident status (see instructions).
- 15 **Special rates and conditions** (if applicable—see instructions):  
 The beneficial owner is claiming the provisions of Article and paragraph \_\_\_\_\_  
 of the treaty identified on line 14a above to claim a \_\_\_\_\_ % rate of withholding on (specify type of income): \_\_\_\_\_  
 Explain the additional conditions in the Article the beneficial owner meets to be eligible for the rate of withholding: \_\_\_\_\_

**Part IV Sponsored FFI**

- 16 Name of sponsoring entity: \_\_\_\_\_
- 17 **Check whichever box applies.**
- ☐ I certify that the entity identified in Part I:
- Is an investment entity;
  - Is not a QI, WP (except to the extent permitted in the withholding foreign partnership agreement), or WT; **and**
  - Has agreed with the entity identified above (that is not a nonparticipating FFI) to act as the sponsoring entity for this entity.
- ☐ I certify that the entity identified in Part I:
- Is a controlled foreign corporation as defined in section 957(a);
  - Is not a QI, WP, or WT;
  - Is wholly owned, directly or indirectly, by the U.S. financial institution identified above that agrees to act as the sponsoring entity for this entity; **and**
  - Shares a common electronic account system with the sponsoring entity (identified above) that enables the sponsoring entity to identify all account holders and payees of the entity and to access all account and customer information maintained by the entity including, but not limited to, customer identification information, customer documentation, account balance, and all payments made to account holders or payees.

**Part V Certified Deemed-Compliant Nonregistering Local Bank**18 ☐ I certify that the FFI identified in Part I:

- Operates and is licensed solely as a bank or credit union (or similar cooperative credit organization operated without profit) in its country of incorporation or organization;
- Engages primarily in the business of receiving deposits from and making loans to, with respect to a bank, retail customers unrelated to such bank and, with respect to a credit union or similar cooperative credit organization, members, provided that no member has a greater than 5% interest in such credit union or cooperative credit organization;
- Does not solicit account holders outside its country of organization;
- Has no fixed place of business outside such country (for this purpose, a fixed place of business does not include a location that is not advertised to the public and from which the FFI performs solely administrative support functions);
- Has no more than \$175 million in assets on its balance sheet and, if it is a member of an expanded affiliated group, the group has no more than \$500 million in total assets on its consolidated or combined balance sheets; **and**
- Does not have any member of its expanded affiliated group that is a foreign financial institution, other than a foreign financial institution that is incorporated or organized in the same country as the FFI identified in Part I and that meets the requirements set forth in this part.

**Part VI Certified Deemed-Compliant FFI with Only Low-Value Accounts**19 ☐ I certify that the FFI identified in Part I:

- Is not engaged primarily in the business of investing, reinvesting, or trading in securities, partnership interests, commodities, notional principal contracts, insurance or annuity contracts, or any interest (including a futures or forward contract or option) in such security, partnership interest, commodity, notional principal contract, insurance contract or annuity contract;
- No financial account maintained by the FFI or any member of its expanded affiliated group, if any, has a balance or value in excess of \$50,000 (as determined after applying applicable account aggregation rules); **and**
- Neither the FFI nor the entire expanded affiliated group, if any, of the FFI, have more than \$50 million in assets on its consolidated or combined balance sheet as of the end of its most recent accounting year.

**Part VII Certified Deemed-Compliant Sponsored, Closely Held Investment Vehicle**

20 Name of sponsoring entity: \_\_\_\_\_

21 ☐ I certify that the entity identified in Part I:

- Is an FFI solely because it is an investment entity described in Regulations section 1.1471-5(e)(4);
- Is not a QI, WP, or WT;
- Will have all of its due diligence, withholding, and reporting responsibilities (determined as if the FFI were a participating FFI) fulfilled by the sponsoring entity identified on line 20; **and**
- 20 or fewer individuals own all of the debt and equity interests in the entity (disregarding debt interests owned by U.S. financial institutions, participating FFIs, registered deemed-compliant FFIs, and certified deemed-compliant FFIs and equity interests owned by an entity if that entity owns 100% of the equity interests in the FFI and is itself a sponsored FFI).

**Part VIII Certified Deemed-Compliant Limited Life Debt Investment Entity**22 ☐ I certify that the entity identified in Part I:

- Was in existence as of January 17, 2013;
- Issued all classes of its debt or equity interests to investors on or before January 17, 2013, pursuant to a trust indenture or similar agreement; **and**
- Is certified deemed-compliant because it satisfies the requirements to be treated as a limited life debt investment entity (such as the restrictions with respect to its assets and other requirements under Regulations section 1.1471-5(f)(2)(iv)).

**Part IX Certain Investment Entities that Do Not Maintain Financial Accounts**23 ☐ I certify that the entity identified in Part I:

- Is a financial institution solely because it is an investment entity described in Regulations section 1.1471-5(e)(4)(i)(A), **and**
- Does not maintain financial accounts.

**Part X Owner-Documented FFI**

**Note:** This status only applies if the U.S. financial institution, participating FFI, or reporting Model 1 FFI to which this form is given has agreed that it will treat the FFI as an owner-documented FFI (see instructions for eligibility requirements). In addition, the FFI must make the certifications below.

24a ☐ (All owner-documented FFIs check here) I certify that the FFI identified in Part I:

- Does not act as an intermediary;
- Does not accept deposits in the ordinary course of a banking or similar business;
- Does not hold, as a substantial portion of its business, financial assets for the account of others;
- Is not an insurance company (or the holding company of an insurance company) that issues or is obligated to make payments with respect to a financial account;
- Is not owned by or in an expanded affiliated group with an entity that accepts deposits in the ordinary course of a banking or similar business, holds, as a substantial portion of its business, financial assets for the account of others, or is an insurance company (or the holding company of an insurance company) that issues or is obligated to make payments with respect to a financial account;
- Does not maintain a financial account for any nonparticipating FFI; **and**
- Does not have any specified U.S. persons that own an equity interest or debt interest (other than a debt interest that is not a financial account or that has a balance or value not exceeding \$50,000) in the FFI other than those identified on the FFI owner reporting statement.

**Part X Owner-Documented FFI (continued)****Check box 24b or 24c, whichever applies.**

- b** ☐ I certify that the FFI identified in Part I:
- Has provided, or will provide, an FFI owner reporting statement that contains:
    - (i) The name, address, TIN (if any), chapter 4 status, and type of documentation provided (if required) of every individual and specified U.S. person that owns a direct or indirect equity interest in the owner-documented FFI (looking through all entities other than specified U.S. persons);
    - (ii) The name, address, TIN (if any), and chapter 4 status of every individual and specified U.S. person that owns a debt interest in the owner-documented FFI (including any indirect debt interest, which includes debt interests in any entity that directly or indirectly owns the payee or any direct or indirect equity interest in a debt holder of the payee) that constitutes a financial account in excess of \$50,000 (disregarding all such debt interests owned by participating FFIs, registered deemed-compliant FFIs, certified deemed-compliant FFIs, excepted NFFEs, exempt beneficial owners, or U.S. persons other than specified U.S. persons); **and**
    - (iii) Any additional information the withholding agent requests in order to fulfill its obligations with respect to the entity.
  - Has provided, or will provide, valid documentation meeting the requirements of Regulations section 1.1471-3(d)(6)(iii) for each person identified in the FFI owner reporting statement.
- c** ☐ I certify that the FFI identified in Part I has provided, or will provide, an auditor's letter, signed within 4 years of the date of payment, from an independent accounting firm or legal representative with a location in the United States stating that the firm or representative has reviewed the FFI's documentation with respect to all of its owners and debt holders identified in Regulations section 1.1471-3(d)(6)(iv)(A)(2), and that the FFI meets all the requirements to be an owner-documented FFI. The FFI identified in Part I has also provided, or will provide, an FFI owner reporting statement of its owners that are specified U.S. persons and Form(s) W-9, with applicable waivers.

**Check box 24d if applicable** (optional, see instructions).

- d** ☐ I certify that the entity identified on line 1 is a trust that does not have any contingent beneficiaries or designated classes with unidentified beneficiaries.

**Part XI Restricted Distributor**

- 25a** ☐ (All restricted distributors check here) I certify that the entity identified in Part I:
- Operates as a distributor with respect to debt or equity interests of the restricted fund with respect to which this form is furnished;
  - Provides investment services to at least 30 customers unrelated to each other and less than half of its customers are related to each other;
  - Is required to perform AML due diligence procedures under the anti-money laundering laws of its country of organization (which is an FATF-compliant jurisdiction);
  - Operates solely in its country of incorporation or organization, has no fixed place of business outside of that country, and has the same country of incorporation or organization as all members of its affiliated group, if any;
  - Does not solicit customers outside its country of incorporation or organization;
  - Has no more than \$175 million in total assets under management and no more than \$7 million in gross revenue on its income statement for the most recent accounting year;
  - Is not a member of an expanded affiliated group that has more than \$500 million in total assets under management or more than \$20 million in gross revenue for its most recent accounting year on a combined or consolidated income statement; **and**
  - Does not distribute any debt or securities of the restricted fund to specified U.S. persons, passive NFFEs with one or more substantial U.S. owners, or nonparticipating FFIs.

**Check box 25b or 25c, whichever applies.**

I further certify that with respect to all sales of debt or equity interests in the restricted fund with respect to which this form is furnished that are made after December 31, 2011, the entity identified in Part I:

- b** ☐ Has been bound by a distribution agreement that contained a general prohibition on the sale of debt or securities to U.S. entities and U.S. resident individuals and is currently bound by a distribution agreement that contains a prohibition of the sale of debt or securities to any specified U.S. person, passive NFFE with one or more substantial U.S. owners, or nonparticipating FFI.
- c** ☐ Is currently bound by a distribution agreement that contains a prohibition on the sale of debt or securities to any specified U.S. person, passive NFFE with one or more substantial U.S. owners, or nonparticipating FFI and, for all sales made prior to the time that such a restriction was included in its distribution agreement, has reviewed all accounts related to such sales in accordance with the procedures identified in Regulations section 1.1471-4(c) applicable to preexisting accounts and has redeemed or retired any, or caused the restricted fund to transfer the securities to a distributor that is a participating FFI or reporting Model 1 FFI securities which were sold to specified U.S. persons, passive NFFEs with one or more substantial U.S. owners, or nonparticipating FFIs.



**Part XII Nonreporting IGA FFI**

- 26 ☐ I certify that the entity identified in Part I:
- Meets the requirements to be considered a nonreporting financial institution pursuant to an applicable IGA between the United States and \_\_\_\_\_ . The applicable IGA is a ☐ Model 1 IGA or a ☐ Model 2 IGA; and is treated as a \_\_\_\_\_ under the provisions of the applicable IGA or Treasury regulations (if applicable, see instructions);
  - If you are a trustee documented trust or a sponsored entity, provide the name of the trustee or sponsor \_\_\_\_\_ . The trustee is: ☐ U.S. ☐ Foreign

**Part XIII Foreign Government, Government of a U.S. Possession, or Foreign Central Bank of Issue**

- 27 ☐ I certify that the entity identified in Part I is the beneficial owner of the payment, and is not engaged in commercial financial activities of a type engaged in by an insurance company, custodial institution, or depository institution with respect to the payments, accounts, or obligations for which this form is submitted (except as permitted in Regulations section 1.1471-6(h)(2)).

**Part XIV International Organization**

Check box 28a or 28b, whichever applies.

- 28a ☐ I certify that the entity identified in Part I is an international organization described in section 7701(a)(18).
- b ☐ I certify that the entity identified in Part I:
- Is comprised primarily of foreign governments;
  - Is recognized as an intergovernmental or supranational organization under a foreign law similar to the International Organizations Immunities Act or that has in effect a headquarters agreement with a foreign government;
  - The benefit of the entity's income does not inure to any private person; and
  - Is the beneficial owner of the payment and is not engaged in commercial financial activities of a type engaged in by an insurance company, custodial institution, or depository institution with respect to the payments, accounts, or obligations for which this form is submitted (except as permitted in Regulations section 1.1471-6(h)(2)).

**Part XV Exempt Retirement Plans**

Check box 29a, b, c, d, e, or f, whichever applies.

- 29a ☐ I certify that the entity identified in Part I:
- Is established in a country with which the United States has an income tax treaty in force (see Part III if claiming treaty benefits);
  - Is operated principally to administer or provide pension or retirement benefits; and
  - Is entitled to treaty benefits on income that the fund derives from U.S. sources (or would be entitled to benefits if it derived any such income) as a resident of the other country which satisfies any applicable limitation on benefits requirement.
- b ☐ I certify that the entity identified in Part I:
- Is organized for the provision of retirement, disability, or death benefits (or any combination thereof) to beneficiaries that are former employees of one or more employers in consideration for services rendered;
  - No single beneficiary has a right to more than 5% of the FFI's assets;
  - Is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which the fund is established or operated; and
    - (i) Is generally exempt from tax on investment income under the laws of the country in which it is established or operates due to its status as a retirement or pension plan;
    - (ii) Receives at least 50% of its total contributions from sponsoring employers (disregarding transfers of assets from other plans described in this part, retirement and pension accounts described in an applicable Model 1 or Model 2 IGA, other retirement funds described in an applicable Model 1 or Model 2 IGA, or accounts described in Regulations section 1.1471-5(b)(2)(i)(A));
    - (iii) Either does not permit or penalizes distributions or withdrawals made before the occurrence of specified events related to retirement, disability, or death (except rollover distributions to accounts described in Regulations section 1.1471-5(b)(2)(i)(A) (referring to retirement and pension accounts), to retirement and pension accounts described in an applicable Model 1 or Model 2 IGA, or to other retirement funds described in this part or in an applicable Model 1 or Model 2 IGA); or
    - (iv) Limits contributions by employees to the fund by reference to earned income of the employee or may not exceed \$50,000 annually.
- c ☐ I certify that the entity identified in Part I:
- Is organized for the provision of retirement, disability, or death benefits (or any combination thereof) to beneficiaries that are former employees of one or more employers in consideration for services rendered;
  - Has fewer than 50 participants;
  - Is sponsored by one or more employers each of which is not an investment entity or passive NFFE;
  - Employee and employer contributions to the fund (disregarding transfers of assets from other plans described in this part, retirement and pension accounts described in an applicable Model 1 or Model 2 IGA, or accounts described in Regulations section 1.1471-5(b)(2)(i)(A)) are limited by reference to earned income and compensation of the employee, respectively;
  - Participants that are not residents of the country in which the fund is established or operated are not entitled to more than 20% of the fund's assets; and
  - Is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which the fund is established or operates.

**Part XV Exempt Retirement Plans** *(continued)*

- d** ☐ I certify that the entity identified in Part I is formed pursuant to a pension plan that would meet the requirements of section 401(a), other than the requirement that the plan be funded by a trust created or organized in the United States.
- e** ☐ I certify that the entity identified in Part I is established exclusively to earn income for the benefit of one or more retirement funds described in this part or in an applicable Model 1 or Model 2 IGA, or accounts described in Regulations section 1.1471-5(b)(2)(i)(A) (referring to retirement and pension accounts), or retirement and pension accounts described in an applicable Model 1 or Model 2 IGA.
- f** ☐ I certify that the entity identified in Part I:
- Is established and sponsored by a foreign government, international organization, central bank of issue, or government of a U.S. possession (each as defined in Regulations section 1.1471-6) or an exempt beneficial owner described in an applicable Model 1 or Model 2 IGA to provide retirement, disability, or death benefits to beneficiaries or participants that are current or former employees of the sponsor (or persons designated by such employees); **or**
  - Is established and sponsored by a foreign government, international organization, central bank of issue, or government of a U.S. possession (each as defined in Regulations section 1.1471-6) or an exempt beneficial owner described in an applicable Model 1 or Model 2 IGA to provide retirement, disability, or death benefits to beneficiaries or participants that are not current or former employees of such sponsor, but are in consideration of personal services performed for the sponsor.

**Part XVI Entity Wholly Owned by Exempt Beneficial Owners**

- 30** ☐ I certify that the entity identified in Part I:
- Is an FFI solely because it is an investment entity;
  - Each direct holder of an equity interest in the investment entity is an exempt beneficial owner described in Regulations section 1.1471-6 or in an applicable Model 1 or Model 2 IGA;
  - Each direct holder of a debt interest in the investment entity is either a depository institution (with respect to a loan made to such entity) or an exempt beneficial owner described in Regulations section 1.1471-6 or an applicable Model 1 or Model 2 IGA.
  - Has provided an owner reporting statement that contains the name, address, TIN (if any), chapter 4 status, and a description of the type of documentation provided to the withholding agent for every person that owns a debt interest constituting a financial account or direct equity interest in the entity; **and**
  - Has provided documentation establishing that every owner of the entity is an entity described in Regulations section 1.1471-6(b), (c), (d), (e), (f) and/or (g) without regard to whether such owners are beneficial owners.

**Part XVII Territory Financial Institution**

- 31** ☐ I certify that the entity identified in Part I is a financial institution (other than an investment entity) that is incorporated or organized under the laws of a possession of the United States.

**Part XVIII Excepted Nonfinancial Group Entity**

- 32** ☐ I certify that the entity identified in Part I:
- Is a holding company, treasury center, or captive finance company and substantially all of the entity's activities are functions described in Regulations section 1.1471-5(e)(5)(i)(C) through (E);
  - Is a member of a nonfinancial group described in Regulations section 1.1471-5(e)(5)(i)(B);
  - Is not a depository or custodial institution (other than for members of the entity's expanded affiliated group); **and**
  - Does not function (or hold itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle with an investment strategy to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes.

**Part XIX Excepted Nonfinancial Start-Up Company**

- 33** ☐ I certify that the entity identified in Part I:
- Was formed on (or, in the case of a new line of business, the date of board resolution approving the new line of business) \_\_\_\_\_ (date must be less than 24 months prior to date of payment);
  - Is not yet operating a business and has no prior operating history or is investing capital in assets with the intent to operate a new line of business other than that of a financial institution or passive NFFE;
  - Is investing capital into assets with the intent to operate a business other than that of a financial institution; **and**
  - Does not function (or hold itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes.

**Part XX Excepted Nonfinancial Entity in Liquidation or Bankruptcy**

- 34** ☐ I certify that the entity identified in Part I:
- Filed a plan of liquidation, filed a plan of reorganization, or filed for bankruptcy on \_\_\_\_\_;
  - During the past 5 years has not been engaged in business as a financial institution or acted as a passive NFFE;
  - Is either liquidating or emerging from a reorganization or bankruptcy with the intent to continue or recommence operations as a nonfinancial entity; **and**
  - Has, or will provide, documentary evidence such as a bankruptcy filing or other public documentation that supports its claim if it remains in bankruptcy or liquidation for more than 3 years.

**Part XXI 501(c) Organization**35 ☐ I certify that the entity identified in Part I is a 501(c) organization that:

- Has been issued a determination letter from the IRS that is currently in effect concluding that the payee is a section 501(c) organization that is dated \_\_\_\_\_; or
- Has provided a copy of an opinion from U.S. counsel certifying that the payee is a section 501(c) organization (without regard to whether the payee is a foreign private foundation).

**Part XXII Nonprofit Organization**36 ☐ I certify that the entity identified in Part I is a nonprofit organization that meets the following requirements.

- The entity is established and maintained in its country of residence exclusively for religious, charitable, scientific, artistic, cultural or educational purposes;
- The entity is exempt from income tax in its country of residence;
- The entity has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
- Neither the applicable laws of the entity's country of residence nor the entity's formation documents permit any income or assets of the entity to be distributed to, or applied for the benefit of, a private person or noncharitable entity other than pursuant to the conduct of the entity's charitable activities or as payment of reasonable compensation for services rendered or payment representing the fair market value of property which the entity has purchased; and
- The applicable laws of the entity's country of residence or the entity's formation documents require that, upon the entity's liquidation or dissolution, all of its assets be distributed to an entity that is a foreign government, an integral part of a foreign government, a controlled entity of a foreign government, or another organization that is described in this part or escheats to the government of the entity's country of residence or any political subdivision thereof.

**Part XXIII Publicly Traded NFFE or NFFE Affiliate of a Publicly Traded Corporation**

Check box 37a or 37b, whichever applies.

37a ☐ I certify that:

- The entity identified in Part I is a foreign corporation that is not a financial institution; and
- The stock of such corporation is regularly traded on one or more established securities markets, including \_\_\_\_\_ (name one securities exchange upon which the stock is regularly traded).

b ☐ I certify that:

- The entity identified in Part I is a foreign corporation that is not a financial institution;
- The entity identified in Part I is a member of the same expanded affiliated group as an entity the stock of which is regularly traded on an established securities market;
- The name of the entity, the stock of which is regularly traded on an established securities market, is \_\_\_\_\_; and
- The name of the securities market on which the stock is regularly traded is \_\_\_\_\_.

**Part XXIV Excepted Territory NFFE**38 ☐ I certify that:

- The entity identified in Part I is an entity that is organized in a possession of the United States;
- The entity identified in Part I:
  - (i) Does not accept deposits in the ordinary course of a banking or similar business;
  - (ii) Does not hold, as a substantial portion of its business, financial assets for the account of others; or
  - (iii) Is not an insurance company (or the holding company of an insurance company) that issues or is obligated to make payments with respect to a financial account; and
- All of the owners of the entity identified in Part I are bona fide residents of the possession in which the NFFE is organized or incorporated.

**Part XXV Active NFFE**39 ☐ I certify that:

- The entity identified in Part I is a foreign entity that is not a financial institution;
- Less than 50% of such entity's gross income for the preceding calendar year is passive income; and
- Less than 50% of the assets held by such entity are assets that produce or are held for the production of passive income (calculated as a weighted average of the percentage of passive assets measured quarterly) (see instructions for the definition of passive income).

**Part XXVI Passive NFFE**40a ☐ I certify that the entity identified in Part I is a foreign entity that is not a financial institution (other than an investment entity organized in a possession of the United States) and is not certifying its status as a publicly traded NFFE (or affiliate), excepted territory NFFE, active NFFE, direct reporting NFFE, or sponsored direct reporting NFFE.

Check box 40b or 40c, whichever applies.

- b ☐ I further certify that the entity identified in Part I has no substantial U.S. owners (or, if applicable, no controlling U.S. persons); or
- c ☐ I further certify that the entity identified in Part I has provided the name, address, and TIN of each substantial U.S. owner (or, if applicable, controlling U.S. person) of the NFFE in Part XXIX.



- Is a member of an expanded affiliated group;
- Does not maintain financial accounts (other than accounts maintained for members of its expanded affiliated group);
- Does not make withholdable payments to any person other than to members of its expanded affiliated group;
- Does not hold an account (other than depository accounts in the country in which the entity is operating to pay for expenses) with or receive payments from any withholding agent other than a member of its expanded affiliated group; **and**
- Has not agreed to report under Regulations section 1.1471-4(d)(2)(ii)(C) or otherwise act as an agent for chapter 4 purposes on behalf of any financial institution, including a member of its expanded affiliated group.

**Part XXVIII** **Sponsored Direct Reporting NFFE** (see instructions for when this is permitted)

43 ☐ I certify that the entity identified in Part I is a direct reporting NFFE that is sponsored by the entity identified on line 42.

**Part XXIX Substantial U.S. Owners of Passive NFFE**[illegible]

## Part XXX Certification

- The entity identified on line 1 of this form is the beneficial owner of all the income to which this form relates, is using this form to certify its status for chapter 4 purposes, or is a merchant submitting this form for purposes of section 6050W;
- The entity identified on line 1 of this form is not a U.S. person;
- The income to which this form relates is: (a) not effectively connected with the conduct of a trade or business in the United States, (b) effectively connected but is not subject to tax under an income tax treaty, or (c) the partner's share of a partnership's effectively connected income; **and**
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

I agree that I will submit a new form within 30 days if any certification on this form becomes incorrect.

**Akram Elbaloula**

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Print Name \_\_\_\_\_

12/02/18  
Date (MM-DD-YYYY)

☒ I certify that I have the capacity to sign for the entity identified on line 1 of this form.



# **BOK International - UAE Operations**

## **FINANCIAL STATEMENTS**

31 DECEMBER 2017



## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF BANK OF KHARTOUM**

### **Report on the Audit of Financial Statements**

#### *Opinion*

We have audited the financial statements of BOK International – UAE Operations (the “Operations”), which comprise the statement of financial position as at 31 December 2017, and the statements of comprehensive income, changes in equity and cash flows for the period from the date of inception (note 1) to 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Operations as at 31 December 2017 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (“IFRSs”).

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Operations in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of management and the Board of Directors for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Operations’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Operations or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Operations’ financial reporting process.

## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS**

### **OF BANK OF KHARTOUM** continued

#### **Report on the Audit of Financial Statements** continued

##### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operations' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operations' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Operations to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS**  
**OF BANK OF KHARTOUM** continued

**Report on Other Legal and Regulatory Requirements**

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- (i) the Operations have maintained proper books of account;
- (ii) we have obtained all the information we considered necessary for the purposes of our audit;
- (iii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- (iv) based on the information that has been made available to us, the Operations have not purchased or invested in any shares or stocks during the period ended 31 December 2017;
- (v) note 13 reflects the material related party transactions and the terms under which they were conducted; and
- (vi) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Operations have contravened, during the period ended 31 December 2017, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 which would have a material impact on its activities or its financial position.



Signed by  
Mohammad Mobin Khan  
Partner  
Ernst & Young  
Registration No. 532

1 February 2018  
Abu Dhabi





## BOK International - UAE Operations

### STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 AED'000
<b>Assets</b>		
Cash and balances with banks	5	166,108
Other assets	6	977
Property and equipment	7	<u>4,112</u>
<b>Total assets</b>		<b><u>171,197</u></b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current accounts and deposits	8	113,917
Due to Head Office and branch abroad		20,457
Other liabilities	9	<u>655</u>
<b>Total liabilities</b>		<b><u>135,029</u></b>
<b>Equity</b>		
Capital	10	40,000
Accumulated loss		<u>(3,832)</u>
<b>Total equity</b>		<b><u>36,168</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>171,197</u></b>

  
Akram Elbaloula  
Chief Executive Officer  
Ahmed Darwish  
Chief Financial Officer

The attached notes 1 to 16 form part of these financial statements.

## BOK International - UAE Operations

### STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2017

			<i>18 May 2017 to 31 December 2017 AED'000</i>
	<i>Notes</i>		
Fee and commission income			<u>1</u>
Gain on foreign exchange			<u>54</u>
<b>TOTAL OPERATING INCOME</b>			<u><b>55</b></u>
General and administrative expenses	12		(3,693)
Depreciation	7		<u>(194)</u>
<b>TOTAL OPERATING EXPENSES</b>			<u><b>(3,887)</b></u>
<b>TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>			<u><b>(3,832)</b></u>

The attached notes 1 to 16 form part of these financial statements.

## BOK International - UAE Operations

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### STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2017

	<i>Capital</i> <i>AED' 000</i>	<i>Accumulated</i> <i>loss</i> <i>AED' 000</i>	<i>Total</i> <i>AED'000</i>
Funding during the period	40,000	-	40,000
Total comprehensive loss for the period	-	(3,832)	(3,832)
Balance at 31 December 2017	<u>40,000</u>	<u>(3,832)</u>	<u>36,168</u>

The attached notes 1 to 16 form part of these financial statements.



## BOK International - UAE Operations

### STATEMENT OF CASH FLOWS

For the period ended 31 December 2017

	Notes	18 May 2017 to 31 December 2017 AED'000
<b>OPERATING ACTIVITIES</b>		
Net loss for the period		(3,832)
Adjustments for:		
Depreciation	7	194
Provision for employees' end of service benefits		26
Provision for leave salary		<u>83</u>
Operating loss before changes in operating assets and liabilities		(3,529)
<i>Changes in operating assets and liabilities:</i>		
Other assets		(977)
Due to Head Office and branch abroad		20,457
Current accounts and deposits		113,917
Other liabilities		<u>546</u>
Net cash from operating activities		<u>130,414</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	7	<u>(4,306)</u>
Net cash used in investing activity		<u>(4,306)</u>
<b>FINANCING ACTIVITY</b>		
Funds received from Head Office		<u>40,000</u>
Net cash from financing activity		<u>40,000</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2017</b>	5	<u><b>166,108</b></u>

The attached notes 1 to 16 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 1 ACTIVITIES

BOK International – UAE Operations (the “Operations”) are the operations of Bank of Khartoum, Sudan (the “Bank”) in the United Arab Emirates. The Operations are established to provide Islamic corporate, retail and investment banking services in United Arab Emirates. The Bank currently operates in the United Arab Emirates through its branch located in Abu Dhabi. The Abu Dhabi branch is registered as a foreign branch of the Bank on 18 May 2017 in accordance with the United Arab Emirates Federal Law No.2 of 2015, Union Law No.10 of 1980 (as amended) and United Arab Emirates Federal Law No.6 of 1985 regarding Islamic banks, financial institutions and investment companies.

The registered office address of Abu Dhabi branch is Ground & Mezzanine Floors, Al Sahel Tower, Zayed The First Street, Al Khaldiya Area, P.O Box 42253, Abu Dhabi, UAE.

These are the first set of financial statements prepared for the period from 18 May 2017 (date of inception) to 31 December 2017.

The financial statements of the Operations were authorised for issue by the Country Chief Executive Officer of the Operations on behalf of the Board of Directors of the Bank on 1 February 2018.

### 2 BASIS OF PREPARATION

The financial statements of the Operations have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) issued by the International Accounting Standards Board (IASB), and applicable requirements of the laws of United Arab Emirates.

The financial statements are prepared under the historical cost convention.

The financial statements have been presented in UAE Dirhams, which is the functional currency of the Operations, rounded to the nearest thousand except when otherwise stated.

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### Financial instruments

##### *Recognition*

A financial asset or a financial liability is recognised when the Operations becomes a party to the contractual provisions of the instrument. All regular way purchase and sale of financial assets are recognised using settlement date accounting. Changes in fair value between the trade date and settlement date are recognised in the income statement or in statement of other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

##### *De-recognition*

A financial asset (in whole or in part) is derecognised either when:

- the contractual rights to receive the cash flows from the asset have expired; or
- the Operations retains the right to receive cash flows from the assets but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through’ arrangement; or
- the Operations have transferred its rights to receive cash flows from the asset and either
  - have transferred substantially all the risks and rewards of the asset, or
  - have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES continued

**Financial instruments** continued

*De-recognition* continued

Where the Operations have transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Operations' continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Operations would be required to pay.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

*Initial measurement*

All financial assets or financial liabilities are initially measured at fair value. Transaction costs are added to the cost of all financial instruments.

**Offsetting**

Financial assets and financial liabilities are offset when the Operations have a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Impairment of financial assets**

The Operations assesses at each statement of financial position date whether there is any objective evidence that an individually significant financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets are impaired if and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the financial asset and that the loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. For the purpose of assessing impairment, the financial assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and balances with central bank, balances with correspondent bank and balances with the Head Office.

**Property and equipment**

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. When significant parts of property and equipment are required to be replaced at intervals, the Operations depreciates them separately based on their specific useful lives. Repair and maintenance costs are recognised in statement of income as incurred. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Computer software	4 years
Office equipment	4-7 years
Furniture and fixtures	10 years
Motor vehicles	7 years

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

**3 SIGNIFICANT ACCOUNTING POLICIES** continued

**Property and equipment** continued

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognised.

**Impairment of non-financial assets**

The Operations assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Operations estimates the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, with the difference being recognised as an impairment in the statement of income.

**Taxation**

Taxation is provided for in accordance with local regulations for assessment of tax on the branches of foreign banks operating in the Emirate of Abu Dhabi.

**Deposits**

All customers' deposits are measured at amortised cost.

**Provisions**

Provisions are recognised when the Operations have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised in the statement of income.

**Employees' end of service benefits**

With respect to its national employees, the Operations makes contributions to a pension fund established by the UAE General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Operations' obligations are limited to these contributions, which are expensed when due.

The Operations provides end of service benefits to its other employees. The entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment and are not less than the liability arising under the UAE Labour and National Pension and Social Security Laws.

**Contingent liabilities**

Contingent liabilities are not recognised in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 3 SIGNIFICANT ACCOUNTING POLICIES continued

#### **Contingencies and commitments**

Contingencies are possible obligation or assets that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Operations. Further, the obligation arising from past events where the liability cannot be determined with reasonable certainty or probability of outflow of resources cannot be determined are also contingencies.

A commitment is a binding contract for the exchange of a specified quantity of resourced at a specific price on specified future dates or date.

#### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Operations and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The following specific recognition criteria must also be met before revenue is recognised:

*Profit income and expense* is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield of the asset / liability or an applicable floating rate. Profit income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of a profit bearing instrument and its amount at maturity calculated on an effective profit rate basis.

*Fees and commission income and expenses* that are integral to the effective profit rate on a financial asset or liability are included in the measurement of the effective profit rate. Other fees and commission income are recognised as the related services are performed.

#### **Foreign currencies**

Foreign currency transactions are recorded at rates of exchange ruling at value dates of the transaction. Monetary assets and liabilities in foreign currencies outstanding at the year-end are translated into UAE Dirhams at rates of exchange ruling at the reporting date. Any resultant gains or losses are taken to the income statement.

#### **Financial guarantee**

Financial guarantees are contracts that require the Operations to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at higher of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantee liabilities are included within other liabilities.

#### **Earnings prohibited by Shari'a**

The Operations are committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income will be credited to a charity fund where the Operations uses these funds for social welfare activities.

#### **Shari'a supervisory board**

The Operations' business activities are subject to the supervision of a Shari'a supervisory board appointed by the general assembly of shareholders of Bank of Khartoum.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 4 FUTURE CHANGES IN ACCOUNTING POLICIES – STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Operations' financial statements are disclosed below. The Operations intends to adopt these standards, if applicable, when they become effective.

- IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- IFRS 9 Financial Instruments
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- Amendments to IAS 40: Transfers of Investment Property
- IFRS 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatment

#### *Annual Improvements 2014-2016 Cycle*

- IFRS 1 First-time adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first time adopters
- IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

#### **IFRS 9 Financial Instruments**

The International Accounting Standard Board issued the final version of IFRS 9 Financial Instruments in July 2014, which replaces IAS 39 Financial Instruments: Recognition and measurement and all previous versions of IFRS 9. The revised standard brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The final version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Operations is in the process of assessing the impact of these new standards and amendments on its financial statements.

### 5 CASH AND BALANCES WITH BANKS

	<i>2017</i> <i>AED'000</i>
Cash in hand	109
Balances with Central Bank of UAE	13,227
Balances with correspondent bank	40,000
Balances with Head Office	<u>112,772</u>
	<u><b>166,108</b></u>



# BOK International - UAE Operations

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 6 OTHER ASSETS

	<i>2017</i> <i>AED'000</i>
Prepayments	667
Others	<u>310</u>
	<u>977</u>

### 7 PROPERTY AND EQUIPMENT

	<i>Computer software AED'000</i>	<i>Office equipment AED'000</i>	<i>Furniture and fixtures AED'000</i>	<i>Motor vehicles AED'000</i>	<i>Total AED'000</i>
<b>2017</b>					
Cost					
Additions	1,202	594	2,080	430	4,306
At 31 December 2017	<u>1,202</u>	<u>594</u>	<u>2,080</u>	<u>430</u>	<u>4,306</u>
Depreciation:					
Charge for the period	79	38	59	18	194
At 31 December 2017	<u>79</u>	<u>38</u>	<u>59</u>	<u>18</u>	<u>194</u>
Net carrying amount:					
At 31 December 2017	<u>1,123</u>	<u>556</u>	<u>2,021</u>	<u>412</u>	<u>4,112</u>

### 8 CURRENT ACCOUNTS AND DEPOSITS

	<i>2017</i> <i>AED'000</i>
Current accounts (i)	111,417
Deposits (ii)	<u>2,500</u>
	<u>113,917</u>

- (i) These are deposits placed by corporate customers with the Operations, which do not have a maturity and bear no profit.
- (ii) The deposit will mature on 19 December 2018 and carries no profit.

### 9 OTHER LIABILITIES

	<i>2017</i> <i>AED'000</i>
Provision for employees' end of service benefits	26
Provision for leave salary	83
Other payables	<u>546</u>
	<u>655</u>

## BOK International - UAE Operations

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

#### 10 CAPITAL

2017  
AED'000

Amount contributed by Bank of Khartoum - Head Office  
Khartoum, Sudan, as paid up capital

40,000

#### 11 LEGAL RESERVE

In accordance with the Union Law No.10 of 1980 (as amended), 10% of annual net profit is transferred to a legal reserve until this reserve equals the paid up capital. The reserve is not available for distribution. As of 31 December 2017, the Operations incurred a loss of AED 3,832 thousand accordingly no transfer to the statutory reserve was made during the period.

#### 12 GENERAL AND ADMINISTRATIVE EXPENSES

2017  
AED'000

Staff costs  
Other general and administrative expenses

1,844

1,849

3,693

#### 13 RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, the Operations deals with its related parties namely Head Office, other branches of Bank of Khartoum and key management personnel of the Operations. Transactions with related parties consist primarily of expenses incurred by Head Office, funds received and transferred by Head Office and other branches and placement of funds by the Operations with Head Office (note 5), which are conducted at arm's length and are undertaken at the specific instructions of the Head Office.

The following transactions have been entered into with related parties:

2017  
AED'000

Payment of expenses by Head Office  
Clients' funds transferred by Branch abroad  
Placement of funds by the Operations with Head Office (note 5)

8,355

12,102

112,772

The total number of key management personnel is one. The total compensation to key management personnel amounted to AED 450 thousand in 2017.

The following represents balances with related parties:

Due to Head Office and Branch abroad

20,457

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

**14 OPERATING LEASE COMMITMENTS**

The Operations have entered into operating lease agreement for its premises. Future minimum rentals payable under the operating lease are as follows:

	<i>2017</i> <i>AED'000</i>
Within 1 year	<b>1,000</b>
After one year but not more than five years	<b><u>2,000</u></b>
	<b><u>3,000</u></b>

**15 RISK MANAGEMENT**

The Operations' activities expose it to a variety of financial risks and those activities involve the identification, evaluation, acceptance and management of risks or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Operations' aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Operations' financial performance.

The key risks are credit, liquidity, market and operational risks. Market risk includes currency risk.

The Head Office has established a risk management structure to oversee and manage these risks through various management committees which are responsible for making decisions and controlling the risk in relevant areas.

The following sections describe the financial risks to which the Operations are exposed, their nature and how they are managed.

**Liquidity risk**

Liquidity risk is defined as the risk to earnings and capital arising from the Operations' inability to meet its obligations when they become due, without incurring unacceptable losses. Liquidity risk often results in risks related to reputation, legal and business continuity as it impacts the ability to fulfill financial obligations and often have a systemic impact. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The table below summarises the maturity profile of the Operations' financial liabilities based on contractual undiscounted repayment obligations.

	<i>On demand</i> <i>AED'000</i>	<i>One month to one year</i> <i>AED'000</i>	<i>One year to five years</i> <i>AED'000</i>	<i>Over five years</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<b>2017</b>					
Current accounts and deposits	111,417	2,500	-	-	113,917
Due to head office and branch abroad	20,457	-	-	-	20,457
Other liabilities	<u>-</u>	<u>546</u>	<u>-</u>	<u>-</u>	<u>546</u>
<b>Total</b>	<b><u>131,874</u></b>	<b><u>3,046</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>134,920</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

**15 RISK MANAGEMENT** continued**Liquidity risk** continued

The table below summarises the maturity profile of the Operations' assets and liabilities as of 31 December 2017 based on contractual periods to cash conversion from the statement of financial position date or expected periods to cash conversion where there are no contractual terms.

	<i>On demand AED'000</i>	<i>3-6 months AED'000</i>	<i>6 months to 1 year AED'000</i>	<i>No fixed maturity AED'000</i>	<i>Total AED'000</i>
<b>ASSETS</b>					
Cash and balances with banks	126,108	-	-	40,000	166,108
Other assets	-	-	977	-	977
Property and equipment	-	-	4,112	-	4,112
Total assets	<u>126,108</u>	<u>-</u>	<u>5,089</u>	<u>40,000</u>	<u>171,197</u>
<b>LIABILITIES AND EQUITY</b>					
Current accounts and deposits	111,417	-	2,500	-	113,917
Due to Head Office and branch abroad	20,457	-	-	-	20,457
Other payables	-	-	655	-	655
Total liabilities	<u>131,874</u>	<u>-</u>	<u>3,155</u>	<u>-</u>	<u>135,029</u>
Net liquidity gap	<u>(5,766)</u>	<u>-</u>	<u>1,934</u>	<u>40,000</u>	<u>36,168</u>

**Market risk**

Market risk is the risk that changes in market prices, such as profit rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Operations' income or the value of its holdings of financial instruments. Positions are monitored on a regular basis to ensure positions are maintained within established approved limits.

*Foreign currency risk sensitivity analysis*

The Operations are exposed to foreign currency risk through transactions in foreign currencies. The Operations' transactional exposures give rise to foreign currency gains and losses that are recognized in the statement of comprehensive income. These exposures comprise the monetary assets and monetary liabilities of the Operations that are not denominated in the functional currency of the Operations.

In order to measure its exposures to currency risk, the Operations stress tests its exposures following the standard shocks approach, which calculates the effect on assets and income of the Operations as a result of 5% appreciation and depreciation in foreign currencies in relation to the reporting currency of the Operations. This is calculated using various percentages based upon the judgment of the management of the Operations.

Following is the sensitivity analysis that calculates the effect of a reasonable possible movement of the currency exchange rate against the AED with all other variables held constant on the statement of income and the statement of equity. The impact of a similar increase / (decrease) in exchange rates will be approximately opposite to the impact disclosed below:

	<i>% Change in rate</i>	<i>Effect on loss AED'000</i>	<i>Effect on equity AED'000</i>
<b>31 December 2017</b>			
Euro	5%	338	338

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

**15 RISK MANAGEMENT** continued**Credit risk**

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to a financial instrument, to meet its obligations under a contract. It arises principally from lending and trade finance.

The Operations' primary exposure to credit risk arises from due from banks. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the statement of financial position. The current credit exposure in respect of these instruments is equal to the carrying amount of these assets in the statement of financial position.

The distribution of the Operations' financial assets which are subject to credit risk by geographical region is as follows:

	<i>Balances with banks AED'000</i>	<i>Other assets AED'000</i>	<i>Total AED'000</i>
<b>31 December 2017</b>			
UAE	53,227	977	54,204
Others	<u>112,772</u>	<u>-</u>	<u>112,772</u>
<b>Financial assets subject to credit risk</b>	<u><b>165,999</b></u>	<u><b>977</b></u>	<u><b>166,976</b></u>

The table below shows the maximum exposure to credit risk for the components of the balance sheet without taking account of any collateral and other credit enhancements. The maximum exposure is shown gross, before the effect of mitigation through use of master netting and collateral agreements.

**Credit quality of financial instruments**

The table below shows the credit risk exposure by credit quality of financial assets by class, grade and status.

	<i>Neither past due nor impaired</i>			<i>Past due or individually impaired</i>	<i>Gross maximum exposure</i>
	<i>High grade AED'000</i>	<i>Standard grade AED'000</i>	<i>Acceptable grade AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<b>2017</b>					
Balances with banks	165,999	-	-	-	165,999
Other assets	<u>977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>977</u>
<b>Total</b>	<u><b>166,976</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>166,976</b></u>

**Operational risk**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, information technology and information security related risks but excludes strategic and reputation risk.

The Operations are in the process of undertaking a Risk and Control Self-Assessment exercise wherein all business and support units would be assessing their risks and controls. An internal loss database that stores details pertaining to operational losses will also maintained.

The Operations have established a corporate culture which entails constructive ways of dealing with the operational risk. The Operations have established approval control steps in the business processes as well as creating separate control processes. Further, the Operations have established measure of organisational structure in terms of segregation of duties and diverse training measure to mitigate operational risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

**15 RISK MANAGEMENT** continued

**Fair value of financial instruments**

The Operations' financial assets consist of cash and balances with banks, due to Head Office and other branches, current accounts and deposits.

The fair value of the Operations' assets and liabilities are not materially different from the carrying values at 31 December 2017.

**16 CAPITAL MANAGEMENT**

**Capital measurement and allocation**

Central Bank of the UAE is the supervisor of the Operations and, in this capacity, receives information on capital adequacy and sets minimum capital requirements for banking groups incorporated in the UAE.

As per Circular No. 27/2009 dated 17 November 2009 issued by the Central Bank of the UAE, banks operating in the UAE are required to calculate their capital adequacy ratio in accordance with Basel II guidelines as implemented by the Central Bank of the UAE. Banks in the UAE are required to maintain a minimum capital adequacy ratio of 12% as per Central Bank's Notice number 4004 / 2009.

Operations' regulatory capital comprising of Tier I and Tier II capital is measured in accordance with the Basel II guidelines as implemented by the Central Bank of the UAE.

**Capital management**

The Operations' capital management approach is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Operations' policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. The Operations relies on the Head Office for all its funding requirements.

The Operations' objectives when managing capital are:

- safeguarding the Operations' ability to continue as a going concern and increase the returns;
- complying with regulatory capital requirements set by the Central Bank of the UAE;
- maintaining capital adequacy ratios above the minimum specified by the Central Bank of the UAE and Basel Accord guidelines; and allocating capital to various businesses in an efficient manner.

The required information (Basel II) will be filed with the regulators on a quarterly basis commencing from 1 January 2018.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

## 16 CAPITAL MANAGEMENT continued

**Capital management continued**

The table below shows the regulatory capital and capital charge calculated in accordance with the guidelines of the Central Bank of the UAE under Basel II.

**Capital Base:**

*Basel II*  
*2017*  
*AED'000*

<b>Tier I Capital</b>	
Capital	40,000
Accumulated loss	<u>(3,832)</u>
<b>Total capital base (a)</b>	<u>36,168</u>
<b>Eligible Tier II Capital (b)</b>	<u>-</u>
<b>Total capital base (a) + (b)</b>	<u>36,168</u>
<b>Risk-weighted assets:</b>	
Credit risk	81,475
Market risk	-
Operational risk	<u>-</u>
<b>Total risk-weighted assets (c)</b>	<u>81,475</u>
<b>Capital adequacy ratio {(a) + (b) / (c) x 100}</b>	<u>44.4%</u>

**Basel III Capital Ratios**

The Central Bank of UAE ('CBUAE') issued Basel III capital regulations, which came into effect from 1 February 2017 (parallel reporting for Q2 2017 and Q3 2017 and Primary reporting from Q4 2017 onwards) introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Tier 1 ('T1') and Total Capital.

The 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%.

For 2017, CCB is effective in transition arrangement and is required to be maintained at 1.25% of the Capital base. For 2018, CCB will be required at 1.88% and from 2019 it will be required to be maintained at 2.5% of the Capital base. CCyB is not yet in effect and is not required to be maintained for 2017.

The capital adequacy ratio as per Basel III capital regulation is given below:

		<i>Minimum capital requirement 2017</i>	<i>Minimum capital requirement by 2019</i>
<b>Capital ratio:</b>			
a. Total for Operations	42.9%	11.75%	13.00%
b. Tier 1 ratio for Operations	42.9%	9.75%	11.00%
c. CET1 ratio for Operations	32.4%	8.25%	9.50%

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# Management Team



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