

**Pillar III Disclosures**  
**Year-ended 31<sup>st</sup> December 2017**

**Ulster Bank Ireland Designated Activity  
Company**



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## Pillar III Disclosures 31<sup>st</sup> December 2017

This Pillar III Disclosure for 2017 is applicable to Ulster Bank Ireland Designated Activity Company ('UBIDAC'). UBIDAC is a company incorporated in the Republic of Ireland which as at 31<sup>st</sup> December 2017 forms part of Ulster Bank ('UBG') whose ultimate parent is The Royal Bank of Scotland plc ('RBS').

Note: implementing the recommendations of the Independent Commission on Banking ('ICB'), UBIDAC became a subsidiary of Nat West Bank Holdings Ltd on 2 Jan 2017 and is no longer a subsidiary of Ulster Bank Ltd.

### Basis of disclosure

UBIDAC is a significant subsidiary of an EU parent institution. Reduced disclosure requirements apply to significant subsidiaries of EU banking parents in accordance with Article 13 (1) of Regulation (EU) No 575/2013. UBIDAC is required by its supervisors to publish an annual disclosure in accordance with the requirements for significant subsidiaries.

UBIDAC Pillar III Disclosures for 2017 are reported as part of the significant subsidiary disclosures within the RBS Pillar III Annual Disclosure. Refer to [www.investors.rbs.com](http://www.investors.rbs.com).

Appendix 2 in this document contains a mapping table to reference each article under the Capital Requirements Regulation (CRR) relevant to significant subsidiaries to the appropriate table in the RBS Pillar III document or other published information. The UBIDAC disclosure tables within this document have been extracted from the RBS Pillar III document and reported in Euro. A comparison against the UBIDAC 2016 disclosures has been shown.

This disclosure should be read in conjunction with the UBIDAC 2017 Financial Statements. The management of market risk, interest rate risk, currency and liquidity risk is outlined in Note 24 of UBIDAC's Financial Statements. Additional information on credit risk management is also provided in the UBIDAC 2017 Financial Statements.

In reading these disclosures, the following points must be noted:

- The disclosures represent a regulatory rather than an accounting consolidation. Certain aspects of the business (e.g. special purpose vehicles) are included in financial but not regulatory reporting; therefore these disclosures may not be comparable with other external disclosures by UBIDAC.
- The disclosures relate to the position at 31<sup>st</sup> December 2017 and have been prepared in accordance with applicable legislation effective at this date. The comments relate to the business structure, governance and risk management approach at that date.
- The information has not been subject to external audit.

### Background

The Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD IV - which was enacted in Irish law by S.I. No. 158 of 2014 and S.I. No. 159 of 2014), requirements are being implemented on a phased basis from 1 January 2014, with full implementation from 1 January 2019. The capital resources disclosures for 2017 herein reflect the transition arrangements of the legislation together with the Central Bank of Ireland (CBI) guidance (Implementation of Competent Authority

Discretions and Options in CRD IV and CRR) on the application of transitional rules in Ireland. The Basel framework is based around the following three Pillars:

- **Pillar I – Minimum capital requirements:** defines rules for the calculation of credit, market and operational risk. Risk-weighted assets (RWAs) are required to be calculated for each of these three risks. For credit risk, the majority of RBS (inclusive of UBIDAC) uses the advanced internal ratings based (IRB) approach for calculating RWAs.
- **Pillar II – Supervisory review process:** requires banks to undertake an Internal Capital Adequacy Assessment Process (ICAAP) for risks either not adequately covered in, or excluded from, Pillar I. The UBIDAC ICAAP, including the Pillar II add-on, is informed by the output of the Material Integrated Risk Assessment (MIRA) process. The ICAAP submission is followed by the SREP review process lead by the Joint Supervisory Team of the CBI and the European Central Bank (ECB) under the Single Supervisory Mechanism ('SSM'). UBIDAC's minimum capital requirement, including Pillar II requirements, is prescribed within the follow-up SREP letter from the ECB. UBIDAC ICAAP requirements are managed under the governance of the UB Executive Risk Committee. The risks considered to require Pillar II capital include Concentration Risk, Interest Rate Risk, Operational Risk and Pension Risk. The Pillar II capital requirement is reviewed and approved, on a semi-annual basis, by the UBIDAC Board of Directors.
- **Pillar III – Market discipline:** requires expanded disclosure to allow investors and other market participants to understand the risk profiles of individual banks. The level of risk disclosure reporting has increased within UBIDAC, as well as within RBS and continues to expand to encourage market transparency and stability.

### Capital and risk management

UBIDAC is governed by its capital management policies which are to maintain a strong capital base, to expand it as appropriate and to utilise it efficiently throughout its activities in order to optimise the return to shareholders while maintaining a prudent relationship between the capital base and the underlying risks of the business. UBIDAC aims to maintain appropriate levels of capital, in excess of regulatory requirements, that ensure the capital position remains appropriate given the economic and competitive environment.

UBIDAC plans and manages capital resources in accordance with the UBIDAC Capital policy. UBIDAC capital planning is a key part of the budgeting and planning process. The Risk Weighted Assets ('RWA') by risk type for capital allocation are contained in Table 06 below. The capital plan covers a five year period and is regularly reviewed and updated. The UBIDAC Capital Management Unit ('CMU') and the UBIDAC Asset and Liability Management Committee ('ALCO') monitor the utilisation of capital by tracking the actual capital available on an on-going basis. In carrying out these policies, UBIDAC has regard to and has complied with the supervisory requirements of the ECB and the CBI. The following tables show the capital resources and capital requirements of UBIDAC under Pillar III.

## Capital resources and capital requirements

### Table 01: Capital Ratios & Leverage

CAP 1: CAP and LR: Capital and leverage ratios

|  | Dec-17  | Dec-16  |
|--|---------|---------|
| Capital adequacy ratios - transitional | UBI DAC | UBI DAC |
|  | %       | %       |
| CET 1                                  | 31.2%   | 29.8%   |
| Tier 1                                 | 31.2%   | 29.8%   |
| Total                                  | 33.8%   | 32.7%   |

| Capital - transitional | €m    | €m    |
|------------------------|-------|-------|
| CET1                   | 6,175 | 6,262 |
| Tier 1                 | 6,175 | 6,262 |
| Total                  | 6,694 | 6,872 |

| RWAs               | €m     | €m     |
|--------------------|--------|--------|
| Credit risk        |        |        |
| - non-counterparty | 18,116 | 18,987 |
| - counterparty     | 362    | 590    |
| Market risk        | 76     | 14     |
| Operational risk   | 1,240  | 1,419  |
|                    | 19,794 | 21,009 |

| CRR leverage - transitional | €m     | €m     |
|-----------------------------|--------|--------|
| Tier 1 capital              | 6,175  | 6,262  |
| Exposure                    | 31,383 | 31,916 |
| Leverage ratio (%)          | 19.7   | 19.6   |

Table 01 Note:

- (1) Table 01 data has been extracted from RBS Pillar III Table CAP 1. Figures translated into €Euro as applicable.
- (2) Capital and RWA analyses are based on CRR applicable in Ireland as promulgated by the Central Bank of Ireland (CBI transitional basis)
- (3) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR

## Table 02: Transitional Own Funds Disclosure

CAP 2: CAP: Capital resources (CRR own funds template)

|   |  | Dec-17  | Dec-16  |
|---|--|---------|---------|
|   |  | UBI DAC | UBI DAC |
|   |  | €m      | €m      |
| <b>CET1 capital: instruments and reserves</b> |  |         |         |
| 1   | Capital instruments and the related share premium accounts   | 4,774   | 4,775   |
|   | <i>of which: ordinary shares</i>   | 3,592   | 3,592   |
| 2   | Retained earnings  | 1,717   | 1,474   |
| 3   | Accumulated other comprehensive income (and other reserves)  | 0       | 1       |
| 4   | Public sector capital injections grandfathered until 1 January 2018  | 0       | 0       |
| 5a  | Independently reviewed interim net profits net of any foreseeable charge or dividend   | —       | 163     |
| 6   | CET1 capital before regulatory adjustments   | 6,491   | 6,413   |
| 7   | Additional value adjustments   |         | 0       |
| 8   | Intangible assets (net of related tax liability)   | (1)     | 0       |
| 10  | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)  | (292)   | (292)   |
| 11  | Fair value reserves related to gains or losses on cash flow hedges   | 0       | 0       |
| 12  | Negative amounts resulting from the calculation of expected loss amounts   | (150)   | (193)   |
| 14  | Gains or losses on liabilities valued at fair value resulting from changes in own credit standing  | (1)     | (4)     |
| 15  | Defined-benefit pension fund assets  | (55)    | 0       |
| 19  | Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | 0       | 0       |
| 22  | Amount exceeding the 17.65% threshold (negative amount)  | 0       | 0       |
| 23  | <i>Of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities</i>   | 0       | 0       |
| 25  | <i>Of which: deferred tax assets arising from temporary differences</i>  | 0       | 0       |
| 25a   | Losses for the current financial period (negative amount)  | (48)    | 0       |
| 26  | Regulatory adjustments applied to CET1 in respect of amounts subject to pre-CRR treatment  | 246     | 376     |
| 26a   | Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468  | 0       | 0       |
| 26b   | Amount to be deducted from or added to CET1 capital with regard to additional filters and deductions required pre CRR  | 246     | 376     |
| 27  | Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)   | (15)    | (39)    |
| 28  | Total regulatory adjustments to CET1   | (316)   | (151)   |
| 29  | CET1 capital   | 6,175   | 6,262   |
| <b>AT1 capital: instruments</b>               |  |         |         |
| 30  | Capital instruments and the related share premium accounts   | 0       | 0       |
| 31  | <i>of which: classified as equity under applicable accounting standards</i>  | 0       | 0       |
| 32  | <i>of which: classified as debt under applicable accounting standards</i>  | 0       | 0       |
| 33  | Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from AT1  | 0       | 0       |
| 34  | Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5 CET1)   | 0       | 0       |
|   | <i>issued by subsidiaries and held by third parties</i>  | 0       | 0       |
| 35  | <i>of which: instruments issued by subsidiaries subject to phase out</i>   | 0       | 0       |
| 36  | AT1 capital before regulatory adjustments  | 0       | 0       |
| <b>AT1 capital: regulatory adjustments</b>    |  |         |         |
| 40  | Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)           | 0       | 0       |
| 41  | (-) Actual or contingent obligations to purchase own AT1 instruments   | 0       | 0       |
| 41b   | Residual amounts deducted from AT1 capital with regard to deduction from Tier 2 (T2) capital during the transitional period  | 0       | 0       |
|   | <i>of which: Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities</i>  | 0       | 0       |
| 43  | Total regulatory adjustments to AT1 capital  | 0       | 0       |
| 44  | AT1 capital  | 0       | 0       |
| 45  | Tier 1 capital (T1 = CET1 + AT1)   | 6,175   | 6,262   |

## Table 02: Transitional Own Funds Disclosure Cont.

|   |  | Dec-17        | Dec-16        |
|---|--|---------------|---------------|
|   |  | UBI DAC<br>€m | UBI DAC<br>€m |
| T2 capital: instruments and provisions  |  |               |               |
| 46  | Capital instruments and the related share premium accounts   | 534           | 593           |
| 47  | Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2  | 0             | 55            |
| 48  | Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties   | 0             | 0             |
| 49  | of which: instruments issued by subsidiaries subject to phase out  | 0             | 0             |
| 50  | Credit risk adjustments  | 0             | 0             |
| 51  | T2 capital before regulatory adjustments   | 534           | 648           |
| T2 capital: regulatory adjustments  |  |               |               |
| 55  | Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities  | 0             | 0             |
|   | where the institution has a significant investment in those entities (net of eligible short positions)   | 0             | 0             |
| 56a   | (-) Actual or contingent obligations to purchase own AT1 instruments   | 0             | 0             |
| 56b   | Residual amounts deducted from T2 capital with regard to deduction from AT1 capital during the transitional period   | (15)          | (39)          |
| 56c   | Amount to be deducted from or added to T2 capital with regard to additional filters and deductions required pre CRR  | 0             | 0             |
| 57  | Total regulatory adjustments to T2 capital   | (15)          | (39)          |
| 58  | T2 capital   | 519           | 609           |
| 59  | Total capital (TC = T1 + T2)   | 6,694         | 6,872         |
| 60  | Total risk-weighted assets   | 19,794        | 21,009        |
| Capital ratios and buffers  |  |               |               |
| 61  | CET1 (as a percentage of risk exposure amount)   | 31.2%         | 29.8%         |
| 62  | T1 (as a percentage of risk exposure amount)   | 31.2%         | 29.8%         |
| 63  | Total capital (as a percentage of risk exposure amount)  | 33.8%         | 32.7%         |
| 64  | Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1)(a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or -SII buffer), expressed as a percentage of risk exposure amount) | 5.8%          | 5.1%          |
| 65  | of which: capital conservation buffer requirement  | 1.3%          | 0.6%          |
| 66  | of which: counter cyclical buffer requirement  | 0             | 0             |
| 67  | of which: systemic risk buffer requirement   | 0             | 0             |
| 67a   | of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer   | 0             | 0             |
| 68  | CET1 available to meet buffers   | 26.7%         | 25.3%         |
| Amounts below the threshold deduction   |  |               |               |
| 72  | Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment  | 0             | 0             |
|   | in those entities (amount below 10% threshold and net of eligible short positions)   | 0             | 0             |
| 73  | Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)   | 5             | 6             |
| 75  | Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)  | 0             | 1             |
| Available caps on the inclusion of provisions in T2   |  |               |               |
| 76  | Credit risk adjustments included in T2 in respect of exposures subject to standardised approach  | 0             | 0             |
|   | (prior to the application of the cap)  | 0             | 0             |
| 77  | Cap on inclusion of credit risk adjustments in T2 under standardised approach  | 10            | 13            |
| 78  | Credit risk adjustments included in T2 in respect of exposures subject to internal ratings based approach  | 0             | 0             |
|   | (prior to the application of the cap)  | 0             | 0             |
| 79  | Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach   | 104           | 107           |
| Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2014) |  |               |               |
| 82  | Current cap on AT1 instruments subject to phase out arrangements   | 0             | 0             |
| 83  | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)   | 0             | 0             |
| 84  | Current cap on T2 instruments subject to phase out arrangements  | 79            | 96            |
| 85  | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)  | 0             | 0             |

Table 02 Note:

- (1) Table 02 data has been extracted from RBS Pillar III Table CAP 2, Figures translated into €Euro as applicable. UBI DAC disclosures therefore differ from those of RBS Pillar III.
- (2) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR



## Table 03: Leverage exposures (CRR Delegated Act Transitional Basis)

### CAP 3: Leverage Exposures

|  |   | Dec-17  | Dec-16  |
|--|---|---------|---------|
|  |   | UBI DAC | UBI DAC |
|  |   | €m      | €m      |
| LRSum: Summary reconciliation of accounting assets and leverage ratio exposure                     |   |         |         |
| 1  | Total assets as per published financial statements  | 30,249  | 30,695  |
| 2  | Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation                            | 0       | 0       |
| 4  | Adjustments for derivative financial instruments  | 201     | 147     |
| 5  | Adjustments for securities financing transactions (SFTs)  | 0       | 0       |
| 6  | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)                                    | 1,201   | 1,287   |
| EU-6a  | Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013 |         | 0       |
| 7  | Other adjustments   | (268)   | (212)   |
| 8  | Total leverage ratio exposure   | 31,383  | 31,916  |
| LRCom: Leverage ratio common disclosure  |   |         |         |
| On-balance sheet exposures (excluding derivatives and SFTs)  |   |         |         |
| 1  | On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)   | 28,806  | 29,310  |
| 2  | Asset amounts deducted in determining Tier 1 capital  | (268)   | (212)   |
| 3  | Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)   | 28,538  | 29,098  |
| Derivative exposures   |   |         |         |
| 4  | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)  | 496     | 898     |
| 5  | Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)   | 287     | 274     |
| 6  | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework               | 0       | 0       |
| 7  | Deductions of receivable assets for cash variation margin provided in derivatives transactions  | 0       | 0       |
| 8  | Exempted CCP leg of client-cleared trade exposures  | 0       | 0       |
| 9  | Adjusted effective notional amount of written credit derivatives  | 0       | 0       |
| 10   | (Adjusted effective notional offsets and add-on deductions for written credit derivatives)  | 0       | 0       |
| 11   | Total derivative exposures  | 783     | 1,172   |
| Securities financing transaction exposures   |   |         |         |
| 12   | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions  | 861     | 360     |
| 13   | (netted amounts of cash payables and cash receivable of gross SFT assets)   | 0       | 0       |
| 14   | Counterparty credit risk exposures for SFT assets   | 0       | 0       |
| 16   | Total securities financing transaction exposures  | 861     | 360     |
| Other off-balance sheet exposures  |   |         |         |
| 17   | Off-balance sheet exposures at gross notional amount  | 3,613   | 4,483   |
| 18   | Adjustments for conversion to credit equivalent amounts   | (2,412) | (3,197) |
| 19   | Other off-balance sheet exposures   | 1,201   | 1,286   |
| EU-19a   | Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off-balance sheet).             |         |         |
| Capital and total exposures  |   |         |         |
| 20   | Tier 1 capital  | 6,175   | 6,262   |
| 21   | Total leverage ratio exposures  | 31,383  | 31,916  |
| 22   | Leverage ratio  | 19.7%   | 19.6%   |
| LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) |   | €m      | €m      |
| EU-1   | Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:   | 28,538  | 29,098  |
| EU-2   | Trading book exposures  | 0       | 0       |
| EU-3   | Banking book exposures, of which:   | 28,538  | 29,098  |
| EU-4   | Covered bonds   | 0       | 0       |
| EU-5   | Exposures treated as sovereigns   | 3,861   | 4,287   |
| EU-6   | Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns   | 500     | 424     |
| EU-7   | Institutions  | 1,684   | 2,230   |
| EU-8   | Secured by mortgages of immovable properties  | 2,385   | 2,165   |
| EU-9   | Retail exposures  | 15,153  | 15,522  |
| EU-10  | Corporate   | 2,379   | 2,301   |
| EU-11  | Exposures in default  | 2,062   | 2,089   |
| EU-12  | Other exposures (e.g. equity, securitisations, and non-credit obligation assets)  | 514     | 81      |

Table 03 Note:

- (1) Table 03 data has been extracted from RBS Pillar III Table CAP 3: LR. Figures translated into €Euro as applicable.  
(2) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR %/€m

## Table 04: Counter Cyclical Buffer

**CAP 6a: CAP: Countercyclical capital buffer - geographical distribution of credit exposures**

| €m  | UK  | RoI    | United States | Sweden | Hong Kong | Norway | Other | Total  |
|---|-----|--------|---------------|--------|-----------|--------|-------|--------|
| Total Risk Exposure (sum of General Credit, Trading and Securitisation) | 987 | 25,166 | 17            | 26     | 0         | 0      | 128   | 26,325 |
| Total Own Fund Requirements   | 45  | 1,332  | 1             | 2      | 0         | 0      | 10    | 1,389  |
| £m  | UK  | RoI    | United States | Sweden | Hong Kong | Norway | Other | Total  |
| Total Risk Exposure (sum of General Credit, Trading and Securitisation) | 876 | 22,337 | 15            | 23     | 0         | 0      | 114   | 23,366 |
| Total Own Fund Requirements   | 40  | 1,182  | 1             | 2      | 0         | 0      | 9     | 1,233  |

**CAP 6b: CAP: Countercyclical capital buffer requirement**

| €m  |            |
|---|------------|
| Total risk exposure amount                              | 19,794     |
| Institution specific countercyclical buffer rate        | 0.0025742% |
| Institution specific countercyclical buffer requirement | 0.51       |

Table 04 Note:

- (1) Table 04 data has been extracted from RBS Pillar III Consolidated Tables CAP 6a & 6b and translated into €Euro as applicable  
 (2) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR



## Table 05: Overview of RWA & Capital Requirements

EU OV1: CAP: RWAs and MCR summary

|   | RWAs   | RWAs   | Minimum capital requirements (MCR) |
|---|--------|--------|------------------------------------|
|   | Dec-17 | Dec-16 | Dec-17                             |
|   | €m     | €m     | €m                                 |
| 1 <b>Credit risk (excluding Counterparty Credit Risk)</b>                       | 18,102 | 18,969 | 1,449                              |
| 2 Of which Standardised approach  | 806    | 982    | 64                                 |
| 3 Of which the foundation IRB (FIRB) approach                                   |        |        |                                    |
| 4 Of which the advanced IRB (AIRB) approach                                     | 17,296 | 17,987 | 1,385                              |
| 5 Of which equity IRB under the simple risk-weighted approach or the IMA        | 0      | 0      | 0                                  |
| 6 <b>Counterparty credit risk (CCR)</b>   | 362    | 589    | 29                                 |
| 6a Securities financing transactions  | 5      | -      | -                                  |
| 7 Of which Marked to market   | 215    | 11     | 18                                 |
| 8 Of which original exposure  |        |        |                                    |
| 9 Of which the standardised approach  |        |        |                                    |
| 10 Of which internal model method (IMM)   | 139    | 578    | 11                                 |
| 11 Of which risk exposure amount for contributions to the default fund of a CCP | -      | -      | -                                  |
| 12 Of which CVA   | 3      | 5      | 0                                  |
| 13 <b>Settlement risk</b>   | 0      | 0      | 0                                  |
| <b>Securitisation exposures in the banking book (after the cap)</b>             |        |        |                                    |
| 14  | 0      | 0      | 0                                  |
| 15 Of which IRB approach  | -      | -      | -                                  |
| 16 Of which IRB supervisory formula approach (SFA)                              |        |        |                                    |
| 17 Of which internal assessment approach (IAA)                                  | -      | -      | -                                  |
| 18 Of which standardised approach   |        |        |                                    |
| 19 <b>Market risk</b>   | 76     | 14     | 6                                  |
| 20 Of which the standardised approach   | 76     | 14     | 6                                  |
| 21 <b>Of which IMA</b>  | 0      | 0      | 0                                  |
| 22 <b>Large exposures</b>   | 0      | 0      | 0                                  |
| 23 <b>Operational risk</b>  | 1,240  | 1,419  | 99                                 |
| 24 Of which basic indicator approach  |        |        |                                    |
| 25 Of which standardised approach   |        |        |                                    |
| 26 Of which advanced measurement approach                                       |        |        |                                    |
| 27 Amounts below the thresholds for deduction (subject to 250% risk weight)     | 14     | 18     | 1                                  |
| 28 Floor adjustment   | 0      | 0      | 0                                  |
| 29 <b>Total</b>   | 19,794 | 21,009 | 1,584                              |

Table 05 Note:

- (1) Table 05 data has been extracted from RBS Pillar III Table OV1 and translated into €Euro as applicable
- (2) The standardised approach is used to calculate market risk capital requirements
- (3) The Standardised (TSA) approach is used to calculate the operational risk capital requirement
- (4) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR

# Table 06: Exposure, RWA & Capital Requirements

CR2: IRB and STD: EAD, RWAs and MCR by CRR exposure class

|  | Dec-17<br>UBI DAC    |                       |               |  | Dec-16<br>UBI DAC    |                       |               |  |
|--|----------------------|-----------------------|---------------|--|----------------------|-----------------------|---------------|--|
|  | EAD pre<br>CRM<br>€m | EAD post<br>CRM<br>€m | RWAs<br>€m    | Minimum<br>capital<br>requirements<br>€m | EAD pre<br>CRM<br>€m | EAD post<br>CRM<br>€m | RWAs<br>€m    | Minimum<br>capital<br>requirements<br>€m |
| <b>Non-counterparty credit risk</b>                      |                      |                       |               |  |                      |                       |               |  |
| <i>IRB approach</i>                                      |                      |                       |               |  |                      |                       |               |  |
| Central governments and banks                            | 4,371                | 4,371                 | 460           | 37                                       | 4,735                | 4,735                 | 484           | 39                                       |
| Institutions   | 501                  | 501                   | 98            | 8  | 725                  | 725                   | 188           | 15                                       |
| Corporates   | 5,887                | 5,799                 | 4,243         | 339                                      | 5,969                | 5,868                 | 5,035         | 403                                      |
| Of which: Specialised lending                            | 1,346                | 1,346                 | 991           | 79                                       | 1,282                | 1,282                 | 980           | 78                                       |
| Of which: SME  | 1,385                | 1,379                 | 827           | 66                                       | 1,314                | 1,307                 | 866           | 69                                       |
| Other corporate  | 3,156                | 3,074                 | 2,425         | 194                                      | 3,373                | 3,279                 | 3,189         | 256                                      |
| Retail   | 19,302               | 19,302                | 12,271        | 982                                      | 19,679               | 19,679                | 12,280        | 982                                      |
| Secured by real estate property - SME                    | -                    | -                     | -             | -  | -                    | -                     | -             | -  |
| Secured by real estate property - non-SME                | 17,933               | 17,933                | 11,361        | 909                                      | 18,313               | 18,313                | 11,359        | 908                                      |
| Qualifying revolving                                     | 412                  | 412                   | 257           | 20                                       | 422                  | 422                   | 251           | 20                                       |
| Other retail - SME                                       | 714                  | 714                   | 475           | 38                                       | 710                  | 710                   | 507           | 41                                       |
| Other retail - non-SME                                   | 243                  | 243                   | 178           | 15                                       | 234                  | 234                   | 163           | 13                                       |
| Equities   | -                    | -                     | -             | -  | -                    | -                     | -             | -  |
| Securitisation   | -                    | -                     | -             | -  | -                    | -                     | -             | -  |
| Non-credit obligation assets                             | 548                  | 548                   | 225           | 18                                       | -                    | -                     | -             | -  |
| <b>Total IRB</b>   | <b>30,609</b>        | <b>30,521</b>         | <b>17,297</b> | <b>1,384</b>                             | <b>31,108</b>        | <b>31,007</b>         | <b>17,987</b> | <b>1,439</b>                             |
| <i>STD approach</i>                                      |                      |                       |               |  |                      |                       |               |  |
| Central governments and central banks                    | -                    | -                     | -             | -  | 1                    | 1                     | 3             | -  |
| Regional governments and local authorities               | 2                    | 2                     | 2             | -  | 2                    | 2                     | 2             | -  |
| Public sector entities                                   | -                    | -                     | -             | -  | -                    | -                     | -             | -  |
| Multilateral development banks                           | -                    | -                     | -             | -  | -                    | -                     | -             | -  |
| International organisations                              | -                    | -                     | -             | -  | -                    | -                     | -             | -  |
| Institutions   | 1,275                | 1,275                 | 254           | 20                                       | 1,810                | 1,810                 | 365           | 30                                       |
| Corporates   | 456                  | 456                   | 453           | 35                                       | 343                  | 343                   | 340           | 27                                       |
| Retail   | 14                   | 14                    | 8             | 1  | 17                   | 17                    | 10            | 1  |
| Secured by mortgages on immovable property - residential | 53                   | 53                    | 53            | 5  | -                    | -                     | -             | -  |
| Secured by mortgages on immovable property - commercial  | -                    | -                     | -             | -  | 5                    | 5                     | 8             | 1  |
| Exposures in default                                     | 17                   | 17                    | 26            | 2  | 18                   | 18                    | 27            | 2  |
| Items associated with particularly high risk             | -                    | -                     | -             | -  | -                    | -                     | -             | -  |
| Covered bonds  | -                    | -                     | -             | -  | -                    | -                     | -             | -  |
| Collective investments undertakings                      | -                    | -                     | -             | -  | -                    | -                     | -             | -  |
| Equity exposures   | 6                    | 6                     | 14            | 1  | 6                    | 6                     | 16            | 1  |
| Other exposures  | 37                   | 37                    | 8             | 1  | 548                  | 548                   | 229           | 18                                       |
| <b>Total STD</b>   | <b>1,860</b>         | <b>1,860</b>          | <b>818</b>    | <b>65</b>                                | <b>2,750</b>         | <b>2,750</b>          | <b>1,000</b>  | <b>80</b>                                |
| <b>Total IRB and STD</b>                                 | <b>32,469</b>        | <b>32,381</b>         | <b>18,115</b> | <b>1,449</b>                             | <b>33,858</b>        | <b>33,757</b>         | <b>18,987</b> | <b>1,519</b>                             |

|  | Dec-17<br>UBI DAC     |            |  | Dec-16<br>UBI DAC     |            |  |
|--|-----------------------|------------|--|-----------------------|------------|--|
|  | EAD post<br>CRM<br>€m | RWAs<br>€m | Minimum<br>capital<br>requirements<br>€m | EAD post<br>CRM<br>€m | RWAs<br>€m | Minimum<br>capital<br>requirements<br>€m |
| <b>Counterparty credit risk</b>          |                       |            |  |                       |            |  |
| <i>IRB approach</i>                      |                       |            |  |                       |            |  |
| Central governments and banks            | 0                     | 0          | 0  | 0                     | 0          | 0  |
| Institutions                             | 8                     | 6          | 0  | 16                    | 11         | 1  |
| Corporates                               | 94                    | 66         | 6  | 111                   | 80         | 6  |
| Of which: Specialised lending            | 62                    | 43         | 5  | 88                    | 61         | 5  |
| Of which: SME                            | 2                     | 3          | 0  | 3                     | 4          | 0  |
| Other corporate                          | 29                    | 20         | 1  | 20                    | 15         | 1  |
| Equities                                 | 0                     | 0          | 0  | 0                     | 0          | 0  |
| Securitisation positions                 | 0                     | 0          | 0  | 0                     | 0          | 0  |
| Total IRB                                | 101                   | 72         | 6  | 127                   | 91         | 7  |
| <i>STD approach</i>                      |                       |            |  |                       |            |  |
| Government and multilateral institutions | 0                     | 0          | 0  | 0                     | 0          | 0  |
| Exposures to international organisations | 0                     | 0          | 0  | 0                     | 0          | 0  |
| Institutions                             | 598                   | 290        | 24                                       | 1,022                 | 498        | 40                                       |
| Corporates                               | 0                     | 0          | 0  | 0                     | 0          | 0  |
| Retail                                   | 0                     | 0          | 0  | 0                     | 0          | 0  |
| Past due items                           | 0                     | 0          | 0  | 0                     | 0          | 0  |
| Other items                              | 0                     | 0          | 0  | 0                     | 0          | 0  |
| Total STD                                | 598                   | 290        | 24                                       | 1,022                 | 498        | 40                                       |
| Total IRB and STD                        | 700                   | 362        | 29                                       | 1,149                 | 589        | 47                                       |

Table 06 Note:

- (1) Table 06 data has been extracted from RBS Pillar III Table CR2 and translated into €Euro as applicable  
(2) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR

## Table 07: Market Risk RWA & Capital Requirement

EU MR1 : Market risk under the standardised approach

|   | Dec-17<br>RWA<br>€m | Dec-17<br>MCR<br>€m | Dec-16<br>RWA<br>€m | Dec-16<br>MCR<br>€m |
|---|---------------------|---------------------|---------------------|---------------------|
| STD   | 76                  | 6                   | 14                  | 1                   |
| 1 Interest rate position risk (outright products)           | 2                   | 0                   | 5                   | 0                   |
| 2 Equity position risk (outright products)                  |                     |                     |                     |                     |
| 3 FX position risk (outright products)                      |                     |                     |                     |                     |
| 4 Commodity position risk (outright products)               |                     |                     |                     |                     |
| 6 Option position risk (delta-plus approach)                | 74                  | 6                   | 9                   | 1                   |
| 8 Securitisation positions<br>(specific interest rate risk) |                     |                     |                     |                     |
| Internal models approach                                    |                     |                     |                     |                     |
| VaR   |                     |                     |                     |                     |
| SVaR  |                     |                     |                     |                     |
| Incremental risk charge                                     |                     |                     |                     |                     |
| Other (RNIV)  |                     |                     |                     |                     |
| of which: VaR-based RNIV                                    |                     |                     |                     |                     |
| of which: SVaR-based RNIV                                   |                     |                     |                     |                     |
| of which: Stress RNIV                                       |                     |                     |                     |                     |
| Total   | 76                  | 6                   | 14                  |                     |

Table 07 Note:

- (1) RBS disclose this Market Risk information on a consolidated basis in Table 07.  
(2) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR

## Table 08: Exposure Analysis - by Geography

EU CRB\_C: Non-counterparty credit risk exposures by geographic region

| Of which: by significant subsidiary (excludes intra-group exposures) | EAD Post CRM (€m's) |        |                      |     |               | Total  |
|--|---------------------|--------|----------------------|-----|---------------|--------|
|  | UK                  | Rol    | Other Western Europe | US  | Rest of world |        |
| Dec-17 - €m  | 579                 | 28,013 | 1,715                | 44  | 509           | 30,861 |
| Dec-16 - €m  | 657                 | 28,451 | 2,120                | 112 | 420           | 31,760 |

Table 08 Note:

- (1) Table 08 data has been extracted from RBS Pillar III Table CRB\_C and translated into €Euro as applicable  
 (2) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR

## Table 09: Exposure Analysis - by Maturity

EU CRB-E: Maturity Analysis

| Of which: by significant subsidiary (excludes intra-group exposures) | EAD Post CRM (€m's) |           |                     |           | Total  |
|--|---------------------|-----------|---------------------|-----------|--------|
|  | On Demand           | <= 1 year | > 1 year <= 5 years | > 5 years |        |
| Dec-17 - €m  | 1,565               | 4,822     | 4,959               | 19,515    | 30,861 |
| Dec-16 - €m  | 1,623               | 5,037     | 5,074               | 20,027    | 31,760 |

Table 09 Note:

- (1) Table 09 data has been extracted from RBS Pillar III Table CRB\_E and translated into € as applicable  
 (2) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR

# **Table 10: IRB and STD: Exposures (EAD) - Period End and Average EAD pre and post CRM**

EU CRB\_B: IRB and STD: Exposures (EAD)

|   | Dec-17           |               |                  |               | Dec-16           |               |                  |               |
|---|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|   | EAD Pre CRM      |               | EAD Post CRM     |               | EAD Pre CRM      |               | EAD Post CRM     |               |
|   | Period End<br>€m | Average<br>€m | Period End<br>€m | Average<br>€m | Period End<br>€m | Average<br>€m | Period End<br>€m | Average<br>€m |
| Central Governments & Central banks                     | 4,371            | 5,015         | 4,371            | 5,015         | 4,735            | 4,825         | 4,735            | 4,776         |
| Institutions  | 501              | 912           | 501              | 680           | 725              | 1,049         | 725              | 1,049         |
| <b>Corporates</b>                                       | <b>5,887</b>     | <b>6,098</b>  | <b>5,799</b>     | <b>5,828</b>  | <b>5,969</b>     | <b>7,016</b>  | <b>5,868</b>     | <b>6,778</b>  |
| Specialised Lending                                     | 1,346            | 1,338         | 1,346            | 1,320         | 1,282            | 1,361         | 1,282            | 1,293         |
| SME   | 1,385            | 1,361         | 1,379            | 1,347         | 1,314            | 2,085         | 1,307            | 2,008         |
| Other Corporate   | 3,156            | 3,399         | 3,074            | 3,161         | 3,373            | 3,570         | 3,279            | 3,477         |
| <b>Retail</b>   | <b>19,302</b>    | <b>19,395</b> | <b>19,302</b>    | <b>19,450</b> | <b>19,679</b>    | <b>20,201</b> | <b>19,679</b>    | <b>20,396</b> |
| Secured by Real Estate -SME                             | -                | -             | -                | -             | -                | -             | -                | -             |
| Secured by Real Estate -Non SME                         | 17,933           | 18,056        | 17,933           | 18,095        | 18,313           | 18,672        | 18,313           | 18,850        |
| Qualifying Revolving                                    | 412              | 448           | 412              | 409           | 422              | 587           | 422              | 419           |
| Other Retail - SME                                      | 714              | 651           | 714              | 705           | 710              | 716           | 710              | 895           |
| Other Retail - Non SME                                  | 243              | 240           | 243              | 241           | 234              | 226           | 234              | 232           |
| Equities  | -                | -             | -                | -             | -                | -             | -                | -             |
| Securitisation  | -                | -             | -                | -             | -                | -             | -                | -             |
| Non Credit Obligated Assets                             | 548              | 137           | 548              | 137           | -                | -             | -                | -             |
| <b>Total IRB</b>  | <b>30,609</b>    | <b>31,557</b> | <b>30,521</b>    | <b>31,110</b> | <b>31,108</b>    | <b>33,091</b> | <b>31,007</b>    | <b>32,999</b> |
| <b>STD</b>  |                  |               |                  |               |                  |               |                  |               |
| Central governments or central banks                    | -                | 1             | -                | 1             | 1                | -             | 1                | -             |
| Regional governments or local authorities               | 2                | 2             | 2                | 2             | 2                | 1             | 2                | 1             |
| Public sector entities                                  | -                | -             | -                | -             | -                | -             | -                | -             |
| Multinational Development Banks                         | -                | -             | -                | -             | -                | -             | -                | -             |
| International organisations                             | -                | -             | -                | -             | -                | -             | -                | -             |
| Institutions  | 1,275            | 1,721         | 1,275            | 1,721         | 1,810            | 1,247         | 1,810            | 1,247         |
| Corporates  | 456              | 419           | 456              | 419           | 343              | 480           | 343              | 480           |
| Retail  | 14               | 15            | 14               | 15            | 17               | 16            | 17               | 16            |
| Secured by mortgages on immovable property- Residential | 53               | 48            | 53               | 48            | -                | -             | -                | -             |
| Secured by mortgages on immovable property- Commercial  | -                | -             | -                | -             | 5                | 16            | 5                | 16            |
| Exposures in default                                    | 17               | 15            | 17               | 15            | 18               | 12            | 18               | 12            |
| Items associated with particularly high risk            | -                | -             | -                | -             | -                | -             | -                | -             |
| Covered Bonds   | -                | -             | -                | -             | -                | -             | -                | -             |
| Collective investments undertakings                     | -                | -             | -                | -             | -                | -             | -                | -             |
| Equity Exposures  | 6                | 6             | 6                | 6             | 6                | 7             | 6                | 7             |
| Other exposures   | 37               | 295           | 37               | 295           | 548              | 486           | 548              | 486           |
| <b>Total STD</b>  | <b>1,860</b>     | <b>2,522</b>  | <b>1,860</b>     | <b>2,522</b>  | <b>2,750</b>     | <b>2,265</b>  | <b>2,751</b>     | <b>2,265</b>  |
| <b>Total STD &amp; IRB</b>                              | <b>32,469</b>    | <b>34,079</b> | <b>32,381</b>    | <b>33,632</b> | <b>33,858</b>    | <b>35,356</b> | <b>33,758</b>    | <b>35,264</b> |

Table 10 Note:

(1) Table 10 data has been based on CoRep reporting and translated into €Euro as applicable.

# **Table 11: Information forborne exposures**

|  | Dec-17<br>€m | Dec-16<br>€m |
|--|--------------|--------------|
| Performing exposures with forbearance measures                               | 899          | 1,318        |
| Non-performing exposures with forbearance measures                           | 3,630        | 4,041        |
| <i>of which: Impaired Non-performing exposures with forbearance measures</i> | <i>2,690</i> | <i>3,445</i> |
| <b>Gross carrying amount of exposures with forbearance measures</b>          | <b>4,528</b> | <b>5,359</b> |

Table 11 Note:

- (1) Table 11 data is prepared in accordance with 'EBA Final Draft ITS On Supervisory reporting on forbearance and non-performing exposures under article 99(4) of Regulation (EU) No 575/2013'
- (2) UBIDAC Financial Statements include disclosures for retail forbearance only. While forbearance can occur on either wholesale or retail loans, levels of wholesale forbearance in UBIDAC are not deemed material for disclosure in the Financial Statements.
- (3) Refer to mapping table in Appendix 2, detailing how these disclosures meet compliance with the CRR

## Appendix 1: Capital Instruments Template

|     | Capital instruments main features template  | €100m floating rate loan capital repayable 2022  | €430m floating rate loan capital repayable 2022   | €38m 11.375% perpetual tier two capital | €20m 11.75% perpetual tier two capital | €1.3m perpetual floating rate tier two capital | Ordinary Share Capital            |
|-----|---|--|---|---|--|--|-----------------------------------|
| 1   | Issuer  | Ulster Bank Ireland DAC  | Ulster Bank Ireland DAC ("Borrower")  | Ulster Bank Ireland DAC                 | Ulster Bank Ireland DAC                | Ulster Bank Ireland DAC                        | Ulster Bank Ireland DAC           |
| 2   | Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)                  | N/A  | N/A   | IE0004325399                            | IE0004325514                           | IE0004325282                                   | n/a                               |
| 3   | Governing law(s) of the instrument  | English (subordination and set-off provisions governed by the laws of the Republic of Ireland) | Irish   | Irish                                   | Irish                                  | Irish  | Irish                             |
|     | Regulatory treatment  |  |   |   |  |  |                                   |
| 4   | Transitional CRR rules  | Tier 2   | Tier 2  | Tier 2                                  | Tier 2                                 | Tier 2   | CET1                              |
| 5   | Post-transitional CRR rules   | Tier 2   | Tier 2  | Tier 2                                  | Tier 2                                 | Tier 2   | CET1                              |
| 6   | Eligible at solo/(sub-)consolidated/ solo&(sub-   | Solo   | Solo  | Solo                                    | Solo                                   | Solo   | Solo                              |
| 7   | Instrument type (types to be specified by each  | Tier 2   | Tier 2  | Tier 2                                  | Tier 2                                 | Tier 2   | Ordinary Shares                   |
| 8   | Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)   | EUR 87m  | EUR 401m  | EUR 31m                                 | GBP 11m                                | GBP 1m   | EUR 4,774m                        |
| 9   | Nominal amount of instrument  | 100000000  | 430000000   | 31154111                                | 11453000                               | 1148000  | N/A                               |
| 9a  | Issue price   | 100 per cent   | 100 per cent  | 100 per cent                            | 100 per cent                           | 100 per cent                                   | N/A                               |
| 9b  | Redemption price  | Par  | Par   | N/A                                     | N/A                                    | -  | N/A                               |
| 10  | Accounting classification   | Liability - amortised  | Liability - amortised cost  | Liability - amortised                   | Liability - amortised                  | Liability - amortised                          | Shareholders Equity               |
| 11  | Original date of issuance   | 25-Apr-07  | 21-Aug-07   | 07-Sep-98                               | 07-Sep-98                              | 07-Sep-98                                      | N/A                               |
| 12  | Perpetual or dated  | Dated  | Dated   | Perpetual                               | Perpetual                              | Perpetual                                      | PERPETUAL                         |
| 13  | Original maturity date  | 25-Apr-22  | 19-Aug-22   | No maturity                             | No maturity                            | No maturity                                    | N/A                               |
| 14  | Issuer call subject to prior supervisory approval   | No   | Yes   | No                                      | No                                     | No   | N/A                               |
| 15  | Optional call date, contingent call dates and redemption amount                                   | N/A  | Interest Payment Date falling after July 2017, Redemption Price: Par                              | N/A                                     | N/A                                    | N/A  | N/A                               |
| 16  | Subsequent call dates, if applicable  | N/A  | Interest Payment Date falling in July 2017 or any Interest Payment Date (quarterly payment dates) | N/A                                     | N/A                                    | N/A  | N/A                               |
|     | Coupons / dividends   |  |   |   |  |  |                                   |
| 17  | Fixed or floating dividend/coupon   | Floating   | Floating  | Fixed                                   | Fixed                                  | Floating                                       | N/A                               |
| 18  | Coupon rate and any related index   | Three month EURIBOR plus 0.35 per cent.  | Three month EURIBOR plus 0.35 per cent.   | 11.375 per cent.                        | 11.75 per cent.                        | 6 month Sterling LIBOR plus 2.55 per           | N/A                               |
| 19  | Existence of a dividend stopper   | No   | No  | No                                      | No                                     | No   | N/A                               |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing)                    | Mandatory  | Mandatory   | Partially discretionary                 | Partially discretionary                | Partially discretionary                        | N/A                               |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount)                    | Mandatory  | Mandatory   | Partially discretionary                 | Partially discretionary                | Partially discretionary                        | N/A                               |
| 21  | Existence of step up or other incentive to redeem   | No   | No  | No                                      | No                                     | No   | N/A                               |
| 22  | Noncumulative or cumulative   | Non-cumulative   | Non-cumulative  | Cumulative                              | Cumulative                             | Cumulative                                     | Non cumulative                    |
| 23  | Convertible or non-convertible  | Non-convertible  | Non-convertible   | Non-convertible                         | Non-convertible                        | Non-convertible                                | Non-convertible                   |
| 24  | If convertible, conversion trigger(s)   | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 25  | If convertible, fully or partially  | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 26  | If convertible, conversion rate   | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 27  | If convertible, mandatory or optional conversion  | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 28  | If convertible, specify instrument type convertible into  | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 29  | If convertible, specify issuer of instrument it converts  | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 30  | Write-down features   | No   | No  | No                                      | No                                     | No   | N/A                               |
| 31  | If write-down, write-down trigger(s)  | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 32  | If write-down, full or partial  | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 33  | If write-down, permanent or temporary   | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 34  | If temporary write-down, description of write-up  | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |
| 35  | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to | Subordinated to all unsubordinated   | Subordinated to all unsubordinated creditors  | Subordinated to all unsubordinated      | Subordinated to all unsubordinated     | Subordinated to all unsubordinated             | Immediately subordinate to Tier 2 |
| 36  | Non-compliant transitioned features   | No   | No  | No                                      | No                                     | No   | No                                |
| 37  | If yes, specify non-compliant features  | N/A  | N/A   | N/A                                     | N/A                                    | N/A  | N/A                               |



## Appendix 2: CRR Disclosure Requirements Reference Table

The table below outlines how UBIDAC Pillar III Disclosures comply with the requirements of the Capital Requirements Regulation (CRR). It includes references to where UBIDAC disclosures are located in the RBS Pillar III Disclosure Document and if not within the RBS Pillar III Report, the relevant publication is specifically referred to.

(Note: Tables 01 – 09 in this UBIDAC Pillar III document have been extracted from the RBS Pillar III document and reported in Euro).

| Article / CRR Ref    | High-level Requirement  | Annual Report & Accounts                                       |   | Pillar 3 Document                   |   | Other                                  |
|----------------------|---|--|---|-------------------------------------|---|--|
|                      |   | Royal Bank of Scotland   | Ulster Bank Ireland DAC                     | RBS (Tables)                        | UBI DAC (Tables)                                  |  |
| Own Funds            |   |  |   |                                     |   |  |
| 437 (1)              | Requirements regarding capital resources table.   |  |   |                                     | Table 02 pg 5 - 6 (CAP2)                          |  |
| 437 (1) (a)          | Reconciliation of regulatory values for Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions to statutory balance sheet                                       |  |   | EU L11 pg 35<br>CAP2 pg 16, 17 & 18 |   |  |
| 437 (1) (b)          | Description of the main features of Capital Instruments issued by institution   |  |   |                                     |   |  |
| 437 (1) (c)          | Full terms and conditions of Capital Instruments issued by institution  |  |   |                                     |   |  |
| 437 (1) (d)          | Disclosure of the nature and amounts of the following:<br>each prudential filter applied<br>each capital deduction applied<br>items not deducted from capital   |  |   | CAP2 pg 16, 17 & 18                 |   |  |
| 437 (1) (e)          | A description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply |  |   | CAP2 pg 16, 17 & 18                 |   |  |
| 437 (1) (f)          | Where institutions disclose capital ratios calculated using elements of own funds determined on a different basis   |  |   |                                     |   |  |
| 437 (2)              | EBA shall develop draft implementing technical standards to specify uniform templates for disclosure  |  |   | CAP2 pg 16, 17 & 18                 |   |  |
| Capital requirements |   |  |   |                                     |   |  |
| 438 (a)              | Summary of institution's approach to assessing adequacy of internal capital levels.   | Pg 8-10<br>ARA: Capital and Risk Management section pg 150-161 | > Note 24 pg 72-74<br>> Note 36, pg 112-114 |                                     |   |  |
| 438 (b)              | Result of ICAAP on demand from authorities.   | N/A  |   |                                     |   |  |
| 438 (c)              | Capital requirement amounts for credit risk for each Standardised approach exposure class.  |  |   | CR 2 pg 41 & 42                     | Table 06 pg 10 (CR2)<br>Table 10 pg 13 (EU CRB_B) |  |
| 438 (d)              | Capital requirements amounts for credit risk for each Internal Ratings Based Approach exposure class.   |  |   | CR 2 pg 41 & 42<br>EU OV1 pg 22     | Table 06 pg 10 (CR2)                              |  |
| 438 (e)              | Capital requirements amounts for market risk or settlement risk, or large exposures where they exceed limits.   |  |   | EU OV1 pg 22<br>EU MR pg 113        | Table 07 pg 11 (MR1)                              |  |
| 438 (f)              | Capital requirement amounts for operational risk, separately for the basic indicator approach, the Standardised approach, and the advanced measurement approaches as applicable.                      |  |   | EU OV1 pg 22                        | Table 05 pg 9 (OV1)                               |  |
| 438 (endnote)        | Requirement to disclose specialised lending exposures and equity exposures in the banking book falling under the simple risk weight approach.   |  |   |                                     |   |  |
| Capital buffers      |   |  |   |                                     |   |  |
| 440 (1) (a)          | Geographical distribution of relevant credit exposures.   |  |   | CAP 5a pg 30                        | Table 04 (CAP 6a) pg 8                            |  |
| 440 (1) (b)          | Amount of the institution specific countercyclical capital buffer.  |  |   | CAP 5b pg 30                        | Table 04 (CAP 6b) pg 8                            |  |
| 440 (2)              | EBA will issue technical implementation standards related to 440 (1).   |  |   |                                     |   | RBS / UB follows the current standards |

## Appendix 2: CRR Disclosure Requirements Reference Table (cont'd)

| Article /<br>CRR Ref    | High-level Requirement   | Annual Report & Accounts   |   | Pillar 3 Document |                        | Other |
|-------------------------|--|--|---|-------------------|------------------------|-------|
|                         |  | Royal Bank of<br>Scotland  | Ulster Bank<br>Ireland DAC                        | RBS<br>(Tables)   | UBI DAC<br>(Tables)    |       |
| Credit risk adjustments |  |  |   |                   |                        |       |
| 442 (a)                 | Disclosure of bank's definitions of past due and impaired.   | ARA: Capital and risk management - Impairments pg 182; Past due defined in Glossary pg 413                             | Impaired Note 10, pg 55<br>Past Due Note 1, pg 32 |                   |                        |       |
| 442 (b)                 | Approaches for calculating credit risk adjustments.  | ARA: Capital and risk management - Impairments pg 182; Accounting policy 15: Impairment of financial assets pg 255-256 | Note 24, pg 68, 85-100                            |                   |                        |       |
| 442 (c)                 | Disclosure of EAD by exposure class.   |  |   | CR 2 pg 41 &42    | Table 06 pg 10 (CR2)   |       |
| 442 (d)                 | Disclosures of EAD by geography and exposure class.  |  |   | EU CRB_C pg 75    | Table 08 (CRB_C) pg 12 |       |
| 442 (e)                 | Disclosures of EAD by industry and exposure class.   |  |   | CR 2 pg 41 &42    | Table 06 pg 10 (CR2)   |       |
| 442 (f)                 | Disclosures of EAD by residual maturity and exposure class.  |  |   | EU CRB_E pg 79    | Table 09 pg 12 (CRB_E) |       |
| 442 (g)                 | Breakdown of impaired, past due, specific and general credit adjustments, and impairment charges for the period, by exposure class or counterparty type. | Past Due - Annual Report; Credit Risk; Balance Sheet analysis pg 198-201   | Note 10, pg 55-57                                 |                   |                        |       |
| 442 (g) (i)             | Impaired exposures and past due exposures, provided separately   |  |   |                   |                        |       |
| 442 (g) (ii)            | Specific and general credit risk adjustments   |  |   |                   |                        |       |
| 442 (g) (iii)           | charges for specific and general credit risk adjustments during the reporting period   |  |   |                   |                        |       |
| 442 (h)                 | Impaired, past due exposures, by geographical area, and amounts of specific and general impairment for each geography.                                   | ARA: Capital and risk management - Credit Risk: balance sheet analysis pg 200  | Note 10, pg 55-57                                 |                   |                        |       |
| 442 (i)                 | Reconciliation of changes in specific and general credit risk adjustments.   | ARA: Capital and risk management - Credit Risk: balance sheet analysis pg 201  | Note 10, pg 55-57                                 |                   |                        |       |
| 442 (i) (i)             |  |  |   |                   |                        |       |
| 442 (i) (ii)            |  |  |   |                   |                        |       |
| 442 (i) (iii)           |  |  |   |                   |                        |       |
| 442 (i) (iv)            |  |  |   |                   |                        |       |
| 442 (i) (v)             |  |  |   |                   |                        |       |
| 442 (endnote)           | Specific credit risk adjustments recorded to income statement are disclosed separately.  | ARA: Capital and risk management - Credit Risk: balance sheet analysis pg 201  | Note 10, pg 55-57                                 |                   |                        |       |

| Article /<br>CRR Ref | High-level Requirement | Annual Report & Accounts  |                            | Pillar 3 Document |                     | Other |
|----------------------|------------------------|---------------------------|----------------------------|-------------------|---------------------|-------|
|                      |                        | Royal Bank of<br>Scotland | Ulster Bank<br>Ireland DAC | RBS<br>(Tables)   | UBI DAC<br>(Tables) |       |

#### Remuneration disclosures

|     |              |  |  |  |                                   |  |
|-----|--------------|--|--|--|-----------------------------------|--|
| 450 | Remuneration | ARA:<br>Governance -<br>Directors'<br>remuneration<br>report and other<br>remuneration<br>disclosures<br>pages 84 -105.<br><br>Further detail on<br>compliance with<br>CRD IV and<br>remuneration<br>from<br>rbs.com/about/bo<br>ard-and-<br>governance.html |  |  | Disclosed<br>within appendix<br>3 |  |
|-----|--------------|--|--|--|-----------------------------------|--|

#### Leverage

|             |  |   |  |                 |                               |  |
|-------------|--|---|--|-----------------|-------------------------------|--|
| 451 (1) (a) | Leverage ratio, and breakdown of total exposure measure, including reconciliation to financial statements, and derecognised fiduciary items. |   |  | CAP3 pg 26 & 27 | Table 03 pg 7 (CAP3)          |  |
| 451 (1) (b) |  |   |  | CAP3 pg 26 & 27 | Table 03 pg 7 (CAP4)          |  |
| 451 (1) (c) |  |   |  |                 |                               | N/A                                    |
| 451 (1) (d) | Description of the risk management approach to mitigate excessive leverage, and factors that impacted the leverage ratio during the year.    | ARA: Capital and Risk Management pg [162] |  |                 |                               |  |
| 451 (1) (e) | Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers           | ARA Pg [15]                               |  |                 | Notes to Table 03 pg 7 (CAP4) |  |
| 451 (2)     | EBA to publish implementation standards for points above.  |   |  |                 |                               | RBS / UB follows the current standards |

#### Use of credit risk mitigation techniques

|         |   |                |  |                |  |  |
|---------|---|----------------|--|----------------|--|--|
| 453 (a) | Use of on- and off-balance sheet netting.   | ARA pg 85      | > Accounting policies, pg 31<br>> Note 9, pg 44/47 |                |  |  |
| 453 (b) | How collateral valuation is managed.  |                |  |                |  |  |
| 453 (c) | Description of types of collateral used by RBS/UBI DAC                                  | ARA pg [85-86] | Note 23, pg 66-67                                  |                |  |  |
| 453 (d) | Guarantor and credit derivative counterparty, creditworthiness.                         |                | Note 24, pg 87                                     |                |  |  |
| 453 (e) | Market or credit risk concentrations within risk mitigation exposures.                  | ARA pg 85      | Note 24, pg 97-100                                 |                |  |  |
| 453 (f) | Standardised or Foundation IRB approach, exposure value covered by eligible collateral. |                | Note 23 pg 66-67                                   | EU_CR 4 pg 84  |  |  |
| 453 (g) | Exposures covered by guarantees or credit derivatives.                                  |                | Note 23 pg 66-67                                   | EU_CR 3a pg 89 |  |  |

## Appendix 3: Ulster Bank Ireland DAC (UBIDAC) Remuneration Disclosure -2017

### UBIDAC Performance and Remuneration Committee (UBIDAC RemCo)

The UBIDAC RemCo was established in October 2014 in accordance with Article 95 of Directive 2013/36/EU (CRD IV) as implemented in the Republic of Ireland by way of Statutory Instrument 158, paragraph 83. Disclosures in this document are made in accordance with Article 450 of the Capital Requirements Regulation (EU) No 575/2013.

The Chair and members of the UBIDAC RemCo are all non-executive directors of UBIDAC. The Committee met 9 times in 2017. Specific responsibilities of the UBIDAC RemCo are to:

- Review and adopt the RBS Remuneration Policy Principles for the UBIDAC business on an annual basis, reviewing the effectiveness of its implementation and ensuring it meets regulatory requirements applicable to UBIDAC.
- Oversee the remuneration of senior officers in the risk management and compliance functions, the executive directors and any other employees deemed to be Senior Material Risk Takers (MRTs) within UBIDAC, including those within Control Functions.
- Oversee the remuneration framework for other MRTs within UBIDAC.
- Oversee the annual bonus pool for UBIDAC.
- Retain oversight of pay considerations across the broader UBIDAC employee population.
- Review any UBIDAC compensation disclosure communications and any submissions to regulators in relation to compensation.

Some of the activities undertaken by the UBIDAC RemCo during 2017 included a review of senior role appointments, an update of performance assessment and 2017/2018 pay arrangements, a review and removal of variable pay for appointed staff, a review and removal of Long Term Incentive Plan awards for executives, and the introduction of Prudential Regulation Authority (PRA) rules for MRT awards that extend retention periods for deferred share awards. The UBIDAC RemCo adopted the RBS Remuneration Policy Principles and continues to operate within approved Terms of Reference which closely reflect legal entity responsibilities and applicable regulatory requirements.

### Remuneration policy and structure

As a fully owned subsidiary of The Royal Bank of Scotland Group plc (RBS), the UBIDAC Remuneration Policy is fully aligned to RBS's Remuneration Policy Principles, and is compliant with CRD IV and UK regulatory requirements, evidenced by our remuneration arrangements. A revised directors' remuneration policy for RBS was approved by shareholders at the 2017 Annual General Meeting. The policy will apply until the 2020 AGM unless further changes are required to be submitted to shareholders for approval.

The UBIDAC Remuneration Policy is aligned to the business strategy, objectives, values, risk appetite and long-term interests of UBIDAC, and in turn that of RBS and its shareholders. Our chosen performance metrics reflect the aims of delivering sustained performance against our objectives. The policy explicitly aligns remuneration with effective risk management. A range of measures are considered to assess risk performance, specifically the overall Risk Profile, Credit, Regulatory Risk & Conduct Risk, Operational Risk, Enterprise Risk and Market Risk. Consideration is also given to overall Risk Culture.

There is a clear distinction between the criteria for setting basic fixed remuneration and variable remuneration. Fixed pay is set to ensure that it reflects relevant professional experience and organisational responsibility, all considered in the wider context of the business. Performance related remuneration is typically based on a balanced scorecard approach which measures individual and business performance against both financial and non-financial measures. The variable remuneration component is designed to reflect sustainable and risk-adjusted performance against financial and strategic measures. Performance is normally assessed against a combination of short-term and long-term targets. Control Functions are assessed independently of the business units they oversee, with UBIDAC RemCo oversight on their remuneration to ensure independence is maintained.

Deferral of annual bonus awards is applied over a minimum three year period during which time unvested awards remain at risk of forfeit (malus). For awards made in 2015 and onwards, any vested variable pay awarded to MRTs will be subject to clawback for seven years from the date of award. For awards made in respect of the 2016 performance year onwards, a five year deferral schedule for Risk Manager MRTs and FCA designated Senior Managers and a seven year deferral schedule for PRA designated Senior Manager MRTs will apply. For awards made in respect of the 2017 performance year onwards the retention period applied to deferred share awards will increase to 12 months.

UBIDAC does not allow variable pay that would have otherwise been subject to deferral to be taken in pension form. The use of any personal hedging strategies in respect of unvested employee share awards is prohibited and this is confirmed in participant award documentation. UBIDAC does not pay variable remuneration through vehicles or methods that facilitate the non-compliance with the requirements in CRD IV or EU Regulation No 575/2013.

UBIDAC recognises that remuneration structures for the 2017 performance year need to comply with the remuneration requirements of CRD IV, including the cap which limits the maximum ratio of variable to fixed remuneration. UBIDAC is operating within the 1:1 ratio, consistent with the practice applicable across RBS, as no shareholder approval has been sought for a higher ratio.

The remuneration policy supports the business strategy and is designed to promote the long-term success of UBIDAC. It aims to reward employees for delivering good performance provided this is achieved in a manner consistent with our values and within acceptable risk parameters. The remuneration policy applies the same principles to all employees, including Material Risk Takers. The following table illustrates how each element supports the Remuneration Policy and how the arrangements are compliant with the requirements in CRD IV.

### Fixed pay elements

| Element of pay       | Objective   | Operation   |
|----------------------|---|---|
| Base salary          | To provide a competitive level of fixed cash remuneration.                          | Base salaries are reviewed annually and should reflect the talents, skills and competencies that the individual brings to the business.   |
| Role-based allowance | To provide fixed pay that reflects the skills and experience required for the role. | <p>Role-based allowances are a fixed allowance which form an element of the employee's overall fixed remuneration for regulatory requirements and are based on the role the individual performs. The allowances are pre-determined, permanent, and can only be adjusted or cancelled if an employee relinquishes the role or responsibilities which made them eligible for the allowance. They are not intended to be adjusted other than where there is a change of role.</p> <p>They are delivered in cash and/or shares depending on the level of the allowance and the seniority of the recipient. Shares are subject to an appropriate retention period, not less than six months.</p> |
| Benefits and pension | To provide a range of flexible and competitive benefits.                            | In most jurisdictions, employee benefits or a cash equivalent are provided from a flexible benefits account. Pension forms part of fixed remuneration and UBIDAC does not as a rule award discretionary pension benefits.   |

### Variable pay awarded in respect of the 2017 performance year

| Element of pay | Objective  | Operation   |
|----------------|--|---|
| Annual bonus   | To support a culture where employees recognise the importance of serving customers well and are rewarded for superior performance. | <p>The annual bonus pool is based on a balanced scorecard of measures including Financial, Customers, People and Risk &amp; Conduct measures. Allocation from the pool depends on performance of the franchise or function and the individual. Individual performance assessment is supported by a structured performance management framework. This is designed to assess performance against longer term business requirements across a range of financial and non-financial metrics as well as an evaluation of adherence to internal controls and risk management.</p> <p>The performance measures are set in line with the business strategy and typically include: financial measures such as return on equity, cost:income ratio; expenses and headcount (dependent on the function / franchise); net promoter score and/or customer satisfaction to assess customer advocacy; and internal survey results to assess progress in employee engagement. Risk and conduct performance is also taken into account. Control functions are assessed independently of the business units that they oversee.</p> <p>For awards made in respect of the 2017 performance year, immediate cash awards continue to be limited to a maximum of €2,283. A significant proportion of annual bonus awards for our more senior employees is deferred and includes partial delivery in shares. The deferral period varies from three years for standard MRTs, rising to five years for individuals identified as Risk Manager MRTs and seven years for Senior Managers under the UK's Senior Managers Regime. All awards are subject to malus and clawback provisions. For MRTs, a minimum of 50% of any annual bonus is delivered in shares and a twelve month retention period will apply post vesting in line with regulatory requirements.</p> |

### Personal hedging strategies

In accordance with regulatory requirements and internal dealing rules that apply to employees, the conditions attached to discretionary share-based awards prohibit the use of any personal hedging strategies to lessen the impact of a reduction in value of such awards. These conditions are explicitly acknowledged and accepted by employees when any share-based awards are granted. **Remuneration of MRTs**

The quantitative disclosures below are made in accordance with Article 450 of the EU Capital Requirements Regulation in relation to 62 employees who have been identified as UBIDAC MRTs.

### 1. Number of MRTs by business area

| Number of beneficiaries       | Senior Management | Other MRTs | Total |
|-------------------------------|-------------------|------------|-------|
| Board Executive Directors     | 2                 |            | 2     |
| Board Non-Executive Directors |                   | 4          | 4     |
| Commercial                    | 1                 | 10         | 11    |
| Corporate Functions           | 2                 | 12         | 14    |
| Internal Control Functions    | 2                 | 12         | 14    |
| Retail                        | 1                 | 11         | 12    |
| All Other Business Areas      | 2                 | 3          | 5     |
| Total                         | 10                | 52         | 62    |

### 2. Aggregate remuneration expenditure

Aggregate remuneration expenditure in respect of 2017 performance was as follows:

|                               | Senior Management | Other MRTs | Total |
|-------------------------------|-------------------|------------|-------|
| Number of beneficiaries       | 10                | 52         | 62    |
|                               | €m                | €m         | €m    |
| Board Executive Directors     | 1.85              | -          | 1.85  |
| Board Non-Executive Directors | -                 | 0.35       | 0.35  |
| Commercial                    | 0.50              | 2.17       | 2.67  |
| Corporate Functions           | 0.60              | 3.21       | 3.81  |
| Internal Control Functions    | 0.61              | 2.46       | 3.08  |
| Retail                        | 0.44              | 1.70       | 2.14  |
| All Other Business Areas      | 0.81              | 0.72       | 1.53  |
| Total                         | 4.82              | 10.61      | 15.43 |

### 3. Amounts and form of fixed and variable remuneration

Fixed remuneration consisted of salaries, allowances, pension and benefit funding.

| Fixed remuneration            | Senior Management | Other MRTs | Total |
|-------------------------------|-------------------|------------|-------|
| Number of beneficiaries       | 10                | 52         | 62    |
|                               | €m                | €m         | €m    |
| Board Executive Directors     | 1.19              | -          | 1.19  |
| Board Non-Executive Directors | -                 | 0.35       | 0.35  |
| Commercial                    | 0.32              | 1.96       | 2.28  |
| Corporate Functions           | 0.49              | 2.81       | 3.29  |
| Internal Control Functions    | 0.56              | 2.27       | 2.83  |
| Retail                        | 0.29              | 1.60       | 1.89  |
| All Other Business Areas      | 0.60              | 0.65       | 1.25  |
| Total                         | 3.45              | 9.63       | 13.08 |



#### Variable remuneration awarded for 2017 performance

Variable remuneration consisted of annual bonus, deferred over a three to seven year period in accordance with regulatory requirements. Under the UBIDAC bonus deferral structure, cash awards are limited to €2,283 per employee.

Long-term incentive (LTI) awards vest subject to the extent to which performance conditions are met and can result in zero payment. There were no recipients of LTI awards for performance year 2017.

| Annual bonus                         | Senior Management | Other MRTs  | Total       |
|--------------------------------------|-------------------|-------------|-------------|
| Number of beneficiaries              | 9                 | 42          | 51          |
|                                      | €m                | €m          | €m          |
| <b>Board Executive Directors</b>     |                   |             |             |
| Variable remuneration (cash)         | 0.00              | -           | 0.00        |
| Deferred remuneration (bonds)        | 0.05              | -           | 0.05        |
| Deferred remuneration (shares)       | 0.60              | -           | 0.60        |
| Total                                | 0.66              | -           | 0.66        |
| <b>Board Non-Executive Directors</b> |                   |             |             |
| Variable remuneration (cash)         | -                 | -           | -           |
| Deferred remuneration (bonds)        | -                 | -           | -           |
| Deferred remuneration (shares)       | -                 | -           | -           |
| Total                                | -                 | -           | -           |
| <b>Commercial</b>                    |                   |             |             |
| Variable remuneration (cash)         | 0.00              | 0.02        | 0.03        |
| Deferred remuneration (bonds)        | 0.03              | 0.17        | 0.19        |
| Deferred remuneration (shares)       | 0.15              | 0.02        | 0.17        |
| Total                                | 0.18              | 0.21        | 0.39        |
| <b>Corporate Functions</b>           |                   |             |             |
| Variable remuneration (cash)         | 0.00              | 0.02        | 0.02        |
| Deferred remuneration (bonds)        | 0.05              | 0.18        | 0.24        |
| Deferred remuneration (shares)       | 0.06              | 0.20        | 0.26        |
| Total                                | 0.12              | 0.40        | 0.52        |
| <b>Internal Control Functions</b>    |                   |             |             |
| Variable remuneration (cash)         | 0.00              | 0.03        | 0.03        |
| Deferred remuneration (bonds)        | 0.03              | 0.15        | 0.17        |
| Deferred remuneration (shares)       | 0.03              | 0.02        | 0.05        |
| Total                                | 0.06              | 0.19        | 0.25        |
| <b>Retail</b>                        |                   |             |             |
| Variable remuneration (cash)         | 0.00              | 0.02        | 0.03        |
| Deferred remuneration (bonds)        | 0.03              | 0.08        | 0.10        |
| Deferred remuneration (shares)       | 0.12              | 0.00        | 0.12        |
| Total                                | 0.15              | 0.10        | 0.25        |
| <b>All Other Business Areas</b>      |                   |             |             |
| Variable remuneration (cash)         | 0.00              | 0.01        | 0.01        |
| Deferred remuneration (bonds)        | 0.05              | 0.06        | 0.11        |
| Deferred remuneration (shares)       | 0.15              | 0.00        | 0.16        |
| Total                                | 0.21              | 0.07        | 0.28        |
| <b>Total</b>                         | <b>1.37</b>       | <b>0.98</b> | <b>2.35</b> |

#### 4. Outstanding deferred remuneration through 2017

The table below includes deferred remuneration awarded or paid out in 2017 in respect of prior performance years. Deferred remuneration reduced during the year relates to long-term incentives lapsed when performance conditions are not met, long-term incentives and deferred awards forfeited on leaving and malus adjustments of prior year deferred awards and long-term incentives.

| Category of deferred remuneration | Senior Management<br>€m | Other MRTs<br>€m | Total<br>€m |
|-----------------------------------|-------------------------|------------------|-------------|
| Unvested from prior year          | 0.75                    | 2.04             | 2.80        |
| Awarded during year               | 0.37                    | 3.13             | 3.50        |
| Paid out                          | 0.28                    | 2.10             | 2.39        |
| Reduced from prior years          | 0.11                    | 0.34             | 0.46        |
| Unvested at year end              | 0.72                    | 2.73             | 3.45        |

#### 5. Guaranteed Awards (including 'Sign-on' awards) and Severance Payments

UBIDAC does not offer 'Sign-on awards'. *Guaranteed* awards may only be granted to new hires in exceptional circumstances in compensation for awards foregone in their previous company and are limited to the first year of service. No such commitments were made during the financial year.

Severance payments and / or arrangements can be made to employees who leave the bank in certain situations, including redundancy. Such payments are determined by a pre-determined formula set out within the relevant social plans, policies, agreements or local laws. Where local laws permit, there is a cap on the maximum amount that can be awarded.

No severance payments were made during the financial year in excess of contractual payments, local policies, standards or statutory amounts.

#### 6. Ratio between fixed and variable remuneration

The variable component of total remuneration for MRTs at UBIDAC shall not exceed 100% of the fixed component. Based on the information disclosed above, the average ratio between fixed and variable remuneration for 2017 is approximately 1 to 0.18.

| Ratio of fixed to variable    | Senior Management | Other MRTs | Total     |
|-------------------------------|-------------------|------------|-----------|
| Number of beneficiaries       | 9                 | 42         | 51        |
|                               | €m                | €m         | €m        |
| Board Executive Directors     | 1 to 0.56         | 1 to 0     | 1 to 0.56 |
| Board Non-Executive Directors | 1 to 0            | 1 to 0     | 1 to 0    |
| Commercial                    | 1 to 0.56         | 1 to 0.11  | 1 to 0.17 |
| Corporate Functions           | 1 to 0.24         | 1 to 0.14  | 1 to 0.16 |
| Internal Control Functions    | 1 to 0.1          | 1 to 0.09  | 1 to 0.09 |
| Retail                        | 1 to 0.51         | 1 to 0.06  | 1 to 0.13 |
| All Other Business Areas      | 1 to 0.35         | 1 to 0.11  | 1 to 0.23 |
| Total                         | 1 to 0.4          | 1 to 0.1   | 1 to 0.18 |

#### Total remuneration by band for all employees earning >€1 million

|                 | Number of employees<br>2017 |
|-----------------|-----------------------------|
| €1.0m - €1.5m   | 1                           |
| €1.5m - €2.0m   | 0                           |
| More than €2.0m | 0                           |
| Total           | 1                           |

#### Notes:

(1) Total remuneration in the table above includes fixed pay, pension and benefit funding and variable pay.

(2) The table is based on an exchange rate where applicable of €1.1413663 to £1 as at 31 December 2017.