

## 2. Risk Assessment Results

### High Priority Risks

#### Access Control

**R-1141 Description:** Risk of non-compliance with C-1141: Eligible ECAs should notify the Central Bank of significant changes to methodologies, and should provide the Central Bank with sufficient access to external ratings and other relevant (domains: access, monitoring, reporting) **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 142

#### Compliance

**R-88 Description:** Risk of non-compliance with C-88: Banks Internal audit/compliance department should perform regular reviews to ensure (domains: compliance) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 25

**R-90 Description:** Risk of non-compliance with C-90: Banks Internal audit/compliance department should perform regular reviews to ensure the PSE and GRE classification complies with the Central Bank GRE list. (domains: compliance) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 25

**R-951 Description:** Risk of non-compliance with C-951: It (i) Explains in more detail the Central Bank's expectations on fulfilling the requirements of the ICAAP Capital Standards, in particular, related to the ICAAP (process) at each bank and certain aspects of the content of the ICAAP report; (domains: compliance, reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 3

**R-952 Description:** Risk of non-compliance with C-952: It (i) Explains in more detail the Central Bank's expectations on fulfilling the requirements of the ICAAP Capital Standards, in particular, related to the ICAAP (process) at each bank and certain aspects of the content of the ICAAP report; (ii) Covers expectations on some processual elements of the ICAAP, such as an appropriate approval process of the ICAAP report and its submission timelines; (domains: compliance, reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 3

**R-1992 Description:** Risk of non-compliance with C-1992: If a bank believes that use of a different definition of one year is appropriate, or would significantly reduce its compliance (domains: compliance) **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 39

**R-2015 Description:** Risk of non-compliance with C-2015: actions emanating from internal audits, external audits, risk management assessments, capital management reviews, Central Bank examinations, and Pillar 3, etc.), including the status

of official actions; (b) Key items which warrant immediate Central Bank attention, such as a projected shortfall in regulatory minimum capital amount; a breach in outlier status under IRRBB, and any other material risks; (c) A list of the major changes compared to the previous ICAAP report, e.g. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 32

**R-2016 Description:** Risk of non-compliance with C-2016: (b) Key items which warrant immediate Central Bank attention, such as a projected shortfall in regulatory minimum capital amount; a breach in outlier status under IRRBB, and any other material risks; (c) A list of the major changes compared to the previous ICAAP report, e.g. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 32

**R-2039 Description:** Risk of non-compliance with C-2039: Question 6: The guidance requires that the bank's internal audit/ compliance departments perform regular reviews to ensure the PSE and GRE classification complies with the (domains: compliance) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 32

#### **Data Protection**

**R-197 Description:** Risk of non-compliance with C-197: In exceptional cases, disclosure of certain items required by Pillar 3 may reveal the position of a bank or contravene its legal obligations by making public information that is proprietary or confidential in nature. (domains: data, reporting) **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-224 Description:** Risk of non-compliance with C-224: Principle 3: Disclosures should be meaningful to users Disclosures should highlight a bank's most significant current and emerging risks and how those risks are managed, including information that is likely to receive market attention. (domains: data, reporting) **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 5

**R-529 Description:** Risk of non-compliance with C-529: Banks sometimes outsource certain activities, such as processing and maintaining data (domains: data) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 124

**R-530 Description:** Risk of non-compliance with C-530: Banks sometimes outsource certain activities, such as processing and maintaining data on loan collection services to external service providers. (domains: data) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 124

**R-806 Description:** Risk of non-compliance with C-806: Banks are expected to supplement the quantitative information provided in both fixed and flexible templates with a narrative commentary to explain at least any significant changes between

reporting periods and any other issues that management considers to be of interest to market (domains: data, reporting) **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 6

**R-1142 Description:** Risk of non-compliance with C-1142: Eligible ECAIs should notify the Central Bank of significant changes to methodologies, and should provide the Central Bank with sufficient access to external ratings and other relevant data to support initial and ongoing determination of eligibility. (domains: access, data, monitoring, reporting) **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 142

**R-1254 Description:** Risk of non-compliance with C-1254: that it meets the following minimum standards: (i) The ECAI has established rating definitions, criteria, and methodologies, and apply them consistently; (ii) The ECAI should have a robust procedure of rating assignment based on published information, market data, interviews with management, and/or other sources of information that provide a sound basis for purposes of assigning the ratings; (iii) When assigning risk ratings, the ECAI should take into account all major features of (domains: data, compliance, monitoring, reporting) **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 138

**R-1255 Description:** Risk of non-compliance with C-1255: (i) The ECAI has established rating definitions, criteria, and methodologies, and apply them consistently; (ii) The ECAI should have a robust procedure of rating assignment based on published information, market data, interviews with management, and/or other sources of information that provide a sound basis for purposes of assigning the ratings; (iii) When assigning risk ratings, the ECAI should take into account all major features of credit quality that are relevant under the ECAI's applicable methodology, and should (domains: data, monitoring, reporting) **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 138

**R-2132 Description:** Risk of non-compliance with C-2132: management information, capital reporting, liquidity reporting, and internal risk reporting); (iv) Recovery plans, including the results of resolvability assessment, if any, and identification of critical functions; (v) Third-party reports (e.g. (domains: data, reporting) **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 10

**R-3975 Description:** Risk of non-compliance with C-3975: That the bank distributes regular, accurate, and timely information on the bank's aggregate risk profile internally; The appropriate frequency and distribution of risk management information; Early warning processes for pre-empting capital limit breaches; and Internal decision-making process are facilitated to allow the bank's management to authorize remedial actions before capital adequacy is (domains: data, reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 30

## Financial

**R-173 Description:** Risk of non-compliance with C-173: However, the time lag should not exceed that allowed to the bank for its regular financial reporting period-ends (e.g. (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-178 Description:** Risk of non-compliance with C-178: bank for its regular financial reporting period-ends (e.g. (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-1281 Description:** Risk of non-compliance with C-1281: The ECAI's financial position should not depend significantly on the provision of other services to the rated entities. **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 139

**R-1897 Description:** Risk of non-compliance with C-1897: Frequently Asked Questions Question 1: Is the starting point for the leverage ratio exposure calculation total on- balance-sheet assets as reported in the financial statements? (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 20

**R-3004 Description:** Risk of non-compliance with C-3004: exposure for certain derivative instruments because they are held (completely) off balance sheet, the bank must use the sum of positive fair values of these derivatives as the replacement cost. **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 17

## General Risk

**R-25 Description:** Risk of non-compliance with C-25: Majority of the unconditionally cancellable commitments are subject to certain contractual conditions, which in practice may not render them as unconditionally cancelled and thereby do **Likelihood:** High **Impact:** High **Source:** PI.pdf, Page 34

**R-27 Description:** Risk of non-compliance with C-27: Majority of the unconditionally cancellable commitments are subject to certain contractual conditions, which in practice may not render them as unconditionally cancelled and thereby do not qualify them for 0% CCF, implying that all the off-balancesheet items bear a risk to the bank. **Likelihood:** High **Impact:** High **Source:** PI.pdf, Page 34

**R-28 Description:** Risk of non-compliance with C-28: Bank shall conduct a formal review of the commitments at regular intervals to ensure that **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 34

**R-29 Description:** Risk of non-compliance with C-29: Bank shall conduct a formal review of the commitments at regular intervals to ensure that commitments can be cancelled from a legal and practical perspective. **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 34

**R-42 Description:** Risk of non-compliance with C-42: Moreover, the approval should clearly mention that the instrument is subordinated; coupon payments may not be paid under certain **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 21

**R-48 Description:** Risk of non-compliance with C-48: Frequently Asked Questions (FAQ) Question 1: The last bullet point mentions “Liability accounted instruments must set the **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 22

**R-49 Description:** Risk of non-compliance with C-49: Frequently Asked Questions (FAQ) Question 1: The last bullet point mentions “Liability accounted instruments must set the loss absorption trigger at a level of 7.625%.” Is it Central Bank decision to have this trigger set at 7.625%? **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 22

**R-81 Description:** Risk of non-compliance with C-81: The service provided should be of substantial public benefit and the entity should have a monopolistic nature and there should be a significant **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 24

**R-82 Description:** Risk of non-compliance with C-82: The service provided should be of substantial public benefit and the entity should have a monopolistic nature and there should be a significant likelihood that the government would not let the entity go bankrupt. **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 24

**R-93 Description:** Risk of non-compliance with C-93: a majority of an MDB’s external assessments must be AAA; **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 25

**R-103 Description:** Risk of non-compliance with C-103: Treatment of Equity Derivatives Equity derivatives and off-balance-sheet positions that are affected by changes in equity prices should be included in the measurement system, with the exception of certain options **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 103

**R-107 Description:** Risk of non-compliance with C-107: Alternatively, the second leg may be determined by some other stock index (often referred to as a relative performance swap). **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 103

**R-118 Description:** Risk of non-compliance with C-118: Other common characteristics of derivative transactions may include the following: **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 67

**R-247 Description:** Risk of non-compliance with C-247: Risk mitigations should always be considered in light of the stress severity and likelihood. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 21

**R-308 Description:** Risk of non-compliance with C-308: Answer: Banks using multi-period stress scenarios should include the most severe period of the most **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 24

**R-309 Description:** Risk of non-compliance with C-309: Answer: Banks using multi-period stress scenarios should include the most severe period of the most severe stress test results (reverse stress scenarios not considered). **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 24

**R-310 Description:** Risk of non-compliance with C-310: All other banks that perform a simpler point in time or 1-period stress scenario should include the most severe ST results (reverse **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 24

**R-349 Description:** Risk of non-compliance with C-349: Yes, as the Guidance notes, certain adjustments for local conditions may be appropriate, particularly to account for default conditions that should be interpreted as demonstrating that a **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 146

**R-350 Description:** Risk of non-compliance with C-350: Yes, as the Guidance notes, certain adjustments for local conditions may be appropriate, particularly to account for default conditions that should be interpreted as demonstrating that a borrower is “unlikely to pay.” As the BCBS has noted in guidance to banks, some flexibility in the definition of default is appropriate to reflect the particular circumstances of each jurisdiction. **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 146

**R-403 Description:** Risk of non-compliance with C-403: Consequently, the analysis should consider all relevant levels of the group structure (consolidated, solo, entity level, and including significant affiliate investments). **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 26

**R-476 Description:** Risk of non-compliance with C-476: This requires that banks conduct formal reviews of the facilities regularly and this provides the opportunity to take note of any perceived **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 29

**R-559 Description:** Risk of non-compliance with C-559: Banks should consult with Central Bank when there is uncertainty about whether a given transaction should be **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 90

**R-732 Description:** Risk of non-compliance with C-732: CBUAE Classification: Public Question 2: Can the Central Bank detail or provide examples of the extraordinary or irregular items under the definition of Gross income. **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 129

**R-851 Description:** Risk of non-compliance with C-851: This kind of common risk potentially can be hedged, but cannot be reduced through diversification across counterparties. **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 71

**R-964 Description:** Risk of non-compliance with C-964: The conclusion should be unambiguous, forward-looking and consider the uncertainty of the business and **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 3

**R-1031 Description:** Risk of non-compliance with C-1031: the regular internal review and validation by the appropriate functions of the bank. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1106 Description:** Risk of non-compliance with C-1106: The stakeholders should regularly interact with each other during the production of the **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1140 Description:** Risk of non-compliance with C-1140: Eligible ECAIs should notify the Central Bank of significant changes to methodologies, (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 142

**R-1148 Description:** Risk of non-compliance with C-1148: Banks should be aware that the Central Bank regularly reassesses the extent to which any ECAI **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1149 Description:** Risk of non-compliance with C-1149: Banks should be aware that the Central Bank regularly reassesses the extent to which any ECAI meets the criteria stated in this Guidance. **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1478 Description:** Risk of non-compliance with C-1478: If a bank relies on third-party calculations for determining the underlying risk weights of the exposures of the fund, the risk weights should be increased by a factor of 1.2 times to compensate for the fact that the bank cannot be certain about the accuracy of third-party **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 83

**R-1515 Description:** Risk of non-compliance with C-1515: The market risk charge for options can be calculated using one of the following methods: the simplified approach an intermediate approach: the delta-plus method The more significant a bank's trading activities, the more sophisticated the approach it should use. **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 107

**R-1716 Description:** Risk of non-compliance with C-1716: The stakeholders should regularly interact with each other during the production of the ICAAP in order to (i) obtain consistent forward-looking capital projections, and (ii) use capital 154

CBUAE Classification: Public projections consistently in their own decision-making. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1878 Description:** Risk of non-compliance with C-1878: The resulting exposure amount for a written credit derivative may be further reduced by the effective notional amount of a purchased credit derivative on the same reference name, provided that certain conditions are met. **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1888 Description:** Risk of non-compliance with C-1888: For example, all options where the bank has the obligation to provide credit protection under certain (domains: security) **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1943 Description:** Risk of non-compliance with C-1943: DSIBs and other banks with significant interest rate risk (IRR) exposure should **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 15

**R-1944 Description:** Risk of non-compliance with C-1944: DSIBs and other banks with significant interest rate risk (IRR) exposure should compute the economic value of equity (EVE) at a granular facility level, while non-DSIBs may compute EVE at exposure level, which is based upon the summation of discounted gap risk across time buckets, rather than a granular net present value (NPV) estimation at exposure level. **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 15

**R-1966 Description:** Risk of non-compliance with C-1966: bank's appetite for model uncertainty. The framework should be designed to identify, measure, monitor, and mitigate this risk. A bank should mitigate a large appetite for model risk by (domains: monitoring) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 14

**R-2084 Description:** Risk of non-compliance with C-2084: An inventory of risks should be recorded for each business activity and each portfolio on a regular (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2103 Description:** Risk of non-compliance with C-2103: The bank should conduct regular business model analysis (BMA) to assess its **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2104 Description:** Risk of non-compliance with C-2104: The bank should conduct regular business model analysis (BMA) to assess its business and strategic risks to determine: (i) The ability of the bank's current business model to deliver suitable results over the following 12 months; **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 10



**R-2114 Description:** Risk of non-compliance with C-2114: balance sheet, profit and loss, and concentrations) regularly to verify that they **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2115 Description:** Risk of non-compliance with C-2115: balance sheet, profit and loss, and concentrations) regularly to verify that they are consistent with the business model, risk appetite, and the achievement of the bank's strategic goals. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2297 Description:** Risk of non-compliance with C-2297: Certain market practices may eliminate or at least significantly reduce the potential risk from a default of a swap provider. **Likelihood:** High **Impact:** High **Source:** PI.pdf, Page 94

**R-2389 Description:** Risk of non-compliance with C-2389: Each bank should execute enterprise-wide stress tests based on a set of scenarios regularly at least quarterly is recommend. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2483 Description:** Risk of non-compliance with C-2483: The uncertainty and losses arising from models should be estimated by using a range of different techniques, including: **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2484 Description:** Risk of non-compliance with C-2484: The uncertainty and losses arising from models should be estimated by using a range of different techniques, including: (i) Internal and external validations; (ii) Comparison against alternative models; (iii) Sensitivity analysis; and (iv) Stress tests. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2501 Description:** Risk of non-compliance with C-2501: As part of the ICAAP exercise, each bank should carry out integrated, regular, rigorous, **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2502 Description:** Risk of non-compliance with C-2502: As part of the ICAAP exercise, each bank should carry out integrated, regular, rigorous, and forward-looking stress tests that are appropriate to the nature of the bank's business model and major sources of risk. **Likelihood:** High **Impact:** High **Source:** PII.pdf, Page 18

**R-2503 Description:** Risk of non-compliance with C-2503: The frequency should be annually and more frequently, when **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2504 Description:** Risk of non-compliance with C-2504: The frequency should be annually and more frequently, when necessary, depending on the individual circumstances. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2991 Description:** Risk of non-compliance with C-2991: The Standards includes the possibility that the Central Bank may consider temporarily exempting certain central bank “reserves” from the leverage ratio exposure measure to facilitate the implementation of monetary policies in exceptional macroeconomic (domains: compliance) **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 15

**R-2992 Description:** Risk of non-compliance with C-2992: temporarily exempting certain central bank “reserves” from the leverage ratio exposure measure to facilitate the implementation of monetary policies in exceptional macroeconomic circumstances. **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 15

**R-2993 Description:** Risk of non-compliance with C-2993: Certain other jurisdictions have pursued monetary policies that resulted in a significant expansion of such bank balances at the Central Bank, for example through policies commonly described as “quantitative easing.” While the Central Bank has no plan to implement such policies, the inclusion of this flexibility in the Standards (domains: compliance) **Likelihood:** High **Impact:** High **Source:** PIII.pdf, Page 15

**R-3001 Description:** Risk of non-compliance with C-3001: If, under a bank’s operative accounting standards, there is no accounting measure of exposure for certain derivative instruments because they are held (completely) off balance sheet, the bank must use the sum of positive fair values of these derivatives as the (domains: compliance) **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 17

**R-3108 Description:** Risk of non-compliance with C-3108: Banks that are impacted significantly from the implementation of IFRS9 may approach the Central Bank to apply for a transition period for the **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 3

**R-3200 Description:** Risk of non-compliance with C-3200: Banks should certainly use more analytically appropriate deltas for internal purposes such as **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 48

## **Governance**

**R-282 Description:** Risk of non-compliance with C-282: Internal control functions should perform regular reviews of the risk management **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 22

**R-975 Description:** Risk of non-compliance with C-975: The ICAAP governance framework should include a clear approach to the regular internal review and validation by the appropriate functions of the bank. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 4

**R-2181 Description:** Risk of non-compliance with C-2181: Each bank should start this assessment with the metrics already employed to measure market risk as part of regular risk management, including net open positions (NOP), value-at-risk (VaR), stressed VaR, and economic stress tests. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2391 Description:** Risk of non-compliance with C-2391: Each bank should execute portfolio-level stress tests more frequently depending on the needs of risk management and the business functions. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2446 Description:** Risk of non-compliance with C-2446: portfolio-level stress tests more frequently depending on the needs of risk management and the business functions. Market risk stress tests in particular may have to be performed more **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 19

**R-4123 Description:** Risk of non-compliance with C-4123: Banks should certainly use more analytically appropriate deltas for internal purposes such as valuation and risk management. **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 48

## **Operational**

**R-284 Description:** Risk of non-compliance with C-284: Internal control functions should perform regular reviews of the risk management process to make sure its coherence, validity, and rationality. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 22

**R-753 Description:** Risk of non-compliance with C-753: Question 13: “The bank’s operational risk management processes and assessment system shall be subject to validation and regular independent review”. **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 130

**R-969 Description:** Risk of non-compliance with C-969: scenarios, the analysis of the stress scenarios should include the intended risk mitigation actions; (ix) An assessment of the adequacy of the bank’s risk management processes including critical judgment on the areas that need improvement; and (x) A conclusion of the ICAAP addressing the suitability of the capital to cover the bank’s current and expected risks. **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 4

**R-1959 Description:** Risk of non-compliance with C-1959: Consequently, model risk should be managed through a formal process incorporating the bank’s appetite for model uncertainty. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 15

**R-2072 Description:** Risk of non-compliance with C-2072: As a part of its risk management practices, each bank is responsible for implementing a regular process to identify, measure, report, monitor, and mitigate risks. (domains: monitoring, reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2077 Description:** Risk of non-compliance with C-2077: a regular process to identify, measure, report, monitor, and mitigate risks. (domains: monitoring, reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2083 Description:** Risk of non-compliance with C-2083: The identification of risks should be supported by a regular and structured process. **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 9

### Reporting

**R-214 Description:** Risk of non-compliance with C-214: Principle 2: Disclosures should be comprehensive Disclosures should describe a bank's main activities and all significant risks, supported by relevant **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 4

**R-215 Description:** Risk of non-compliance with C-215: Significant changes in risk exposures between reporting periods (domains: reporting) **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 4

**R-216 Description:** Risk of non-compliance with C-216: Significant changes in risk exposures between reporting periods should be described, together with the appropriate response by management. (domains: reporting) **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 4

**R-223 Description:** Risk of non-compliance with C-223: Principle 3: Disclosures should be meaningful to users Disclosures should highlight a bank's most significant current and emerging risks and how those **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 5

**R-230 Description:** Risk of non-compliance with C-230: Principle 4: Disclosures should be consistent over time Disclosures should be consistent over time to enable key stakeholders to identify trends in a bank's risk profile across all significant aspects of its business. **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 5

**R-442 Description:** Risk of non-compliance with C-442: 175

CBUAE Classification: Public Appendix 2 - ICAAP Executive Summary Table 3 - ICAAP Executive Summary As of the reporting date of the ICAAP Pillar 1 in AED '000 Pillar 1 in AED '000 Pillar 2 in AED '000 Date Reporting date of the ICAAP,

year with the most severe year with the most severe (domains: reporting) **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 28

**R-733 Description:** Risk of non-compliance with C-733: An extraordinary or irregular item consists of gains or losses included on a bank's P&L statement (usually reported separately as these items are not predictors of future performance) from events (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 129

**R-757 Description:** Risk of non-compliance with C-757: Question 14: In terms of the "regular reporting", is an official ORM meeting required? (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 130

**R-759 Description:** Risk of non-compliance with C-759: It is up to the bank how it conveys the regular reports to the senior management and the board of (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 130

**R-760 Description:** Risk of non-compliance with C-760: It is up to the bank how it conveys the regular reports to the senior management and the board of directors, but the evidence of these reports were submitted needs to be documented for example (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 130

**R-808 Description:** Risk of non-compliance with C-808: flexible templates with a narrative commentary to explain at least any significant changes between reporting periods and any other issues that management considers to be of interest to market participants. (domains: reporting) **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 6

**R-821 Description:** Risk of non-compliance with C-821: Frequently Asked Questions (FAQ) Question 1: One or more senior officers of a bank, ideally at boardlevel or equivalent, should attest in writing that Pillar 3 disclosures have been prepared in accordance **Likelihood:** High **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-989 Description:** Risk of non-compliance with C-989: The frequency of reporting to the Board is expected to be at least quarterly, but, depending on the size, complexity, business model, risk types of the institution, and the market environment, reporting might need to be more frequent to ensure timely management actions. (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 5

**R-992 Description:** Risk of non-compliance with C-992: environment, reporting might need to be more frequent to ensure timely management actions. (domains: reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 5

**R-994 Description:** Risk of non-compliance with C-994: However, if the quarterly results deviate significantly compared to the results of the ICAAP report as submitted to the Central Bank, then the bank (domains: reporting) **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 5

**R-995 Description:** Risk of non-compliance with C-995: However, if the quarterly results deviate significantly compared to the results of the ICAAP report as submitted to the Central Bank, then the bank should inform the Central Bank of the updated capital plan (including reasons for the (domains: reporting) **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 5

**R-1725 Description:** Risk of non-compliance with C-1725: Regular reporting should be constructed to measure and monitor Pillar 2 risks in (domains: monitoring, reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1726 Description:** Risk of non-compliance with C-1726: Regular reporting should be constructed to measure and monitor Pillar 2 risks in addition to the annual ICAAP report exercise. (domains: monitoring, reporting) **Likelihood:** High **Impact:** Medium **Source:** PII.pdf, Page 7

**R-2158 Description:** Risk of non-compliance with C-2158: identification of critical functions; (v) Third-party reports (e.g. (domains: reporting) **Likelihood:** Medium **Impact:** High **Source:** PII.pdf, Page 12

**R-3601 Description:** Risk of non-compliance with C-3601: Frequently Asked Questions Question 1: When will the Standards, Guidance and Template with regards to Solo reporting be (domains: compliance, reporting) **Likelihood:** High **Impact:** Medium **Source:** PI.pdf, Page 6

## Security

**R-661 Description:** Risk of non-compliance with C-661: Elsewise (if denominated and funded in foreign currency and if the debt security is not GCC sovereign paper) rating and residual maturity shall be applied. (domains: security) **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 110

**R-662 Description:** Risk of non-compliance with C-662: and/or General), FX, Equity, etc.) depends on the nature of the cash placement (one 'leg') and that of the security/collateral (other 'leg'). The two legs are reportable to the relevant market risk (domains: security, reporting) **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 109

**R-1518 Description:** Risk of non-compliance with C-1518: In some cases, such as foreign exchange, it may be unclear which side is the "underlying security." In such cases, the asset that would be received if the option were exercised should be (domains: security) **Likelihood:** Medium **Impact:** High **Source:** PI.pdf, Page 107

**R-1893 Description:** Risk of non-compliance with C-1893: In situations where a bank is economically exposed beyond providing an indemnity or guarantee for the difference between the value of the security or cash its customer has lent and the value of the collateral the borrower has provided, a further exposure equal to (domains: security) **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 19

**R-1894 Description:** Risk of non-compliance with C-1894: lent and the value of the collateral the borrower has provided, a further exposure equal to the full amount of the security or cash must be included in the leverage ratio exposure measure. (domains: security) **Likelihood:** Medium **Impact:** High **Source:** PIII.pdf, Page 19

## Medium Priority Risks

### Access Control

**R-152 Description:** Risk of non-compliance with C-152: Banks should publish their Pillar 3 report in a stand-alone document on the bank's UAE- specific website that provides a readily accessible source of prudential measures for users. (domains: access, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-525 Description:** Risk of non-compliance with C-525: Outsourcing offers the advantage of access to specialised and experienced personnel that may not be available internally, (domains: access) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-526 Description:** Risk of non-compliance with C-526: Outsourcing offers the advantage of access to specialised and experienced personnel that may not be available internally, and enables banks to concentrate on their core business and reduce costs. (domains: access) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-843 Description:** Risk of non-compliance with C-843: Banks which do not have a UAE-Specific website should create a website specific to UAE so that all stakeholders can have access to the Pillar 3 disclosures of the bank. (domains: access) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-3971 Description:** Risk of non-compliance with C-3971: With regard to the bank's risk management and control function, the ICAAP report is expected to describe (i) How the RMF has access to all business lines and other units that might have possibility in generating risk , and to all relevant subsidiaries, and affiliates; (ii) RMF processes/ practices/ mechanisms through which the bank effectively identifies, measures, monitors, and reports material risks; (domains: access, monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3972 Description:** Risk of non-compliance with C-3972: expected to describe (i) How the RMF has access to all business lines and other units that might have possibility in generating risk , and to all relevant subsidiaries, and affiliates; (ii) RMF processes/ practices/ mechanisms through which the bank effectively identifies, measures, monitors, and reports material risks; (iii) Mechanisms that ensure that the policies, methodologies, controls, and risk monitoring systems are developed, validated, maintained and appropriately (domains: access, monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

## **Compliance**

**R-36 Description:** Risk of non-compliance with C-36: The CN-01 form should be completed, filled and signed by the bank's Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit, Head of Compliance and Head (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-51 Description:** Risk of non-compliance with C-51: However, in particular in conjunction with the development of a recovery/ resolution regulation, the introduction of a trigger level may also be discussed again, as pointed out in the presentation that was circulated with the Tier capital instrument documents. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 22

**R-59 Description:** Risk of non-compliance with C-59: In general, banks should only use solicited ratings from recognised ECAs for the purposes of calculating capital requirement under the SA. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-76 Description:** Risk of non-compliance with C-76: In addition, banks are specifically required to ensure compliance with other aspects of the banking regulations when (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-84 Description:** Risk of non-compliance with C-84: In the case of a UAE sovereign guarantee given to a non-commercial PSE, with the Central Bank approval, the guarantee may be treated as eligible credit risk mitigation (CRM) to reduce the exposure provided the bank ensures compliance with the entire minimum regulatory (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-85 Description:** Risk of non-compliance with C-85: All banks must comply with the latest version of the GRE list for classification and risk **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25



**R-87 Description:** Risk of non-compliance with C-87: All banks must comply with the GRE list unless any addition or removal of entities is reflected in the GRE **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-95 Description:** Risk of non-compliance with C-95: Strict statutory lending requirements and conservative financial policies, which would include among other conditions a structured approval process, internal creditworthiness and risk concentration limits (per country, sector, and individual exposure and credit category), large exposures approval by the board or a committee of the board, fixed repayment schedules, effective monitoring of use of proceeds, status review process, and rigorous assessment of risk and provisioning to loan loss (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-115 Description:** Risk of non-compliance with C-115: Banks with negligible business in foreign currencies and with no FX positions taken for their own account may exclude their FX positions if they meet both of the following requirements: (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-127 Description:** Risk of non-compliance with C-127: These instead must be treated as any other similar instrument in the bank's portfolio for regulatory capital (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-139 Description:** Risk of non-compliance with C-139: The revised Pillar 3 disclosure requirements in this guidance are based on an extensive review of Pillar 3 reports. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 2

**R-146 Description:** Risk of non-compliance with C-146: Banks having a banking subsidiary will be required to be consolidated at Group level as one Pillar 3 report as well as at subsidiary solo level as a separate Pillar 3 report Banks offering Islamic financial services should comply with these disclosure requirements. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-147 Description:** Risk of non-compliance with C-147: These requirements are applicable to their activities that are in line with Islamic Sharia rules and principals, which are neither interest-based lending nor borrowing but are parallel to the activities described in these Guidance and Explanatory Notes Implementation date (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-148 Description:** Risk of non-compliance with C-148: Banks offering Islamic financial services should comply with these disclosure requirements. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-149 Description:** Risk of non-compliance with C-149: Banks need to report in each table as per the requirements for that table set out in the Appendix since few tables are required to be reported (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-154 Description:** Risk of non-compliance with C-154: the requirements for that table set out in the Appendix since few tables are required to be reported every quarter or semi-annually or annually. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-161 Description:** Risk of non-compliance with C-161: The reporting frequencies for each disclosure requirement are set out in the schedule in (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-162 Description:** Risk of non-compliance with C-162: The reporting frequencies for each disclosure requirement are set out in the schedule in paragraph 27 below. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-165 Description:** Risk of non-compliance with C-165: The frequencies vary between quarterly, semi-annual and annual reporting depending upon the nature of the specific disclosure requirement. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-170 Description:** Risk of non-compliance with C-170: If a Pillar 3 disclosure is required to be published for a period when a bank does not produce any financial report, the disclosure requirement should (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-202 Description:** Risk of non-compliance with C-202: Pillar 3 complements the minimum risk-based capital requirements and other quantitative requirements (Pillar 1) and the supervisory review process (Pillar 2) and aims to promote market (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-233 Description:** Risk of non-compliance with C-233: Additions, deletions and other important changes in disclosures from previous reports, including those arising from a bank's specific, regulatory or market developments, should be highlighted and explained. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-277 Description:** Risk of non-compliance with C-277: Senior Management has a responsibility to ensure that the bank establishes a system for assessing the full scope of its risks, develops a system to relate risk to the bank's capital level, and establishes a method for monitoring compliance with internal policies. (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-283 Description:** Risk of non-compliance with C-283: system for assessing the full scope of its risks, develops a system to relate risk to the bank's capital level, and establishes a method for monitoring compliance with internal policies. (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-321 Description:** Risk of non-compliance with C-321: Answer: The ICAAP submission should comply with the schedule specified in Section VIII - ICAAP **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-331 Description:** Risk of non-compliance with C-331: The comparison between the F-IRB approach and the regulatory standardised approach for credit risk has to be performed on an asset class level and the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-332 Description:** Risk of non-compliance with C-332: The comparison between the F-IRB approach and the regulatory standardised approach for credit risk has to be performed on an asset class level and the greater capital requirement should be applied in the ICAAP. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-335 Description:** Risk of non-compliance with C-335: greater capital requirement should be applied in the ICAAP. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-346 Description:** Risk of non-compliance with C-346: IFRS9 banks have a PD for every exposure, which may be used to calculate the F-IRB capital. It is, however, not mandatory to fully implement the F-IRB approach. Comparing regulatory capital (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-357 Description:** Risk of non-compliance with C-357: Question 6: Does the requirement that rating methodologies be established for at least one (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-358 Description:** Risk of non-compliance with C-358: Question 6: Does the requirement that rating methodologies be established for at least one year preclude new rating methodologies from being introduced? (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-359 Description:** Risk of non-compliance with C-359: No, this requirement does not preclude the development and implementation of new rating (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-396 Description:** Risk of non-compliance with C-396: Is it an additional requirement to perform the ICAAP also at solo level or should the ICAAP also have a solo-level (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-397 Description:** Risk of non-compliance with C-397: The ICAAP should evaluate the capital requirement and capital adequacy of the bank at group level, following the regulatory consolidation. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-398 Description:** Risk of non-compliance with C-398: requirement to perform the ICAAP also at solo level or should the ICAAP also have a solo-level analysis? (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-405 Description:** Risk of non-compliance with C-405: The policy sets the framework and the capital management plan describes the capital management strategy and the steps to achieve it in compliance with the policy. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-409 Description:** Risk of non-compliance with C-409: Question 13: If a bank reports regulatory operational risk capital requirements using the BIA, can (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-410 Description:** Risk of non-compliance with C-410: Question 13: If a bank reports regulatory operational risk capital requirements using the BIA, can the Standardised Approach be used to quantify the potential additional operational risk charge under Pillar 2 if the capital requirement is higher under the SA compared to the BIA? (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-412 Description:** Risk of non-compliance with C-412: Answer: The ICAAP is an internal process and the bank must determine the most adequate methodology to quantify the extent to which regulatory capital requirements for operational risk fail to adequately address the true extent of its potential operational risk losses. (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-416 Description:** Risk of non-compliance with C-416: Question 15: Does the Internal Audit (IA) review required under Section IX - Internal Control Review contradict the requirement in Appendix 3.4, which requires banks to disclose the Internal (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-465 Description:** Risk of non-compliance with C-465: All the deductions from capital according to the Tier capital supply of Standards of Capital Adequacy in the UAE, for reconciliation between the regulatory return and the audited/reviewed financial statement. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-480 Description:** Risk of non-compliance with C-480: Banks should ensure that all minimum legal and the operational requirements set out in (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-511 Description:** Risk of non-compliance with C-511: Banks should follow the requirements of all other applicable Central Bank standards to determine overall capital adequacy requirements. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 98

**R-555 Description:** Risk of non-compliance with C-555: While credit rating agencies capture some aspects of the risk related to tranche thickness in their external ratings, analysis performed by the BCBS suggested that capital requirements for a given rating of a mezzanine tranche should differ (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 89

**R-679 Description:** Risk of non-compliance with C-679: Operational requirements for the recognition of risk transference The Standards requires that banks obtain a legal opinion to confirm true sale to demonstrate that the transferor does not maintain effective or indirect control over the transferred (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-680 Description:** Risk of non-compliance with C-680: Examples of terms or conditions that would violate this requirement include the following: (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-738 Description:** Risk of non-compliance with C-738: This volume-based indicator is provided to avoid large differences in the operational risk requirement caused by differences in income margins across banks and jurisdictions in these business lines. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-767 Description:** Risk of non-compliance with C-767: templates, banks will need to consider carefully how widely the disclosure requirement should (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-770 Description:** Risk of non-compliance with C-770: It should describe the portfolios excluded from the disclosure requirement and the aggregate total RWAs those portfolios represent. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-774 Description:** Risk of non-compliance with C-774: Banks may add extra rows and extra columns to fixed format templates if they wish to provide additional detail to a disclosure requirement by adding sub-rows (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-776 Description:** Risk of non-compliance with C-776: Banks may add extra rows and extra columns to fixed format templates if they wish to provide additional detail to a disclosure requirement by adding sub-rows 185

CBUAE Classification: Public or columns, but the numbering of prescribed rows and columns in the template should not be (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-786 Description:** Risk of non-compliance with C-786: in a bank's annual report or through published regulatory reporting) the templates/tables with a flexible (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-788 Description:** Risk of non-compliance with C-788: in a bank's annual report or through published regulatory reporting) the templates/tables with a flexible format, and the fixed format templates where the criteria in paragraph 22 are met. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-791 Description:** Risk of non-compliance with C-791: The disclosure requirements for templates with a fixed format can be disclosed by banks in a separate document other than the Pillar 3 report provided all of the following criteria are met: (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-800 Description:** Risk of non-compliance with C-800: consolidation as the one used in the disclosure requirement; • the disclosure in the signposted document is mandatory. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-815 Description:** Risk of non-compliance with C-815: Any additional disclosure should comply with the five guiding principles set out in paragraph 14 above. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-817 Description:** Risk of non-compliance with C-817: Format and reporting frequency of each disclosure requirement (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 7

**R-823 Description:** Risk of non-compliance with C-823: Question 2: There are requirements on the Pillar III disclosure that is dependent on the BASEL returns (BRF 95), in relation to this, the submission that mentions 6 weeks after the end of the

relevant quarter starts from the BASEL quarter reporting deadline or actual quarter end? (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-867 Description:** Risk of non-compliance with C-867: No, DVA cannot be taken into account to reduce regulatory CVA for the capital calculation. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-883 Description:** Risk of non-compliance with C-883: This followed a BCBS review of the risk-based capital requirements for (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-884 Description:** Risk of non-compliance with C-884: This followed a BCBS review of the risk-based capital requirements for banks' exposures to funds, undertaken as part of the work of the Financial Stability Board (FSB) to strengthen the oversight and regulation of shadow banking. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-895 Description:** Risk of non-compliance with C-895: Another way to view the capital requirement for equity investments in funds is that a bank generally must count a proportional amount of the risk-weighted assets (RWA) of the fund as the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 82

**R-917 Description:** Risk of non-compliance with C-917: All banks licensed by the Central Bank of the UAE must ensure that Pillar 1 risks - credit, market, and operational risk - are mitigated by capital, in compliance with the capital (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-918 Description:** Risk of non-compliance with C-918: All banks licensed by the Central Bank of the UAE must ensure that Pillar 1 risks - credit, market, and operational risk - are mitigated by capital, in compliance with the capital adequacy framework articulated in the document Central Bank "Regulations re Capital Adequacy" issued under Notice 60/2017 and the supporting capital standards and guidance, articulated in the document Central Bank "Standards and Guidance re Capital Adequacy of (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-919 Description:** Risk of non-compliance with C-919: credit, market, and operational risk - are mitigated by capital, in compliance with the capital adequacy framework articulated in the document Central Bank "Regulations re Capital Adequacy" issued under Notice 60/2017 and the supporting capital standards and guidance, articulated in the document Central Bank "Standards and Guidance re Capital Adequacy of Banks in the UAE". (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-927 Description:** Risk of non-compliance with C-927: Consequently, Pillar 2 is both a bank internal process reported under the ICAAP, and the evaluation of each bank's compete capital adequacy includes the ICAAP in its regulatory process - the SREP. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-943 Description:** Risk of non-compliance with C-943: Models employed for the measurement 150

CBUAE Classification: Public of Pillar 2 risks should comply with the Central Bank Model Management Standards and (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-944 Description:** Risk of non-compliance with C-944: CBUAE Classification: Public of Pillar 2 risks should comply with the Central Bank Model Management Standards and Guidance. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-947 Description:** Risk of non-compliance with C-947: from the reporting requirements or from undertaking a comprehensive assessment of the risks they face. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-981 Description:** Risk of non-compliance with C-981: As a result, the ICAAP should result in additional capital requirements specific to each bank's (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-998 Description:** Risk of non-compliance with C-998: All models used directly or indirectly in the ICAAP should follow the bank's model management framework, in compliance with the Central Bank Standards and Guidance. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1013 Description:** Risk of non-compliance with C-1013: Each bank should have a process to ensure capital transferability that addresses any restrictions on the management's ability to transfer or allocate capital into or out of the bank's subsidiaries (for example contractual, commercial, regulatory, or statutory/legal restrictions that may apply). (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1017 Description:** Risk of non-compliance with C-1017: The analysis should also address international operations that have jurisdictional capital requirements or (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 6



**R-1020 Description:** Risk of non-compliance with C-1020: should also address international operations that have jurisdictional capital requirements or restrictions. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 6

**R-1084 Description:** Risk of non-compliance with C-1084: Banks should determine which additional capital requirements under Pillar (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1085 Description:** Risk of non-compliance with C-1085: Banks should determine which additional capital requirements under Pillar 1 and Pillar 2 in business as usual BAU and stress scenarios on the top of the minimum regulatory requirements would be adequate and whether the bank's risk appetite is adequate or requires to be adjusted accordingly. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1103 Description:** Risk of non-compliance with C-1103: This should be approved by the Board and by Senior Management; and (iv) In return, the ICAAP and capital requirements should feed back to the business (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1105 Description:** Risk of non-compliance with C-1105: This should be approved by the Board and by Senior Management; and (iv) In return, the ICAAP and capital requirements should feed back to the business lines and the risk management function in order to steer the strategy of the bank. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1111 Description:** Risk of non-compliance with C-1111: by Senior Management; and (iv) In return, the ICAAP and capital requirements should feed back to the business (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1143 Description:** Risk of non-compliance with C-1143: Code of Conduct and Regulation 17. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1203 Description:** Risk of non-compliance with C-1203: Such supervision must include at least both capital and liquidity requirements. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-1206 Description:** Risk of non-compliance with C-1206: Claims included in the Regulatory Retail Portfolios To qualify for a 75% risk weight in the regulatory retail portfolio, claims must meet the four (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-1236 Description:** Risk of non-compliance with C-1236: These examples are for guidance only; banks should consult the actual Leverage Ratio Standards for the specific requirements. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 21

**R-1242 Description:** Risk of non-compliance with C-1242: Note that additional requirements related to the use of ratings in capital requirements for securitisation are provided in the Central Bank's Standards on Required Capital for (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1351 Description:** Risk of non-compliance with C-1351: When preparing these individual tables and templates, banks will need to consider carefully how widely the disclosure requirement should (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-1405 Description:** Risk of non-compliance with C-1405: assessment from banks are specifically identified. When preparing these individual tables and templates, banks will need to consider carefully how widely the disclosure requirement should (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-1501 Description:** Risk of non-compliance with C-1501: weighted assets the fund could achieve under the terms of its mandate or governing laws and regulations. Under the MBA, the bank should assume that the fund's assets are first invested to (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-1550 Description:** Risk of non-compliance with C-1550: Claims included in the Regulatory Retail Portfolios To qualify for a 75% risk weight in the regulatory retail portfolio, claims must meet the four 27

CBUAE Classification: Public criteria stated in the Credit Risk Standard (orientation criterion, product criterion, granularity criterion and value criterion). (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1560 Description:** Risk of non-compliance with C-1560: LTVs for individual exposures For residential exposures that meet the criteria for regulatory retail claims and have an LTV greater than 85%, the 75% risk weight must be applied to the whole loan, i.e. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1579 Description:** Risk of non-compliance with C-1579: All models employed in the quantification of stress results should comply with **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1581 Description:** Risk of non-compliance with C-1581: All models employed in the quantification of stress results should comply with the requirements presented in the Central Bank Model Management Standards and Guidance. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1585 Description:** Risk of non-compliance with C-1585: Such projection should be constructed over a minimum of three (3) years, in coherence with the most recent capital plan and with the Central Bank regulatory exercise. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1730 Description:** Risk of non-compliance with C-1730: The Central Bank shall evaluate evidence that the bank has embraced the process for business rather than regulatory reasons. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1733 Description:** Risk of non-compliance with C-1733: Each bank should operate above the minimum capital requirements set by the Central (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1735 Description:** Risk of non-compliance with C-1735: The objective of capital planning is to ensure that: (i) Each bank is compliant with minimum regulatory requirements; (ii) The bank is viable and able to endure external economic changes; and (iii) Each bank's capital is calibrated to its risk profile in order to absorb unexpected losses through time, including periods of economic downturn. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1744 Description:** Risk of non-compliance with C-1744: The multi-year capital forecast should be assessed and calibrated through two perspectives: (i) Pillar 1: The bank's ability to fulfil all of its capital-related regulatory, supervisory requirements, and demands; and (ii) Pillar 2: The bank's ability to cope with capital demands beyond that of the regulatory requirements, in accordance to its risk profile. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1764 Description:** Risk of non-compliance with C-1764: subject matter of the requirement instead. The bank should also explain to Central Bank the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-1866 Description:** Risk of non-compliance with C-1866: Another required condition is that relevant laws, regulation, rules, contractual or administrative arrangements provide that the offsetting transactions with the defaulted or (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1867 Description:** Risk of non-compliance with C-1867: Another required condition is that relevant laws, regulation, rules, contractual or administrative arrangements provide that the offsetting transactions with the defaulted or insolvent CM

are highly likely to continue to be indirectly transacted through the QCCP, or by the QCCP, if the CM defaults or becomes insolvent. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1903 Description:** Risk of non-compliance with C-1903: The analysis should include a robust and conservative forecast of operational risk losses and respective capital requirements (at least split into conduct and non- (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1904 Description:** Risk of non-compliance with C-1904: Examples of legal risk include inadequate documentation, legal, regulatory incapacity, the insufficient authority of a (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1905 Description:** Risk of non-compliance with C-1905: operational risk losses and respective capital requirements (at least split into conduct and non- conduct risks). (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1906 Description:** Risk of non-compliance with C-1906: Examples of legal risk include inadequate documentation, legal, regulatory incapacity, the insufficient authority of a counterparty, and contract invalidity/ unenforceability. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1915 Description:** Risk of non-compliance with C-1915: Such threshold has been implemented for regulatory purposes. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1916 Description:** Risk of non-compliance with C-1916: The measurement of concentration risk for risk management purposes and for determining Pillar 2 risk capital requirements should refer to the wider definition of concentration risk. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1919 Description:** Risk of non-compliance with C-1919: Credit concentration risk is a key prudential risk for which the capital requirement is at the discretion of banks, and it should be held under Pillar 2. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1924 Description:** Risk of non-compliance with C-1924: requirement is at the discretion of banks, and it should be held under Pillar 2. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1946 Description:** Risk of non-compliance with C-1946: The capital requirement should be aggregated across all currencies and scenarios (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1981 Description:** Risk of non-compliance with C-1981: The Standards requires that a bank should apply netting only when it can satisfy the Central Bank that netting is appropriate, according to the specific requirements established in the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1982 Description:** Risk of non-compliance with C-1982: Banks should recognize that this requirement would likely be difficult to meet in the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1983 Description:** Risk of non-compliance with C-1983: Banks should recognize that this requirement would likely be difficult to meet in the case of trades conducted in jurisdictions lacking clear legal recognition of netting, which at present (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1986 Description:** Risk of non-compliance with C-1986: Central Bank that netting is appropriate, according to the specific requirements established in the Standards. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-2001 Description:** Risk of non-compliance with C-2001: The ICAAP report is required to address models used to comply with regulatory and (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 31

**R-2042 Description:** Risk of non-compliance with C-2042: The frequency of internal audit/compliance should be commensurate with the bank's size, the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 32

**R-2044 Description:** Risk of non-compliance with C-2044: Claims on Corporates Question 9: Should loans to High Net Worth Individuals (HNIs) be reported under claims in regulatory retail portfolio or claims on corporate? (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

**R-2063 Description:** Risk of non-compliance with C-2063: (x) A method to calibrate capital needs to the current and expected levels of risks, in coherence with the bank's risk appetite, business plan, and strategy; (xi) It should include the likely future constraints on the availability and the use of capital; and (xii) Any future regulatory and accounting changes that can potentially impact such plan. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2064 Description:** Risk of non-compliance with C-2064: in coherence with the bank's risk appetite, business plan, and strategy; (xi) It should include the likely future constraints on the availability and the use of capital; and (xii) Any future regulatory and accounting changes that can potentially impact such plan. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2065 Description:** Risk of non-compliance with C-2065: Banks should 156

CBUAE Classification: Public fulfill the minimum capital requirements plus capital buffer requirements under business as usual (BAU) conditions. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2067 Description:** Risk of non-compliance with C-2067: Under stress testing (ST) banks should fulfill the minimum capital requirements without the requirement to meet buffer requirements. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2161 Description:** Risk of non-compliance with C-2161: Each bank should assess all its credit exposures and determine whether the risk weights applied to such exposures under the regulatory standardised approach for credit risk (Standardised Approach) are appropriate for the inherent risk of the exposures. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2179 Description:** Risk of non-compliance with C-2179: Under its ICAAP, each bank should assess its capital adequacy for market risk by considering methods other than the regulatory standardised approach for market risk. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2195 Description:** Risk of non-compliance with C-2195: Therefore, banks should ensure that their Pillar 2 capital charge covers operational risks that are not captured by regulatory capital methodologies. (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2286 Description:** Risk of non-compliance with C-2286: Where the eligible credit assessment is not publicly available free of charge, the ECAI should provide an adequate justification, within its own publicly available code of conduct, in accordance with the “comply or explain” nature of the International **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2287 Description:** Risk of non-compliance with C-2287: Where the eligible credit assessment is not publicly available free of charge, the ECAI should provide an adequate justification, within its own publicly available code of conduct, in accordance with the “comply or explain” nature of the International Organization of Securities Commissions’ Code of Conduct Fundamentals for Credit Rating Agencies. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2289 Description:** Risk of non-compliance with C-2289: available code of conduct, in accordance with the “comply or explain” nature of the International Organization of Securities Commissions’ Code of Conduct Fundamentals for Credit Rating Agencies. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2335 Description:** Risk of non-compliance with C-2335: In other cases, the following requirements apply: (i) In circumstances where the borrower has a specific rating for an issued debt claim, but the bank’s exposure does not relate to this particular rated claim, a high-quality credit rating (that is, one that maps to a risk weight lower than the risk weight that would apply to an unrated claim) on that specific issue may only be applied to the bank’s un-assessed exposure if the exposure ranks pari passu with or senior to the rated issue in all respects. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2349 Description:** Risk of non-compliance with C-2349: The Central Bank will evaluate potential additional ECAs against the eligibility requirements in this Guidance, under procedures established by the Central Bank. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2360 Description:** Risk of non-compliance with C-2360: The ECAI should provide evidence, subject to Central Bank review, that the ECAI meets all of the eligibility criteria described above in this Guidance, including full compliance with (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2377 Description:** Risk of non-compliance with C-2377: The methodology and scope of such stress tests should be designed to address the specific risk profile of each bank, and will thus differ from regulatory stress tests. (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2670 Description:** Risk of non-compliance with C-2670: The text should avoid making references to ‘as determined by the bank’ or to regulatory (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2671 Description:** Risk of non-compliance with C-2671: All requirements must be fulfilled at any time. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2675 Description:** Risk of non-compliance with C-2675: instrument can occur on optional call regulatory call, or tax call. Changes must be legally (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2689 Description:** Risk of non-compliance with C-2689: actually apply (e.g. ‘it is expected that’, ‘if required by the regulation’, etc.). Terms and conditions must be worded clearly. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2831 Description:** Risk of non-compliance with C-2831: Banks should apply the requirements for valid netting agreements as stated in the Central Bank’s (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2832 Description:** Risk of non-compliance with C-2832: Banks should apply the requirements for valid netting agreements as stated in the Central Bank's Standards for Counterparty Credit Risk to determine whether netting is valid in any particular case, rather than using broad categorical criteria. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2966 Description:** Risk of non-compliance with C-2966: Currently CCyB is not applicable in UAE but if banks in UAE have branches in other countries this needs to be reported if CCyB is being reported as per that foreign country's regulations. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2970 Description:** Risk of non-compliance with C-2970: Pillar 1 capital requirements at the reporting date will normally be RWA\*10.5% but may differ (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2972 Description:** Risk of non-compliance with C-2972: Pillar 1 capital requirements at the reporting date will normally be RWA\*10.5% but may differ if a floor is applicable or adjustments (such as scaling factors). (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2983 Description:** Risk of non-compliance with C-2983: In designing the UAE leverage ratio framework, the Central Bank considered the full evolution of the BCBS leverage ratio, including consultative frameworks, reporting requirements, and comments raised by banks and industry bodies across the globe. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 14

**R-2984 Description:** Risk of non-compliance with C-2984: The Central Bank's Standards for Leverage Ratio is based closely on the requirements articulated by the BCBS in the document Basel III: Finalising post-crisis reforms, December (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 14

**R-2986 Description:** Risk of non-compliance with C-2986: evolution of the BCBS leverage ratio, including consultative frameworks, reporting requirements, and comments raised by banks and industry bodies across the globe. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 14

**R-2987 Description:** Risk of non-compliance with C-2987: This Guidance should be read in conjunction with the Central Bank's Standards on Leverage Ratio, as it is intended to provide clarification of the requirements of that Standards, (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 14



**R-2989 Description:** Risk of non-compliance with C-2989: The minimum requirement for the leverage ratio is established in the Central Bank's (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 15

**R-2990 Description:** Risk of non-compliance with C-2990: The minimum requirement for the leverage ratio is established in the Central Bank's Regulations Re Capital Adequacy. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 15

**R-2995 Description:** Risk of non-compliance with C-2995: For example, if proportional consolidation is applied for regulatory consolidation under the risk-based framework, the same criteria shall be applied for leverage (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 15

**R-3095 Description:** Risk of non-compliance with C-3095: Tier Capital Supply Introduction This guidance explains how banks can comply with the Tier Capital Supply Standard. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 2

**R-3096 Description:** Risk of non-compliance with C-3096: It must be read in conjunction with the Capital Regulation and Standards for Capital (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 2

**R-3097 Description:** Risk of non-compliance with C-3097: It must be read in conjunction with the Capital Regulation and Standards for Capital Adequacy of Banks in the UAE. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 2

**R-3098 Description:** Risk of non-compliance with C-3098: Guidance regarding Minimum Capital Requirement and Capital buffer as stated in the document have to be followed by all banks for the (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 2

**R-3117 Description:** Risk of non-compliance with C-3117: Prudential filter: Partial addback of ECL in accordance with the Regulation Regarding Accounting Provisions and Capital Requirements - Transitional Arrangements should be (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3119 Description:** Risk of non-compliance with C-3119: Amount exceeding Large Exposure threshold: Any amount that is in violation of Large Exposure regulation of notice 300/2013 shall be deducted from the capital. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3123 Description:** Risk of non-compliance with C-3123: Loans to directors: The circular 83/2019 on Corporate Governance regulations for Banks, under the article (6) “Transaction with Related parties” requires if the transaction with the related parties are not provided on arm’s length basis, then on (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3125 Description:** Risk of non-compliance with C-3125: Loans to directors: The circular 83/2019 on Corporate Governance regulations for Banks, under the article (6) “Transaction with Related parties” requires if the transaction with the related parties are not provided on arm’s length basis, then on general or case by case basis, deduct such exposure from capital. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3484 Description:** Risk of non-compliance with C-3484: This guidance explains how banks should comply with the Tier Capital Instruments **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 17

**R-3987 Description:** Risk of non-compliance with C-3987: The ICAAP report should describe the following with regard to internal control functions: (i) The responsibilities of Internal Audit and Compliance concerning risk (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3988 Description:** Risk of non-compliance with C-3988: The ICAAP report should describe the following with regard to internal control functions: (i) The responsibilities of Internal Audit and Compliance concerning risk management; (ii) Any relevant internal and external audit reviews of risk management and the (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3989 Description:** Risk of non-compliance with C-3989: to internal control functions: (i) The responsibilities of Internal Audit and Compliance concerning risk management; (ii) Any relevant internal and external audit reviews of risk management and the conclusions reached; and (iii) Outsourcing arrangements that have a material effect on internal capital adequacy management, if any. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

## **Data Protection**

**R-44 Description:** Risk of non-compliance with C-44: Stress Testing Scenarios: The Stress Testing should be submitted in form of a presentation including the underlying data in (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-86 Description:** Risk of non-compliance with C-86: Banks that have information that would lead to the addition (or removal) of an entity to (or from) the GRE list must submit such information to the Central Bank. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-89 Description:** Risk of non-compliance with C-89: an entity to (or from) the GRE list must submit such information to the Central Bank. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-98 Description:** Risk of non-compliance with C-98: Treatment of Interest Rate Derivatives The interest rate risk measurement system should include all interest rate derivatives and off-balance sheet instruments assigned to the trading book that are sensitive to changes in interest rates. (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 102

**R-122 Description:** Risk of non-compliance with C-122: A few elements also draw on clarifications and other information provided in BCBS publications (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 67

**R-138 Description:** Risk of non-compliance with C-138: However, in the wake of the 2007–09 financial crisis, it became apparent that the existing Pillar 3 framework failed to promote the identification of a bank’s material risks and did not provide sufficient, and sufficiently comparable, information to enable market participants to assess a bank’s overall capital adequacy and to compare it with its peers. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 2

**R-140 Description:** Risk of non-compliance with C-140: to promote the identification of a bank’s material risks and did not provide sufficient, and sufficiently comparable, information to enable market participants to assess a bank’s overall capital adequacy and to compare it with its peers. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 2

**R-160 Description:** Risk of non-compliance with C-160: quarterly, semi-annual or annual) relating to prior reporting periods (past 5 years’ data) Frequency and timing of disclosures 8. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-177 Description:** Risk of non-compliance with C-177: The information provided by banks under Pillar 3 should be subject, at a minimum, to the (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-179 Description:** Risk of non-compliance with C-179: The information provided by banks under Pillar 3 should be subject, at a minimum, to the same level of internal review and internal control processes as the information provided by banks (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-181 Description:** Risk of non-compliance with C-181: the level of assurance should be the same as for information (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-182 Description:** Risk of non-compliance with C-182: the level of assurance should be the same as for information provided within the management discussion and analysis part of the financial report). (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-188 Description:** Risk of non-compliance with C-188: Banks should also have a formal board-approved disclosure policy for Pillar 3 information (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-189 Description:** Risk of non-compliance with C-189: Banks should also have a formal board-approved disclosure policy for Pillar 3 information that sets out the internal controls and procedures for disclosure of such information. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-193 Description:** Risk of non-compliance with C-193: The board of directors and senior management are responsible for establishing and maintaining an effective internal control structure over the disclosure of financial information, including Pillar 3 disclosures. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-198 Description:** Risk of non-compliance with C-198: The Central Bank will review the information and provide approval if the bank does (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-199 Description:** Risk of non-compliance with C-199: The Central Bank will review the information and provide approval if the bank does not need to disclose those specific items, but should disclose more general information about the (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-200 Description:** Risk of non-compliance with C-200: The bank should also explain to Central Bank the specific items of information that cannot be disclosed and the reasons for this. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-201 Description:** Risk of non-compliance with C-201: not need to disclose those specific items, but should disclose more general information about the subject matter of the requirement instead. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-203 Description:** Risk of non-compliance with C-203: specific items of information that cannot be disclosed and the reasons for this. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-204 Description:** Risk of non-compliance with C-204: Pillar 3 complements the minimum risk-based capital requirements and other quantitative requirements (Pillar 1) and the supervisory review process (Pillar 2) and aims to promote market discipline by providing meaningful regulatory information to investors and other interested parties on a consistent and comparable basis. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-207 Description:** Risk of non-compliance with C-207: requirements (Pillar 1) and the supervisory review process (Pillar 2) and aims to promote market discipline by providing meaningful regulatory information to investors and other interested parties on a consistent and comparable basis. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-213 Description:** Risk of non-compliance with C-213: Related risk information should be presented together. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-217 Description:** Risk of non-compliance with C-217: Disclosures should provide sufficient information in both qualitative and quantitative terms on a (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-218 Description:** Risk of non-compliance with C-218: Disclosures should provide sufficient information in both qualitative and quantitative terms on a bank's processes and procedures for identifying, measuring and managing those risks. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-226 Description:** Risk of non-compliance with C-226: Disclosures that do not add value to users' understanding or do not communicate useful information should be avoided. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-227 Description:** Risk of non-compliance with C-227: Furthermore, information, which is no longer meaningful or relevant to users, should be removed. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-232 Description:** Risk of non-compliance with C-232: useful information should be avoided. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-239 Description:** Risk of non-compliance with C-239: Templates should be completed with quantitative data in accordance with the definitions provided. (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-241 Description:** Risk of non-compliance with C-241: In line with Principle 3 above, the information provided in the templates and tables should (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-252 Description:** Risk of non-compliance with C-252: A well-designed reverse stress test should also include enough diagnostic information to allow the identification (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-253 Description:** Risk of non-compliance with C-253: A well-designed reverse stress test should also include enough diagnostic information to allow the identification of the sources of potential failure. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-286 Description:** Risk of non-compliance with C-286: In addition, the review should cover the integrity and validity of regulatory data (domains: data, compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-287 Description:** Risk of non-compliance with C-287: In addition, the review should cover the integrity and validity of regulatory data submitted to the Central Bank during the course of the year relating to Pillar 1 capital (domains: data, compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-434 Description:** Risk of non-compliance with C-434: All banks are required to disclose the following information as a separate cover sheet when submitting the ICAAP report to the Central Bank: (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 27

**R-435 Description:** Risk of non-compliance with C-435: All banks are required to disclose the following information as a separate cover sheet when submitting the ICAAP report to the Central Bank: Table 2 - ICAAP Mandatory Details (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 27

**R-528 Description:** Risk of non-compliance with C-528: This information should be available to the Central Bank upon request. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-762 Description:** Risk of non-compliance with C-762: If the quarterly income is audited, the bank should use the quarterly data, which means the same (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-763 Description:** Risk of non-compliance with C-763: If the quarterly income is audited, the bank should use the quarterly data, which means the same quarter in the previous two years needs to be taken into consideration or else, the yearly audited data needs to be incorporated. The standards state only audited numbers need to be used and as such, if the current year's income is audited, it can be used as part of the computation. Question 16: Elaboration of definition and scope of Operational Risk should be helpful. (domains: data, compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-769 Description:** Risk of non-compliance with C-769: In such circumstances, however, the bank will be required to explain in a narrative commentary why it considers such information not to be meaningful to users. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-779 Description:** Risk of non-compliance with C-779: Where the format of a template is described as flexible, banks may present the required information either in the format provided in this guidance or in one that better suits the bank. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-781 Description:** Risk of non-compliance with C-781: However, where a customized presentation of the information is used, the bank should (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-782 Description:** Risk of non-compliance with C-782: However, where a customized presentation of the information is used, the bank should provide information comparable with that required in the disclosure requirement (i.e. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-784 Description:** Risk of non-compliance with C-784: information either in the format provided in this guidance or in one that better suits the bank. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-787 Description:** Risk of non-compliance with C-787: provide information comparable with that required in the disclosure requirement (i.e. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-792 Description:** Risk of non-compliance with C-792: The disclosure requirements for templates with a fixed format can be disclosed by banks in a separate document other than the Pillar 3 report provided all of the following criteria are met: • the information contained in the signposted document is equivalent in terms of presentation and (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-793 Description:** Risk of non-compliance with C-793: The disclosure requirements for templates with a fixed format can be disclosed by banks in a separate document other than the Pillar 3 report provided all of the following criteria are met: • the information contained in the signposted document is equivalent in terms of presentation and content to that required in the fixed template and allows users to make meaningful comparisons (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-794 Description:** Risk of non-compliance with C-794: in a separate document other than the Pillar 3 report provided all of the following criteria are met: • the information contained in the signposted document is equivalent in terms of presentation

and content to that required in the fixed template and allows users to make meaningful comparisons with information provided by banks disclosing the fixed format templates; • the information contained in the signposted document is based on the same scope of consolidation as the one used in the disclosure requirement; • the disclosure in the signposted document is mandatory. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-795 Description:** Risk of non-compliance with C-795: • the information contained in the signposted document is equivalent in terms of presentation and content to that required in the fixed template and allows users to make meaningful comparisons with information provided by banks disclosing the fixed format templates; • the information contained in the signposted document is based on the same scope of consolidation as the one used in the disclosure requirement; • the disclosure in the signposted document is mandatory. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-797 Description:** Risk of non-compliance with C-797: • the information contained in the signposted document is based on the same scope of consolidation as the one used in the disclosure requirement; • the disclosure in the signposted document is mandatory. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-801 Description:** Risk of non-compliance with C-801: Banks can only make use of signposting to another document if the level of assurance on the reliability of data in the separate document are equivalent to, or greater than, the internal (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-803 Description:** Risk of non-compliance with C-803: Banks can only make use of signposting to another document if the level of assurance on the reliability of data in the separate document are equivalent to, or greater than, the internal assurance level required for the Pillar 3 report (see sections on reporting and assurance of Pillar (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-804 Description:** Risk of non-compliance with C-804: Banks are expected to supplement the quantitative information provided in both fixed and (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-805 Description:** Risk of non-compliance with C-805: the reliability of data in the separate document are equivalent to, or greater than, the internal assurance level required for the Pillar 3 report (see sections on reporting and assurance of Pillar 3 data above). (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-807 Description:** Risk of non-compliance with C-807: Disclosure of additional quantitative and qualitative information will provide market (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6



**R-809 Description:** Risk of non-compliance with C-809: Disclosure of additional quantitative and qualitative information will provide market participants with a broader picture of a bank’s risk position and promote market discipline. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-810 Description:** Risk of non-compliance with C-810: Additional voluntary risk disclosures allow banks to present information relevant to their business model that may not be adequately captured by the standardised requirements. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-812 Description:** Risk of non-compliance with C-812: Additional quantitative information that banks choose to disclose should provide sufficient (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-813 Description:** Risk of non-compliance with C-813: Additional quantitative information that banks choose to disclose should provide sufficient meaningful information to enable market participants to understand and analyze any figures provided. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-816 Description:** Risk of non-compliance with C-816: meaningful information to enable market participants to understand and analyze any figures provided. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 7

**R-836 Description:** Risk of non-compliance with C-836: Yes, banks can exclude the tables/templates not pertaining to the bank, for example DSIB and Securitisation Question 6: Banks should also have a formal board-approved disclosure policy for Pillar 3 information that sets out the internal controls and procedures for disclosure of such information. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-846 Description:** Risk of non-compliance with C-846: • the information contained in the signposted document is equivalent in terms of presentation and content to that required in the fixed template and allows users to make meaningful comparisons (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-885 Description:** Risk of non-compliance with C-885: The BCBS review was undertaken to clarify the existing treatment of such exposures in the Basel II capital adequacy framework and to achieve a more internationally consistent and risk-sensitive capital treatment for banks’ investments in the equity of funds, reflecting both the risk of the fund’s underlying investments and its leverage. (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-890 Description:** Risk of non-compliance with C-890: Banks employing the MBA assign risk weights on the basis of the information contained in a fund’s mandate or in relevant regulations, national legislation, or other similar rules under which the fund is required to operate; and The “fall-back approach” (FBA): When neither of the above approaches is feasible, the FBA must be used. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-897 Description:** Risk of non-compliance with C-897: The information used for to determine the risk weights must meet the requirements stated in the Standards, including (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-899 Description:** Risk of non-compliance with C-899: The information used for to determine the risk weights must meet the requirements stated in the Standards, including sufficiency, frequency, and third party review. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-902 Description:** Risk of non-compliance with C-902: However, where this is not possible due to constraints on available information, the evaluation can be based on the accounting standards applied by the investment fund, provided the treatment of the (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-925 Description:** Risk of non-compliance with C-925: As part of the Supervisory Review and Evaluation Process (SREP), the Central Bank analyses the capitalisation levels of banks among other information, referring to the results of the ICAAP with regard to the internal view of capital adequacy. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-942 Description:** Risk of non-compliance with C-942: Each bank should be in a position to justify their decisions and modelling choices with historical data and benchmarking across a range of practices, which will be subject to supervisory scrutiny. (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-970 Description:** Risk of non-compliance with C-970: Appendix 3.4 lists further information and documentation that is required to accompany (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-971 Description:** Risk of non-compliance with C-971: Appendix 3.4 lists further information and documentation that is required to accompany a bank’s ICAAP report. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-996 Description:** Risk of non-compliance with C-996: The ICAAP should be supported by robust methodologies and data. (domains: data, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1000 Description:** Risk of non-compliance with C-1000: The data employed in the ICAAP should be comprehensive, reliable, follow rigorous quality checks, and control mechanisms. (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1138 Description:** Risk of non-compliance with C-1138: In particular, ECAIs should assign analysts with appropriate knowledge and experience to assess the creditworthiness of the type of entity or obligation being rated; and (ii) With respect to technical resources, an ECAI is expected to apply quantitative techniques and models that can appropriately process and analyze the quantities of data required to support the rating process. (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1153 Description:** Risk of non-compliance with C-1153: Based on available information regarding the rating processes of these ECAIs, the Central Bank has established the correspondence shown in Table 1 between the long-term rating scales (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1155 Description:** Risk of non-compliance with C-1155: Based on available information regarding the rating processes of these ECAIs, the Central Bank has established the correspondence shown in Table 2 between the short-term rating scales of the eligible ECAIs. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 143

**R-1253 Description:** Risk of non-compliance with C-1253: To establish that an ECAI fulfils this primary component of eligibility criteria, it must demonstrate that it meets the following minimum standards: (i) The ECAI has established rating definitions, criteria, and methodologies, and apply them consistently; (ii) The ECAI should have a robust procedure of rating assignment based on published information, market data, interviews with management, and/or other sources of information that provide a sound basis for purposes of assigning the ratings; (domains: data, compliance, monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1286 Description:** Risk of non-compliance with C-1286: The individual ratings, the key elements underlying the ratings, and whether the issuer participated in the rating process should be information that is publicly available on a non-selective (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1287 Description:** Risk of non-compliance with C-1287: In order to promote transparency and enable stakeholders to make decisions about the appropriateness of its credit rating methods, an ECAI should disclose sufficient information (e.g., (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1288 Description:** Risk of non-compliance with C-1288: In order to promote transparency and enable stakeholders to make decisions about the appropriateness of its credit rating methods, an ECAI should disclose sufficient information (e.g., rating definition, methods of arriving at the rating, rating process, time horizon of the rating, and the surveillance and review procedure) to facilitate such decisions. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1289 Description:** Risk of non-compliance with C-1289: participated in the rating process should be information that is publicly available on a non-selective basis. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1292 Description:** Risk of non-compliance with C-1292: appropriateness of its credit rating methods, an ECAI should disclose sufficient information (e.g., rating definition, methods of arriving at the rating, rating process, time horizon of the rating, and the surveillance and review procedure) to facilitate such decisions. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1293 Description:** Risk of non-compliance with C-1293: When disclosing a rating, the information should be clearly worded, and should indicate the nature of (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1295 Description:** Risk of non-compliance with C-1295: When disclosing a rating, the information should be clearly worded, and should indicate the nature of the rating and relevant limitations, while providing appropriate warning to users of the potential danger of unduly relying on the rating to make investment or other decisions. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1297 Description:** Risk of non-compliance with C-1297: To promote transparency and market discipline, an ECAI should demonstrate that it provides access to information that enables stakeholders to make decisions about the (domains: access, data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1298 Description:** Risk of non-compliance with C-1298: To promote transparency and market discipline, an ECAI should demonstrate that it provides access to information that enables stakeholders to make decisions about the appropriateness of ratings for the intended use or uses. (domains: access, data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1299 Description:** Risk of non-compliance with C-1299: At a minimum, the ECAI is expected to make public the following information: Code of conduct; (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1350 Description:** Risk of non-compliance with C-1350: In line with Principle 3 above, the information provided in the templates and tables should be meaningful to users. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-1476 Description:** Risk of non-compliance with C-1476: However, where this is not possible due to constraints on available information, the evaluation can be based on the accounting standards applied by the investment fund, provided the treatment of the numerator (RWA) and the denominator (total unweighted assets) is consistent. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-1500 Description:** Risk of non-compliance with C-1500: Question 5: If a bank relies on a third-party information provider for information used to (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 85

**R-1559 Description:** Risk of non-compliance with C-1559: A risk weight of 75% may be applied by banks that do not hold information regarding LTVs for individual exposures For residential exposures that meet the criteria for regulatory retail claims and have an LTV greater than 85%, the 75% risk weight must be applied to the whole loan, i.e. (domains: data, compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1914 Description:** Risk of non-compliance with C-1914: Each bank should undertake quantitative stress testing based on its historical loss data (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1926 Description:** Risk of non-compliance with C-1926: Data should be aggregated across systems operated by different business units or entities. (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1927 Description:** Risk of non-compliance with C-1927: This should be indicated through the bank's management information system (MIS); (ii) For the purpose of estimating the Pillar 2 capital associated with credit concentration risk, each bank should build upon the methodologies employed (domains: data, monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1942 Description:** Risk of non-compliance with C-1942: The quantitative impact analysis should be supported by description and analysis of the key assumptions made by the bank, in particular, assumptions regarding loan prepayments, the behaviour of non-maturity deposits (CASA), non-rated sensitive assets, contractual interest rate ceilings or floors for adjustable-rate items, and measuring the frequency of the interest rate risk in the banking book. (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-2038 Description:** Risk of non-compliance with C-2038: If banks have information that would lead to changes to of the GRE List, banks should inform the Central Bank accordingly. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 32

**R-2094 Description:** Risk of non-compliance with C-2094: Each bank should identify the owner of such methodology either within the team responsible to manage risks or with a centralised team responsible for aggregating risk information and to construct the ICAAP. (domains: data, monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2102 Description:** Risk of non-compliance with C-2102: To ensure an adequate assessment of high quality, each bank should establish, and implement an effective data quality framework, to deploy adequate processes, and control (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2106 Description:** Risk of non-compliance with C-2106: This analysis should consider the sources and levels of income and expenses; and (iv) The ability of the bank to deliver total financial data across the group and for each of its key business units (includes forward-looking performance and (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2107 Description:** Risk of non-compliance with C-2107: (iv) The ability of the bank to deliver total financial data across the group and for each of its key business units (includes forward-looking performance and profitability). (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2125 Description:** Risk of non-compliance with C-2125: The following additional information and documentation should be referenced (if not (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2126 Description:** Risk of non-compliance with C-2126: The following additional information and documentation should be referenced (if not part of) the ICAAP report: (i) Bank's strategic plan(s) with current-year, forward-looking forecasts, and underlying economic assumptions; (ii) Financial reporting (e.g. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2128 Description:** Risk of non-compliance with C-2128: management information, capital reporting, liquidity (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2130 Description:** Risk of non-compliance with C-2130: management information, capital reporting, liquidity reporting, and internal risk reporting); (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2351 Description:** Risk of non-compliance with C-2351: Banks that identify potential additional ECAIs for consideration by the Central Bank must provide information about the ECAI that would allow an appropriate evaluation by the Central (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2357 Description:** Risk of non-compliance with C-2357: provide information about the ECAI that would allow an appropriate evaluation by the Central Bank according to this Guidance. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2358 Description:** Risk of non-compliance with C-2358: In such cases, the ECAI must provide detailed information that would allow a complete evaluation by the Central Bank under (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-3968 Description:** Risk of non-compliance with C-3968: with a description of responsibilities, and the separation of functions); (ii) Arrangements through which the Board and Senior Management define the bank-wide risk appetite; (iii) Relevant policies and risk appetite/limits/tolerance; and (iv) How the Chief Risk Officer (CRO) is held responsible for the methodology and utilisation of the ICAAP, including reporting comprehensive, comprehensible information on risks; and (domains: data, monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3969 Description:** Risk of non-compliance with C-3969: utilisation of the ICAAP, including reporting comprehensive, comprehensible information on risks; and advising the Board independently and objectively, enabling them to understand the bank's overall risk profile and to effectively discharge their responsibilities. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3974 Description:** Risk of non-compliance with C-3974: CBUAE Classification: Public approved; (iv) Processes to effectively identify and review the changes in risks arising from the bank's strategy, business model, new products, and changes in the economic environment; (v) Capital contingency plans for surviving unexpected events; (vi) Risk management information systems (MIS) that ensure: (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3976 Description:** Risk of non-compliance with C-3976: information; Early warning processes for pre-empting capital limit breaches; and Internal decision-making process are facilitated to allow the bank's management to authorize remedial actions before capital adequacy is compromised. (domains: data, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

## Financial

**R-114 Description:** Risk of non-compliance with C-114: Items that are deducted from a bank's capital when calculating its capital base, such as investments in non-consolidated subsidiaries, or other long-term participations denominated in foreign currencies, which are reported in the published accounts at historic cost, do not need to (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-117 Description:** Risk of non-compliance with C-117: The transactions have contractual terms that provide for an exchange of payments or an exchange of a financial instrument (including commodities) against payment. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 67

**R-137 Description:** Risk of non-compliance with C-137: However, in the wake of the 2007–09 financial crisis, it became apparent that the existing Pillar 3 framework failed to promote the identification of a bank's material risks and did not provide sufficient, and **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 2

**R-153 Description:** Risk of non-compliance with C-153: The Pillar 3 report may be appended to form a discrete section of a bank's financial reporting, but the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-155 Description:** Risk of non-compliance with C-155: The Pillar 3 report may be appended to form a discrete section of a bank's financial reporting, but the full report will be needed to be disclosed separately in the Pillar 3 tables as well. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-166 Description:** Risk of non-compliance with C-166: If a bank publishes interim financial statements, then the bank should publish the quarterly Pillar 3 report, three (3) weeks (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-167 Description:** Risk of non-compliance with C-167: For banks who do not have an interim financial statement, the Pillar 3 quarterly report needs to be published 6 weeks from quarter end. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-168 Description:** Risk of non-compliance with C-168: A bank's Pillar 3 report should be published with its financial report for the corresponding (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3



**R-169 Description:** Risk of non-compliance with C-169: A bank's Pillar 3 report should be published with its financial report for the corresponding period as mandated in paragraph 8 above. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-171 Description:** Risk of non-compliance with C-171: financial statements, then the bank should publish the quarterly Pillar 3 report, three (3) weeks after the interim financial statements are published. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-175 Description:** Risk of non-compliance with C-175: if a bank reports only annually and its annual financial statements are made available six weeks after the end of the annual reporting (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-176 Description:** Risk of non-compliance with C-176: if a bank reports only annually and its annual financial statements are made available six weeks after the end of the annual reporting period-end, interim Pillar 3 disclosures on a quarterly and/or semi-annual basis should be (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-180 Description:** Risk of non-compliance with C-180: annual financial statements are made available six weeks after the end of the annual reporting period-end, interim Pillar 3 disclosures on a quarterly and/or semi-annual basis should be available within six weeks after the end of the relevant quarter or semester). (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-184 Description:** Risk of non-compliance with C-184: provided within the management discussion and analysis part of the financial report). (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-211 Description:** Risk of non-compliance with C-211: Complex issues should be explained in simple language with important terms defined. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-254 Description:** Risk of non-compliance with C-254: This enables proactive risk management actions and implementation of an appropriate strategy for refined risk monitoring, prevention, and (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-343 Description:** Risk of non-compliance with C-343: of the sources of potential failure. This enables proactive risk management actions and implementation of an appropriate strategy for refined risk monitoring, prevention, and (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-438 Description:** Risk of non-compliance with C-438: Contact point name and contact details [name, email, phone number] Scope of ICAAP (entities included) [legal entities in scope] I (full name) in my role as CRO hereby confirm the following on the ICAAP report: (i) We have identified all material risks and allocated capital [tick box if accordingly completed] (ii) We have set out a 3-5 year forward looking capital plan based on [tick box if the strategic/ financial plan of the bank completed] (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 27

**R-439 Description:** Risk of non-compliance with C-439: Scope of ICAAP (entities included) [legal entities in scope] I (full name) in my role as CRO hereby confirm the following on the ICAAP report: (i) We have identified all material risks and allocated capital [tick box if accordingly completed] (ii) We have set out a 3-5 year forward looking capital plan based on [tick box if the strategic/ financial plan of the bank completed] (iii) We have implemented a 3-5 year forward-looking stress test and [tick box if (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 27

**R-440 Description:** Risk of non-compliance with C-440: the strategic/ financial plan of the bank completed] (iii) We have implemented a 3-5 year forward-looking stress test and [tick box if measured the impact on the capital position of the bank completed] (iv) The ICAAP has been [relevant details from Board committee (Managing signed off by: Director /highest committee for foreign banks)] (v) The ICAAP has been challenged/ by the Board (highest committee [tick box if for foreign banks) and the nature of the challenge will be communicated to completed] **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 27

**R-467 Description:** Risk of non-compliance with C-467: financial guarantees (direct credit substitutes); and performance guarantees (transaction-related contingent items). **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-471 Description:** Risk of non-compliance with C-471: irrevocable undertaking to pay a third party in the event the counterparty fails to fulfil or perform a contractual non-financial obligation. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-520 Description:** Risk of non-compliance with C-520: - Gross of operating expenses, including fees paid to outsourcing service providers. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-527 Description:** Risk of non-compliance with C-527: Banks should perform a reconciliation between the gross income reported on the capital adequacy return and the audited financial statements. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-548 Description:** Risk of non-compliance with C-548: Further, assume that the fund's financial position can be represented by the following T-account balance sheet: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 87

**R-550 Description:** Risk of non-compliance with C-550: If the bank cannot determine the replacement cost associated with the futures **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 88

**R-551 Description:** Risk of non-compliance with C-551: If the bank cannot determine the replacement cost associated with the futures contracts, then the replacement cost must be approximated by the maximum notional amount of **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 88

**R-728 Description:** Risk of non-compliance with C-728: Standardised Approach 1- Below is small example indicated which to include and exclude in the gross income: Included Excluded Provisions Profits/losses from sale of securities Operating expenses Extraordinary/ irregular items Gross income for each business line should: (domains: compliance) **Likelihood:** High **Impact:** Low **Source:** PI.pdf, Page 134

**R-729 Description:** Risk of non-compliance with C-729: 1- Below is small example indicated which to include and exclude in the gross income: Included Excluded Provisions Profits/losses from sale of securities Operating expenses Extraordinary/ irregular items Gross income for each business line should: - Be gross of any provisions (for example, for unpaid interest). **Likelihood:** High **Impact:** Low **Source:** PI.pdf, Page 134

**R-789 Description:** Risk of non-compliance with C-789: In such circumstances, the specific Pillar 3 table(s) may form a section in a bank's financial reporting, but (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-790 Description:** Risk of non-compliance with C-790: In such circumstances, the specific Pillar 3 table(s) may form a section in a bank's financial reporting, but the full table will be needed to be disclosed in the Pillar 3 tables separately as well. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-829 Description:** Risk of non-compliance with C-829: Question 4: Pillar 3 disclosures can be presented in a separate report; however, Can it be signposted to the audited financial statements? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-830 Description:** Risk of non-compliance with C-830: Signposting is allowed if the bank chooses to use the same template in their audited financial statements but a separate reporting template needs to be prepared as per Pillar 3 templates (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-831 Description:** Risk of non-compliance with C-831: Signposting is allowed if the bank chooses to use the same template in their audited financial statements but a separate reporting template needs to be prepared as per Pillar 3 templates which is mandatory and cannot be omitted from the Pillar 3 tables. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-881 Description:** Risk of non-compliance with C-881: CVA capital and RWA with an index hedge The bank from the previous example has the same portfolio, including the single-name hedge of Galaxy Financial, but now enters into an index CDS that provides credit spread protection against (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-1102 Description:** Risk of non-compliance with C-1102: business plan and budget to construct the ICAAP; (ii) The risk management function should analyse the feasibility and the risks associated to such business plan; (iii) The ICAAP should result in an estimation of the adequate level of capital given the business and risk assumptions. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1248 Description:** Risk of non-compliance with C-1248: Moreover, assessments must be subject to ongoing review and responsive to changes in financial condition. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1278 Description:** Risk of non-compliance with C-1278: (iii) Financial Resources: The ECAI must demonstrate that its business is financially **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1280 Description:** Risk of non-compliance with C-1280: (iii) Financial Resources: The ECAI must demonstrate that its business is financially viable and is able to sustain any commercial pressure that might be exerted by external entities, including the entities being rated. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1303 Description:** Risk of non-compliance with C-1303: should be based on methodologies combining qualitative and quantitative approaches. Moreover, assessments must be subject to ongoing review and responsive to changes in financial condition. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 137

**R-1439 Description:** Risk of non-compliance with C-1439: Question 10: Subsidiaries which are used for providing manpower services at cost, should these **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1491 Description:** Risk of non-compliance with C-1491: Thus, if the replacement cost and PFE add-on both are unknown, a total multiplication factor of 1.15 must be applied to the notional amount to reflect the CCR **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1495 Description:** Risk of non-compliance with C-1495: Assuming that the fund in question is not consolidated into the bank under accounting rules for financial reporting, such an investment is considered a direct investment under the Standards. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 85

**R-1583 Description:** Risk of non-compliance with C-1583: For the measurement of capital under stress, each bank should employ a dedicated financial model to forecast their financial statements under several economic conditions. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1935 Description:** Risk of non-compliance with C-1935: Each bank should define a risk appetite pertaining to IRRRB that should be approved **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1936 Description:** Risk of non-compliance with C-1936: Each bank should define a risk appetite pertaining to IRRRB that should be approved by the Board and implemented through a comprehensive risk appetite framework, i.e. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-2061 Description:** Risk of non-compliance with C-2061: The following elements should be included in the ICAAP report or related appendix: (i) Assumptions related to business developments over the forecasted period; (ii) Assumptions related to the economic environment over the forecasted period; (iii) Summary of historic capital base, aggregate RWAs, and CAR ratios for a minimum of five (5) years; (iv) Disclosure of the following forecasted financial projections: (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2080 Description:** Risk of non-compliance with C-2080: Given the growing risk universe outside of traditional Pillar 1 risks, each bank must define, update, and review the applicable **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2081 Description:** Risk of non-compliance with C-2081: Given the growing risk universe outside of traditional Pillar 1 risks, each bank must define, update, and review the applicable ICAAP risks on a continuous basis (e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2113 Description:** Risk of non-compliance with C-2113: The bank should articulate the frequency of monitoring and quantifying changes in its financial (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2129 Description:** Risk of non-compliance with C-2129: part of) the ICAAP report: (i) Bank's strategic plan(s) with current-year, forward-looking forecasts, and underlying economic assumptions; (ii) Financial reporting (e.g. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2131 Description:** Risk of non-compliance with C-2131: (ii) Financial reporting (e.g. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2189 Description:** Risk of non-compliance with C-2189: Each bank should analyse its amortised cost portfolio under Pillar 2, considering the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2190 Description:** Risk of non-compliance with C-2190: Each bank should analyse its amortised cost portfolio under Pillar 2, considering the difference between the market value against the book value. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2299 Description:** Risk of non-compliance with C-2299: Examples of such features could be: cash collateralization of the market value in combination with an agreement of prompt additional payments in case of an increase of the market value of the swap; or minimum credit quality of the swap provider with the obligation to post collateral or present an alternative swap provider without any costs for the SPE in the event of a credit deterioration on the part of the original swap provider. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2496 Description:** Risk of non-compliance with C-2496: Stress tests and the stress test outcome analysis should not be confined to the ICAAP. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2499 Description:** Risk of non-compliance with C-2499: analysis should not be confined to the ICAAP. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2837 Description:** Risk of non-compliance with C-2837: Question 19: Should we multiply the sum of replacement cost and potential future **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2838 Description:** Risk of non-compliance with C-2838: Question 19: Should we multiply the sum of replacement cost and potential future exposure by the same 1.4 scaling factor used in the SA-CCR standards issued by Central Bank? (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2841 Description:** Risk of non-compliance with C-2841: Example: Derivatives Portfolio for the Bank # Counterparty Name Credit Rating CCR Exposure Maturity 1 Galaxy Financial AA 800 3 years 2 Solar Systems BB 200 1 year The bank must compute the supervisory discount factor, DF, for each of the two counterparties. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 78

**R-2847 Description:** Risk of non-compliance with C-2847: CVA capital and RWA with a single-name hedge The bank from the previous example has the same portfolio, but in this example enters into a CDS with a third party that provides protection on Galaxy Financial, to protect against a potential (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 79

**R-2848 Description:** Risk of non-compliance with C-2848: CVA capital and RWA with a single-name hedge The bank from the previous example has the same portfolio, but in this example enters into a CDS with a third party that provides protection on Galaxy Financial, to protect against a potential increase in credit spreads that would reduce the fair value of transactions with Galaxy if Galaxy's credit quality deteriorates. (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 79

**R-2866 Description:** Risk of non-compliance with C-2866: Replacement Cost Calculation The replacement cost is calculated at the netting set level as a simple algebraic sum (floored at zero) of the derivatives' market values at the reference date, provided that value is positive. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 58

**R-3102 Description:** Risk of non-compliance with C-3102: For unrealized fair value reserves relating to financial instruments to be included in CET1 capital banks and their auditor must only recognize such gains or losses that are prudently valued **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3103 Description:** Risk of non-compliance with C-3103: The amount of cumulative unrealized losses arising from the changes in fair value of financial instruments, including loans/financing and receivables, classified as "available-for-sale" shall be fully deducted in the calculation of CET1 Capital. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3110 Description:** Risk of non-compliance with C-3110: The amount reported under accumulated retained earnings (5.1.4.1) should be as per the audited financial statement at year end and should remain the same for the entire financial year. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3112 Description:** Risk of non-compliance with C-3112: Current financial year's/quarter's profits can only be taken into account after they are properly audited/ reviewed by the external auditors of the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3113 Description:** Risk of non-compliance with C-3113: Dividend expected/ proposed for the financial year should be reported under 5.1.4.3 and (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3114 Description:** Risk of non-compliance with C-3114: Dividend expected/ proposed for the financial year should be reported under 5.1.4.3 and will be deducted from Retained Earnings/ (Loss) (5.1.4). (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3116 Description:** Risk of non-compliance with C-3116: The dividend deduction must be updated based on each of the following events, if the amount changes, after Annual General meeting, or the approval from the Central Ban, or the release of the Financial Statements by the auditors. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3819 Description:** Risk of non-compliance with C-3819: A bank can only use the specifically defined commodity types it has established through its adequately controlled internal **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3967 Description:** Risk of non-compliance with C-3967: ICAAP governance framework with a description of responsibilities, and the separation of functions); (ii) Arrangements through which the Board and Senior Management define the bank-wide risk appetite; (iii) Relevant policies and risk appetite/limits/tolerance; and (iv) How the Chief Risk Officer (CRO) is held responsible for the methodology and (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3977 Description:** Risk of non-compliance with C-3977: (vii) The bank's risk appetite as defined and used in the preparation of the ICAAP, which should be consistently referenced for taking business decisions; **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3978 Description:** Risk of non-compliance with C-3978: (vii) The bank's risk appetite as defined and used in the preparation of the ICAAP, which should be consistently referenced for taking business decisions; (viii) Risk quantification methodologies that are clearly articulated and documented, (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3980 Description:** Risk of non-compliance with C-3980: (vii) The bank's risk appetite as defined and used in the preparation of the ICAAP, which should be consistently referenced for taking business decisions; (viii) Risk quantification methodologies that are clearly articulated and documented, including high-level risk measurement assumptions and parameters; (ix) The approaches used to assess capital adequacy, which should include the (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3983 Description:** Risk of non-compliance with C-3983: risk limits defined for business lines, entities, or individual risks should be consistent to ensure the overall adequacy of the bank's **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30



**R-4134 Description:** Risk of non-compliance with C-4134: corporates, financials, sovereigns); do these need to be calculated separately in order to compute and report RWA in the format (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 49

## General Risk

**R-2 Description:** Risk of non-compliance with C-2: Illustration 4: Maintenance Margin Agreement Some margin agreements specify that a counterparty must maintain a level of collateral that is a **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-3 Description:** Risk of non-compliance with C-3: Illustration 4: Maintenance Margin Agreement Some margin agreements specify that a counterparty must maintain a level of collateral that is a fixed percentage of the mark-to-market (MtM) of the transactions in the netting set. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-4 Description:** Risk of non-compliance with C-4: For this type of margining agreement, the Independent Collateral Amount (ICA) is the percentage of MtM that the counterparty must maintain above the net MtM of the transactions covered by the margin **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-5 Description:** Risk of non-compliance with C-5: For example, suppose the agreement states that a counterparty must maintain a **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-6 Description:** Risk of non-compliance with C-6: For example, suppose the agreement states that a counterparty must maintain a collateral balance of at least 140% of the MtM of its transactions. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-7 Description:** Risk of non-compliance with C-7: Counterparty credit risk capital under Basel II was based on the credit risk framework, and designed to provide protection against default and migration risk (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-8 Description:** Risk of non-compliance with C-8: Counterparty credit risk capital under Basel II was based on the credit risk framework, and designed to provide protection against default and migration risk rather than the potential losses that can arise through variations in CVA. (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-9 Description:** Risk of non-compliance with C-9: The purpose of the Basel III CVA capital charge is to ensure that bank capital provides adequate **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-10 Description:** Risk of non-compliance with C-10: on the credit risk framework, and designed to provide protection against default and migration risk rather than the potential losses that can arise through variations in CVA. (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-11 Description:** Risk of non-compliance with C-11: The purpose of the Basel III CVA capital charge is to ensure that bank capital provides adequate protection against the risks of future changes in CVA. (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-12 Description:** Risk of non-compliance with C-12: Banks must use either: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-13 Description:** Risk of non-compliance with C-13: The Central Bank is fully aware of the BCBS view that CVA risk cannot be modelled by **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-14 Description:** Risk of non-compliance with C-14: as claims on commercial properties and the risk weight of the properties shall be 100%. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-18 Description:** Risk of non-compliance with C-18: Other Assets Question 15: The Credit Risk Standard states in section 5, that equity investment in commercial entities that are below the thresholds shall be risk weighted at 150% if the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-19 Description:** Risk of non-compliance with C-19: The bank must classify the bond based on the entity classification (Claim on Corporate) and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-20 Description:** Risk of non-compliance with C-20: The guarantee should be used for credit risk mitigation **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-21 Description:** Risk of non-compliance with C-21: The guarantee should be used for credit risk mitigation by substituting the risk weight of the bond using the claims on sovereign mapping table (e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-22 Description:** Risk of non-compliance with C-22: Off Balance-sheet Items Question 22: The Credit Risk Standards states that, “Any commitments that are unconditionally cancellable at any time by the bank without prior notice, or that effectively provide for automatic cancellation due to deterioration in a borrower’s creditworthiness (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-23 Description:** Risk of non-compliance with C-23: Off Balance-sheet Items Question 22: The Credit Risk Standards states that, “Any commitments that are unconditionally cancellable at any time by the bank without prior notice, or that effectively provide for automatic cancellation due to deterioration in a borrower’s creditworthiness must be converted into credit exposure equivalents using CCF of 0%”. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-24 Description:** Risk of non-compliance with C-24: For using CCF of 0%, please provide explanation on being cancellable at any time without prior notice. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-26 Description:** Risk of non-compliance with C-26: provide for automatic cancellation due to deterioration in a borrower’s creditworthiness must be converted into credit exposure equivalents using CCF of 0%”. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-30 Description:** Risk of non-compliance with C-30: The corporate provides collateral in the form of debt securities issued by a bank with an external rating of **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 35

**R-31 Description:** Risk of non-compliance with C-31: collateralization and recognizes a benefit from over-collateralization. It also provides incentives **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 35

**R-32 Description:** Risk of non-compliance with C-32: Trade 1 10,000,000 0 3 2.785840471 27,858,405 Trade 2 10,000,000 0 6 5.183635586 51,836,356 Trade 3 10,000,000 0 5 4.423984339 44,239,843 The appropriate supervisory delta must be assigned to each trade: in particular, since Trade 1 **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 56

**R-33 Description:** Risk of non-compliance with C-33: Trade Adjusted Notional Maturity Factor Delta Effective Notional Trade 1 27,858,405 1 1 27,858,405 Trade 2 51,836,356 -1 1 -51,836,356 Trade 3 44,239,843 1 1 44,239,843 Supervisory Factor The add-on must now be calculated for each entity. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 56

**R-35 Description:** Risk of non-compliance with C-35: The CN-01 form should be completed, filled and signed by the bank’s Chief Executive Officer **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-38 Description:** Risk of non-compliance with C-38: Instruments of Islamic banks issued through an SPV must also provide the contract **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-39 Description:** Risk of non-compliance with C-39: Instruments of Islamic banks issued through an SPV must also provide the contract between the bank and the SPV 3. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-40 Description:** Risk of non-compliance with C-40: The approval shall relate to an issuance of the specific planned Tier capital instrument **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-41 Description:** Risk of non-compliance with C-41: The approval shall relate to an issuance of the specific planned Tier capital instrument (Additional Tier 1 or subordinated Tier 2). **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-43 Description:** Risk of non-compliance with C-43: Capital planning and forecast: The Business as Usual (BAU) case should be formulated, such as: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-45 Description:** Risk of non-compliance with C-45: Two Scenarios should be provided as part of the presentation: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-46 Description:** Risk of non-compliance with C-46: 75% provisioning level b) Central Bank's Macro-Economic Stress Test Assumptions and results of the latest Macroeconomic stress tests performed by the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-47 Description:** Risk of non-compliance with C-47: Market Conformity Analysis: The bank has to provide evidence on why the pricing of the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 22

**R-52 Description:** Risk of non-compliance with C-52: Explicit examples will not be provided to prevent any expectation. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 22

**R-53 Description:** Risk of non-compliance with C-53: Introduction This section provides the guidance for the computation of Credit Risk Weighted Assets **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-54 Description:** Risk of non-compliance with C-54: Introduction This section provides the guidance for the computation of Credit Risk Weighted Assets (CRWAs) under the Standardised Approach (SA). (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-55 Description:** Risk of non-compliance with C-55: This guidance should be read in conjunction with the Central Bank's Standard on Credit Risk. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-56 Description:** Risk of non-compliance with C-56: A bank must apply risk weights to its on-balance-sheet and off-balance-sheet items using **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-57 Description:** Risk of non-compliance with C-57: A bank must apply risk weights to its on-balance-sheet and off-balance-sheet items using the risk-weighted assets approach. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-58 Description:** Risk of non-compliance with C-58: In general, banks should only use solicited ratings from recognised **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-60 Description:** Risk of non-compliance with C-60: Note that all exposures subject to the SA should be risk weighted net of specific **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-61 Description:** Risk of non-compliance with C-61: Note that all exposures subject to the SA should be risk weighted net of specific allowances and interest in suspense. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-62 Description:** Risk of non-compliance with C-62: The guidance must be read in conjunction with Securitisation, Equity Investments in Funds, Counterparty Credit Risk and Credit Valuation Guidance. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-63 Description:** Risk of non-compliance with C-63: Exposures in the trading book should be captured as part of a bank's market risk capital **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-64 Description:** Risk of non-compliance with C-64: Banks have transition period of 7 years from the date of implementation for **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-65 Description:** Risk of non-compliance with C-65: Banks have transition period of 7 years from the date of implementation for exposures to Federal Government that receive a 0% RW, if such exposures are denominated in AED or USD and funded in AED or USD. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-66 Description:** Risk of non-compliance with C-66: However, any claim on UAE Federal Government in foreign currency other than USD should be risk weighted according to the published credit risk **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-67 Description:** Risk of non-compliance with C-67: Banks have transition period of 7 years from the date of implementation for exposures to Emirates Governments that **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-68 Description:** Risk of non-compliance with C-68: Any claim on Emirates governments in a foreign currency other than USD should be risk weighted **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 23

**R-69 Description:** Risk of non-compliance with C-69: All other exposures to sovereigns should be risk weighted according to the sovereign **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-70 Description:** Risk of non-compliance with C-70: All other exposures to sovereigns should be risk weighted according to the sovereign rating even if the national supervisory authority adopts preferential risk weights. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-71 Description:** Risk of non-compliance with C-71: The risk of non-commercial PSE exposures is not equivalent to the risk of sovereign exposures and hence the treatment of claims on sovereigns cannot be applied to non-commercial PSE. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-72 Description:** Risk of non-compliance with C-72: If the UAE borrower satisfies the criteria in paragraph 13, the risk weight shall be the same **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-73 Description:** Risk of non-compliance with C-73: claims on sovereigns cannot be applied to non-commercial PSE. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-74 Description:** Risk of non-compliance with C-74: If the UAE borrower satisfies the criteria in paragraph 13, the risk weight shall be the same as that for claims on banks. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-75 Description:** Risk of non-compliance with C-75: However, the preferential treatment for short-term claims on banks may not be applied. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-78 Description:** Risk of non-compliance with C-78: The Central Bank provides a list (so-called GRE List) to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-79 Description:** Risk of non-compliance with C-79: The Central Bank provides a list (so-called GRE List) to all the banks in the UAE which includes non-commercial PSEs. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-80 Description:** Risk of non-compliance with C-80: The service provided should be of substantial public benefit **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-83 Description:** Risk of non-compliance with C-83: Provides internal services to parent or sister companies only, and the parent company is **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 24

**R-91 Description:** Risk of non-compliance with C-91: Claims on multilateral development banks (MDBs) Exposures to MDBs shall in general be treated similar to claim on banks, but without using **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-92 Description:** Risk of non-compliance with C-92: Claims on multilateral development banks (MDBs) Exposures to MDBs shall in general be treated similar to claim on banks, but without using the preferential treatment for short term claims. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-94 Description:** Risk of non-compliance with C-94: assessments must be AAA; ii. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-97 Description:** Risk of non-compliance with C-97: Treatment of Interest Rate Derivatives The interest rate risk measurement system should include all interest rate derivatives and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 102

**R-100 Description:** Risk of non-compliance with C-100: Capital Charges for Equity Risk To calculate the minimum capital charge for equity risk, you must calculate two separate **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 103

**R-101 Description:** Risk of non-compliance with C-101: Since banks may hold equities in different national markets, separate calculations for general and specific risk must be carried out for each of these markets. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 103

**R-102 Description:** Risk of non-compliance with C-102: general and specific risk must be carried out for each of these markets. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 103

**R-104 Description:** Risk of non-compliance with C-104: Positions in these equity derivatives should be converted into notional positions in the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 103

**R-105 Description:** Risk of non-compliance with C-105: Positions in these equity derivatives should be converted into notional positions in the relevant underlying stock or portfolio of stocks. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 103

**R-108 Description:** Risk of non-compliance with C-108: Equity swaps should be treated as two notional positions. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 103

**R-110 Description:** Risk of non-compliance with C-110: The net forward position in an exposure should consist of all amounts to be received less all amounts to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 104

**R-111 Description:** Risk of non-compliance with C-111: The net forward position in an exposure should consist of all amounts to be received less all amounts to be paid under forward FX transactions, including currency futures and the principal on currency swaps not included in the spot position. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 104

**R-116 Description:** Risk of non-compliance with C-116: The transactions have contractual terms that provide for an exchange of payments **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 67

**R-119 Description:** Risk of non-compliance with C-119: Margin payments may be employed, with margin held in various forms, and with re-margining agreements that allow for the adjustment of margin either daily or at some other established frequency. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 67

**R-120 Description:** Risk of non-compliance with C-120: counterparty is the direct counterparty are excluded from the CVA capital calculation. Banks must **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 67

**R-121 Description:** Risk of non-compliance with C-121: Banks must calculate RWA for those centrally cleared transactions as specified in the Central Bank's CCR Standards. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 67

**R-123 Description:** Risk of non-compliance with C-123: An option on an eligible CDS (that is, a swaption on such a CDS) can be eligible, provided **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-124 Description:** Risk of non-compliance with C-124: An option on an eligible CDS (that is, a swaption on such a CDS) can be eligible, provided the swaption does not contain a "knock out" clause that terminates the swaption in the case of a credit event. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68



**R-125 Description:** Risk of non-compliance with C-125: Other types of instruments must not be reflected as hedges within the calculation of the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-126 Description:** Risk of non-compliance with C-126: Other types of instruments must not be reflected as hedges within the calculation of the CVA capital charge, even if the bank views them as mitigating counterparty credit risk. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-130 Description:** Risk of non-compliance with C-130: The Central Bank expects that any bank wishing to recognize the benefits of hedges in CVA capital calculations will maintain policies and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-131 Description:** Risk of non-compliance with C-131: Another key principle for CVA hedging is that risk mitigation should transfer risk to third **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-132 Description:** Risk of non-compliance with C-132: Another key principle for CVA hedging is that risk mitigation should transfer risk to third parties external to the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-134 Description:** Risk of non-compliance with C-134: Changes in CVA can be viewed as following some distribution, such as the normal distribution illustrated in Figure 2. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 69

**R-135 Description:** Risk of non-compliance with C-135: Conceptually, the general approach to CVA capital is to estimate a level of CVA losses that should **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 69

**R-136 Description:** Risk of non-compliance with C-136: However, in the ultimate calibration of the CVA calculation the horizon  $h$  was established at one year, and hence  $h=1$ . **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 70

**R-143 Description:** Risk of non-compliance with C-143: Scope and implementation of the revised Pillar 3 framework **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 2

**R-144 Description:** Risk of non-compliance with C-144: Banks having a banking subsidiary will be required to be consolidated **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-150 Description:** Risk of non-compliance with C-150: Implementation date 5. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-156 Description:** Risk of non-compliance with C-156: Banks should also make available on their websites a 5-year **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-172 Description:** Risk of non-compliance with C-172: However, the time lag should not exceed that allowed to the **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-195 Description:** Risk of non-compliance with C-195: One or more senior officers of a bank, ideally at board level or equivalent, should attest in writing that Pillar 3 **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-205 Description:** Risk of non-compliance with C-205: The guiding principles aim to provide a firm foundation for **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-210 Description:** Risk of non-compliance with C-210: Important messages should be highlighted and easy to find. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-225 Description:** Risk of non-compliance with C-225: Where meaningful, linkages should be provided to line items on the balance sheet or the income **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-234 Description:** Risk of non-compliance with C-234: relevant to users, should be removed. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-243 Description:** Risk of non-compliance with C-243: Stress tests should support decision-making throughout the bank effectively. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-249 Description:** Risk of non-compliance with C-249: In addition to normal stress testing, each bank is expected to conduct reverse stress **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-250 Description:** Risk of non-compliance with C-250: actions. If a bank considers mitigation strategies, e.g. hedging strategies, the bank should **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-251 Description:** Risk of non-compliance with C-251: Each bank should conduct a reverse stress test at least once a year. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-273 Description:** Risk of non-compliance with C-273: Internal Control Review 129. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-280 Description:** Risk of non-compliance with C-280: independent review and the involvement of both internal audit and external audit (refer to Appendix 3.1). **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-285 Description:** Risk of non-compliance with C-285: The review of the ICAAP should cover the following: (i) Ensuring that the ICAAP is complete and suitable as of the bank's context , **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-290 Description:** Risk of non-compliance with C-290: The role and validity of internal control functions are also important and should be **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-291 Description:** Risk of non-compliance with C-291: The role and validity of internal control functions are also important and should be verified with regard to other topics. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-292 Description:** Risk of non-compliance with C-292: For example: (i) All risk quantification methodologies and models must be subject to independent (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-293 Description:** Risk of non-compliance with C-293: For example: (i) All risk quantification methodologies and models must be subject to independent validation (internal/ external); and (ii) Internal Audit should perform an independent review of the bank's capital (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-294 Description:** Risk of non-compliance with C-294: For example: (i) All risk quantification methodologies and models must be subject to independent validation (internal/ external); and (ii) Internal Audit should perform an independent review of the bank's capital framework implementation every year in accordance with the Capital Standards. (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-295 Description:** Risk of non-compliance with C-295: If the Central Bank is not satisfied with the quality of work performed by the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-296 Description:** Risk of non-compliance with C-296: If the Central Bank is not satisfied with the quality of work performed by the bank's Internal Audit function, the Central Bank may require an external review. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-297 Description:** Risk of non-compliance with C-297: (ii) Internal Audit should perform an independent review of the bank's capital framework implementation every year in accordance with the Capital Standards. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-298 Description:** Risk of non-compliance with C-298: Answer: Independent validation can be performed by an independent function of the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-299 Description:** Risk of non-compliance with C-299: framework implementation every year in accordance with the Capital Standards. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-300 Description:** Risk of non-compliance with C-300: However, in some instances an external validation/ review is required. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-301 Description:** Risk of non-compliance with C-301: For the purpose of this guidance, a bank will be considered to have a sustainable business model if it meets all the following **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 23

**R-305 Description:** Risk of non-compliance with C-305: The Board must approve the ICAAP, its outcomes, and **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-306 Description:** Risk of non-compliance with C-306: The Board must approve the ICAAP, its outcomes, and the proposed mitigation actions. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-315 Description:** Risk of non-compliance with C-315: Answer: (i) The bank must have a Board-approved capital contingency policy. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-317 Description:** Risk of non-compliance with C-317: (ii) If the bank plan to change its capital base, the bank should have one capital **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-318 Description:** Risk of non-compliance with C-318: (ii) If the bank plan to change its capital base, the bank should have one capital plan, which reflects the capital injections (and reflects the source of injection). **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-324 Description:** Risk of non-compliance with C-324: Question 8: Can banks implement the IRB methodology in full (i.e. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-326 Description:** Risk of non-compliance with C-326: exceptional cases, by the bank's Central Bank reviewer. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-327 Description:** Risk of non-compliance with C-327: Answer: The bank should apply whichever approach is deemed appropriate for their size and complexity, **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-329 Description:** Risk of non-compliance with C-329: With the implementation of IFRS9 banks have a PD for every exposure, which may be used to calculate the F-IRB capital. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-330 Description:** Risk of non-compliance with C-330: It is, however, not mandatory to fully implement the F-IRB approach. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-333 Description:** Risk of non-compliance with C-333: The F-IRB should follow the floor on the PD of 0.03% and apply a fixed 45% LGD. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-334 Description:** Risk of non-compliance with C-334: The bank shall not use own estimations of the LGD under the F-IRB. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-336 Description:** Risk of non-compliance with C-336: Answer: The bank should understand risks related to climate change and their impact on the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-337 Description:** Risk of non-compliance with C-337: Answer: The bank should understand risks related to climate change and their impact on the sustainability of the bank and the risks of its business strategy. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-338 Description:** Risk of non-compliance with C-338: Banks should develop adequate methodologies to quantify the risk with models sophistication depending on size and business model. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-339 Description:** Risk of non-compliance with C-339: Stress tests and scenario analysis should be explored. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-340 Description:** Risk of non-compliance with C-340: Banks should consider assessing their green asset ratio (GAR) which measures a bank's "green assets" as a share of its total assets as an initial tool. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-345 Description:** Risk of non-compliance with C-345: validation (internal/ external); and (ii) Internal Audit should perform an independent review of the bank's capital **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-347 Description:** Risk of non-compliance with C-347: ECAI definitions of default should broadly reflect those definitions, although they need not **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-348 Description:** Risk of non-compliance with C-348: ECAI definitions of default should broadly reflect those definitions, although they need not precisely duplicate the Basel definitions. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-351 Description:** Risk of non-compliance with C-351: Question 3: Must the quantitative back testing of ratings outcomes incorporate an analysis **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-352 Description:** Risk of non-compliance with C-352: Question 3: Must the quantitative back testing of ratings outcomes incorporate an analysis of recovery rates in all cases? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-353 Description:** Risk of non-compliance with C-353: No, the quantitative analysis conducted should be tailored as appropriate to demonstrate the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-354 Description:** Risk of non-compliance with C-354: No, the quantitative analysis conducted should be tailored as appropriate to demonstrate the performance of the actual rating methodology applied by the ECAI. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-355 Description:** Risk of non-compliance with C-355: Specifics of the analysis may differ depending on the methodology; for example, if the rating methodology solely reflects default probabilities rather than loss rates, then recovery studies may not be relevant. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-356 Description:** Risk of non-compliance with C-356: No, the Central Bank of the UAE has determined that unsolicited ratings do not provide an **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 146

**R-369 Description:** Risk of non-compliance with C-369: the Central Bank may permit offset between different sub-categories of the same commodity, for example, different categories of crude oil, if: they are deliverable against each other they are close substitutes for each other, with a minimum correlation of 0.9 between price movements over a period of at least one year Correlations Banks using correlations between commodities to offset commodity positions must have **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-370 Description:** Risk of non-compliance with C-370: Banks using correlations between commodities to offset commodity positions must have obtained prior approval from the Central bank of UAE. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-371 Description:** Risk of non-compliance with C-371: Calculating the Capital Charge Two alternative approaches for calculating the capital charge for commodities are set out by the standardised measurement method: a) Simplified Approach Under the simplified approach, banks must express each commodity position, spot plus (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-372 Description:** Risk of non-compliance with C-372: by the standardised measurement method: a) Simplified Approach Under the simplified approach, banks must express each commodity position, spot plus forward, in terms of the standard unit of measurement (barrels, kilos, grams, and so on). (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-373 Description:** Risk of non-compliance with C-373: All commodity derivatives and off-balance sheet positions affected by changes in commodity prices should be included. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-374 Description:** Risk of non-compliance with C-374: sheet positions affected by changes in commodity prices should be included. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-375 Description:** Risk of non-compliance with C-375: A separate maturity ladder must be used for each commodity. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-393 Description:** Risk of non-compliance with C-393: Additional risks arising from investment in subsidiaries should be addressed and assessed in the ICAAP. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-394 Description:** Risk of non-compliance with C-394: The bank should consider any subsidiary including commercial, non-commercial, and insurance subsidiaries. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-395 Description:** Risk of non-compliance with C-395: Question 11: The ICAAP has to be performed on consolidated level. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-399 Description:** Risk of non-compliance with C-399: However, each bank should analyse whether additional risks arise from the group structure of the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-401 Description:** Risk of non-compliance with C-401: The ICAAP should reflect the results of the bank's analysis. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-402 Description:** Risk of non-compliance with C-402: Consequently, the analysis should consider all relevant levels of the group structure (consolidated, solo, **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-413 Description:** Risk of non-compliance with C-413: Answer: The bank should determine the most adequate approach to quantify its risks. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-414 Description:** Risk of non-compliance with C-414: The quantification methodology should obtain internal approval. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-415 Description:** Risk of non-compliance with C-415: Question 15: Does the Internal Audit (IA) review required under Section IX - Internal Control **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-417 Description:** Risk of non-compliance with C-417: Answer: The Central Bank is of the opinion that IA is not suffering a conflict of interest by reviewing a **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-422 Description:** Risk of non-compliance with C-422: (ii) IA has to perform the prescribed review for each ICAAP, to be submitted within **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-424 Description:** Risk of non-compliance with C-424: (ii) IA has to perform the prescribed review for each ICAAP, to be submitted within 3 months of the submission. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-426 Description:** Risk of non-compliance with C-426: (Note, that in the Capital Standards, para 13 under Introduction and Scope requires an annual review of (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26



**R-427 Description:** Risk of non-compliance with C-427: (Note, that in the Capital Standards, para 13 under Introduction and Scope requires an annual review of the capital framework.) Question 16: Why does the Standard/ Guidance not address any specifics related to Islamic banking? (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-430 Description:** Risk of non-compliance with C-430: Question 17: Being a branch of an international bank, is a third party validation required, as this is already conducted at the parent company/ group level covering risk frameworks, systems and **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-431 Description:** Risk of non-compliance with C-431: If the branch or subsidiary is applying head office methodologies, these should nevertheless be validated on branch or subsidiary level. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-432 Description:** Risk of non-compliance with C-432: In addition, the branch or subsidiary has to have a full understanding of the applied methodologies as it cannot fully rely (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-433 Description:** Risk of non-compliance with C-433: branch or subsidiary has to have a full understanding of the applied methodologies as it cannot fully rely on the head office. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 27

**R-445 Description:** Risk of non-compliance with C-445: cancel distributions/payments on the instrument, nor must they act in a way that could hinder the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 19

**R-446 Description:** Risk of non-compliance with C-446: The dividend stopper will remain until one coupon following the dividend stopper date has been made in full or an amount **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 19

**R-447 Description:** Risk of non-compliance with C-447: The dividend stopper will remain until one coupon following the dividend stopper date has been made in full or an amount equal to the same has been duly set aside or provided for in full for the benefit of the holders of **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 19

**R-449 Description:** Risk of non-compliance with C-449: The issuance of any new shares as a result of the Point of Non-Viability must occur prior **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 20

**R-450 Description:** Risk of non-compliance with C-450: The issuance of any new shares as a result of the Point of Non-Viability must occur prior to any public sector injection of capital so that the capital provided by the public sector is not  
**Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 20

**R-451 Description:** Risk of non-compliance with C-451: If a Tier 2 instrument eligible for grandfathering begins its final five-year amortisation period prior to 1st January 2018, the base for grandfathering in this case must take into account **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 20

**R-466 Description:** Risk of non-compliance with C-466: Investments in commercial entities in excess of the materiality thresholds must be risk- **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-468 Description:** Risk of non-compliance with C-468: Performance guarantees are essentially transaction-related contingencies that involve an **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-469 Description:** Risk of non-compliance with C-469: Performance guarantees are essentially transaction-related contingencies that involve an irrevocable undertaking to pay a third party in the event the counterparty fails to fulfil or perform **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-470 Description:** Risk of non-compliance with C-470: Performance guarantees attract a CCF of 50%. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-473 Description:** Risk of non-compliance with C-473: Longer maturity commitments are considered to be of higher risk because there is a longer period between credit reviews and less opportunity to withdraw the commitment if the credit quality **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-474 Description:** Risk of non-compliance with C-474: However, any commitments that are unconditionally cancellable at any time by the bank without prior notice, or that effectively provide for automatic cancellation due to deterioration in a **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-475 Description:** Risk of non-compliance with C-475: period between credit reviews and less opportunity to withdraw the commitment if the credit quality of the customer deteriorates. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-477 Description:** Risk of non-compliance with C-477: For example, a commitment to provide collateral or a guarantee is not recognised as an eligible CRM technique **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-478 Description:** Risk of non-compliance with C-478: For example, a commitment to provide collateral or a guarantee is not recognised as an eligible CRM technique for capital adequacy purposes until the commitment to do so is actually fulfilled. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-479 Description:** Risk of non-compliance with C-479: For example, if the rating has already taken into account a guarantee pledged by the parent or sovereign entity, then the guarantee shall not be considered again for credit risk mitigation **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-481 Description:** Risk of non-compliance with C-481: However, where the credit protection is denominated in a currency different from that of the underlying obligation, the covered portion should be reduced by a standard supervisory (domains: security, compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-482 Description:** Risk of non-compliance with C-482: For eligible collateral, the value of credit protection to be recorded is its market value, subject to a minimum revaluation frequency of 6 months for performing assets, and 3 months for (domains: security, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-483 Description:** Risk of non-compliance with C-483: Simple Approach Under simple approach, the eligible collateral must be pledged for at least the life of the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-484 Description:** Risk of non-compliance with C-484: If the exposure and collateral are held in different currencies, the bank must adjust **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-485 Description:** Risk of non-compliance with C-485: risksthat need to be adequately controlled and managed. Banks should take all appropriate steps **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-486 Description:** Risk of non-compliance with C-486: Banks should take all appropriate steps to ensure the effectiveness of the CRM and to address related risks. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-487 Description:** Risk of non-compliance with C-487: Shari'ah Implementation Banks that conduct all or part of their activities in accordance with the provisions of **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-488 Description:** Risk of non-compliance with C-488: to ensure the effectiveness of the CRM and to address related risks. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-489 Description:** Risk of non-compliance with C-489: Shari’ah Implementation Banks that conduct all or part of their activities in accordance with the provisions of Shari’ah laws and have exposure to risks similar to those mentioned in the Credit Risk Standard, shall, for the purpose of maintaining an appropriate level of capital, calculate the relevant risk (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-490 Description:** Risk of non-compliance with C-490: This must be done in a manner compliant with the Shari’ah laws. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-491 Description:** Risk of non-compliance with C-491: To ensure consistent implementation of the Credit Risk Standard in the UAE, the main questions are addressed hereunder. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-492 Description:** Risk of non-compliance with C-492: Banks shall monitor and manage the impact of the change in risk weights of exposures in USD on the bank’s capital position. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-493 Description:** Risk of non-compliance with C-493: However, exposures in non-domestic currencies (including USD) shall **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 30

**R-494 Description:** Risk of non-compliance with C-494: Shari’ah laws and have exposure to risks similar to those mentioned in the Credit Risk Standard, shall, for the purpose of maintaining an appropriate level of capital, calculate the relevant risk (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-497 Description:** Risk of non-compliance with C-497: Short 2,000 60 120,000 To calculate the general market risk charge, we must first determine the overall net open position. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 115

**R-498 Description:** Risk of non-compliance with C-498: Next, we must work out the specific risk charge. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 115

**R-503 Description:** Risk of non-compliance with C-503: To adjust for the known delinquency rate on the pooled SA assets, the bank computes an adjusted capital ratio:  $(1 - ) \times + ( \times 0.5) = 0.94 \times 0.09 + 0.06 \times 0.5 = 0.1146$  This calculated capital ratio must be further adjusted for the fact that the delinquency rate **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 96

**R-505 Description:** Risk of non-compliance with C-505: If, for example, the bank chose to apply a capital ratio of 13% to this exposure, then the bank's required capital would **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 96

**R-506 Description:** Risk of non-compliance with C-506: Because this is a non-senior tranche, it must also be adjusted for tranche thickness, which **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 96

**R-507 Description:** Risk of non-compliance with C-507: Because this is a non-senior tranche, it must also be adjusted for tranche thickness, which is the difference between D=30% and A=5%, a difference of 25%. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 96

**R-508 Description:** Risk of non-compliance with C-508: The interpolated risk weight from the table should be multiplied by a factor of  $1-(D-A)=0.75$ , which exceeds the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 96

**R-509 Description:** Risk of non-compliance with C-509: The interpolated risk weight from the table should be multiplied by a factor of  $1-(D-A)=0.75$ , which exceeds the floor of 50% and therefore should be used by the bank in the calculation ( $0.75 \times 497.5\%$ ). **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 96

**R-510 Description:** Risk of non-compliance with C-510: of, any capital required under other Central Bank Standards. Banks should follow the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 98

**R-512 Description:** Risk of non-compliance with C-512: Identifying Market Risk Drivers For a particular instrument, the risk drivers that influence the market prices of that instrument must be identified. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 98

**R-513 Description:** Risk of non-compliance with C-513: The standardised approach provides a framework for measuring interest rate risk. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 98

**R-519 Description:** Risk of non-compliance with C-519: This is because such amounts should have normally formed part of a bank's income but have been set aside for likely **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-522 Description:** Risk of non-compliance with C-522: Outsourcing is the strategic use of outside resources to perform business **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-523 Description:** Risk of non-compliance with C-523: should have normally formed part of a bank's income but have been set aside for likely credit losses. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-524 Description:** Risk of non-compliance with C-524: Outsourcing is the strategic use of outside resources to perform business functions that are traditionally managed by internal staff. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-531 Description:** Risk of non-compliance with C-531: Alternatively, banks may act as service providers to other banks. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 124

**R-532 Description:** Risk of non-compliance with C-532: Basel provides the following guidance for the treatment of outsourcing fees paid or **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 124

**R-535 Description:** Risk of non-compliance with C-535: Figures for any year in which annual gross income is negative or zero shall be excluded from both the numerator **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 124

**R-536 Description:** Risk of non-compliance with C-536: Figures for any year in which annual gross income is negative or zero shall be excluded from both the numerator and denominator when calculating the gross income average. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 124

**R-537 Description:** Risk of non-compliance with C-537: On this basis, the figures presented in the 3 years' calculations should reconcile (or be **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 124

**R-538 Description:** Risk of non-compliance with C-538: Corporate finance: banking arrangements and facilities provided to large commercial **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 125

**R-539 Description:** Risk of non-compliance with C-539: Retail brokerage: broking services provided to customers that are retail investors rather **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 125

**R-540 Description:** Risk of non-compliance with C-540: Retail brokerage: broking services provided to customers that are retail investors rather than institutional investors. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 125

**R-541 Description:** Risk of non-compliance with C-541: Since all income has to be allocated to a business line, the sum of the gross income of the eight business lines should equal the gross income for the bank as a whole **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 125

**R-542 Description:** Risk of non-compliance with C-542: Should this risk weight be lower? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 86

**R-545 Description:** Risk of non-compliance with C-545: Should the leverage of the fund be proportioned according to use of approach? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 86

**R-546 Description:** Risk of non-compliance with C-546: When a bank uses more than one approach to determine the risk weight (that is, LTA, MBA, and/or FBA), the bank should **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 86

**R-549 Description:** Risk of non-compliance with C-549: The calculation of RWA must include an amount for the counterparty credit risk associated with **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 88

**R-552 Description:** Risk of non-compliance with C-552: If the PFE is similarly indeterminate, an additional 15% of the notional amount must be added **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 88

**R-553 Description:** Risk of non-compliance with C-553: If neither the SEC-ERBA nor the SEC-SA can be applied for a particular securitisation exposure, a maximum risk weight of 1250% must be used **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 89

**R-554 Description:** Risk of non-compliance with C-554: While credit rating agencies capture some aspects of the risk related to tranche thickness in their external ratings, analysis performed by the BCBS **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 89

**R-556 Description:** Risk of non-compliance with C-556: For securitisation exposures, payments to the investors depend upon the performance of **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-557 Description:** Risk of non-compliance with C-557: In some cases, transactions that have some of the features of securitisations should not **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-558 Description:** Risk of non-compliance with C-558: In some cases, transactions that have some of the features of securitisations should not be treated as such for capital purposes. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-560 Description:** Risk of non-compliance with C-560: (Note that in this case, the material effects of differing tranche maturities are captured by maturity adjustments to the risk weights assigned to the securitisation exposures, per the Standards.) In a traditional securitisation where all tranches above the first-loss piece are rated, the most highly rated position should be treated as a senior tranche. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-561 Description:** Risk of non-compliance with C-561: When there are several tranches that share the same rating, only the most senior tranche in the cash flow waterfall should be **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-562 Description:** Risk of non-compliance with C-562: the risk weights assigned to the securitisation exposures, per the Standards.) In a traditional securitisation where all tranches above the first-loss piece are rated, the most highly rated position should be treated as a senior tranche. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-563 Description:** Risk of non-compliance with C-563: When there are several tranches that share the same rating, only the most senior tranche in the cash flow waterfall should be treated as senior (unless the only difference among them is the effective maturity). **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-564 Description:** Risk of non-compliance with C-564: In addition, when the different ratings of several senior tranches only result from a difference in maturity, all of these tranches should be treated as senior. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-565 Description:** Risk of non-compliance with C-565: most highly rated position should be treated as a senior tranche. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-566 Description:** Risk of non-compliance with C-566: In a typical synthetic securitisation, an unrated tranche can be treated as a senior tranche provided that all of the conditions for inferring a rating from a lower tranche that meets the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-631 Description:** Risk of non-compliance with C-631: Shari'ah Implementation: Bank that conduct all or part of their activities in accordance with the provisions of Shari'ah **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-632 Description:** Risk of non-compliance with C-632: Shari'ah Implementation: Bank that conduct all or part of their activities in accordance with the provisions of Shari'ah and have exposure to risks similar to those mentioned in the Market Risk Standard, shall, for the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109



**R-633 Description:** Risk of non-compliance with C-633: Shari'ah Implementation: Bank that conduct all or part of their activities in accordance with the provisions of Shari'ah and have exposure to risks similar to those mentioned in the Market Risk Standard, shall, for the purpose of maintaining an appropriate level of capital, calculate the relevant risk weighted asset (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-634 Description:** Risk of non-compliance with C-634: This must be done in a manner compliant to the Shari'ah. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-636 Description:** Risk of non-compliance with C-636: Note that Table 3 in the text covers only interest rate derivatives, and therefore credit derivatives should not be included. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-637 Description:** Risk of non-compliance with C-637: Credit derivatives must be analysed whether they are **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-638 Description:** Risk of non-compliance with C-638: Credit derivatives must be analysed whether they are subject to the general market risk treatment for interest rate risk. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-639 Description:** Risk of non-compliance with C-639: Please note, that the analysis to which risk types a specific instrument type is exposed, must be provided to the Central Bank upon request. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-640 Description:** Risk of non-compliance with C-640: any one of rated agencies i.e. Moody's, S&P, Fitch with investment grade. Should it be **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-641 Description:** Risk of non-compliance with C-641: Question 6: Should general criteria for all investment grade securities other than **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-642 Description:** Risk of non-compliance with C-642: Question 6: Should general criteria for all investment grade securities other than Government Issuers be taken under the category of Qualifying? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-643 Description:** Risk of non-compliance with C-643: Yes, these instruments will be classified as qualifying provided in paragraphs 16-19. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-645 Description:** Risk of non-compliance with C-645: If the bank does so, all such repo-style transactions must be included in the trading book, and both legs of such transactions, either cash **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-646 Description:** Risk of non-compliance with C-646: transactions must be included in the trading book, and both legs of such transactions, either cash or securities, must be included in the trading book. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-650 Description:** Risk of non-compliance with C-650: Banking or trading), applicable capital charge should be taken in place. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-651 Description:** Risk of non-compliance with C-651: using an internal hedge), the banking book exposure is not deemed to be hedged for capital purposes unless the bank purchases from an eligible third party protection provider a credit derivative meeting the (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-652 Description:** Risk of non-compliance with C-652: 111

CBUAE Classification: Public Question 11: BCBS standards provides banks two options to include large swap books in (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-653 Description:** Risk of non-compliance with C-653: CBUAE Classification: Public Question 11: BCBS standards provides banks two options to include large swap books in the maturity or duration ladder (Convert the payments into their present values or to calculate the sensitivity of the net present value). (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-655 Description:** Risk of non-compliance with C-655: Commercial GREs that are treated as corporates for credit risk should also be treated as **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-658 Description:** Risk of non-compliance with C-658: The bank should have a sensible policy to ensure that objective, which should be subject to supervisory review. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-659 Description:** Risk of non-compliance with C-659: Maturity approach shall be the initial approach to be used. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-660 Description:** Risk of non-compliance with C-660: In addition, exposures to the Federal Government and Emirates Government receive 0% risk weight, if such exposures are denominated and funded in AED or USD for a transition period of 7 years from the date of implementation of this Standard. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-663 Description:** Risk of non-compliance with C-663: As long as the position got an open leg under one of the two books (i.e. Banking or trading), applicable capital charge should be taken in place. When a bank hedges a banking book credit **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-678 Description:** Risk of non-compliance with C-678: Otherwise, if these conditions are not satisfied, or if for other reasons the liquidity facility constitutes a mezzanine position in economic substance rather than a senior position in the underlying pool, the liquidity facility should be treated as a non-senior exposure. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-681 Description:** Risk of non-compliance with C-681: (d) Clauses that increase the yield payable to parties other than the originating bank, such as investors and third-party providers of credit enhancements, in response to a **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-682 Description:** Risk of non-compliance with C-682: (e) Clauses that provide for increases in a retained first-loss position or credit enhancement **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-683 Description:** Risk of non-compliance with C-683: (e) Clauses that provide for increases in a retained first-loss position or credit enhancement provided by the originating bank after the transaction's inception. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-684 Description:** Risk of non-compliance with C-684: as investors and third-party providers of credit enhancements, in response to a deterioration in the credit quality of the reference pool. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-685 Description:** Risk of non-compliance with C-685: Due diligence The Standards requires banks to have a thorough understanding of all structural features of a securitisation transaction that would materially affect the performance of the bank's exposures to (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-686 Description:** Risk of non-compliance with C-686: securitisation transaction that would materially affect the performance of the bank's exposures to the transaction. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 90

**R-726 Description:** Risk of non-compliance with C-726: To ensure that such distortions do not occur, the supervisor should review and consider appropriate actions under Pillar 2. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 134

**R-727 Description:** Risk of non-compliance with C-727: supervisor should review and consider appropriate actions under Pillar 2. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 134

**R-731 Description:** Risk of non-compliance with C-731: 129

CBUAE Classification: Public Question 2: Can the Central Bank detail or provide examples of the extraordinary or **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 129

**R-734 Description:** Risk of non-compliance with C-734: These criteria are not preset by the Central Bank. A bank should establish internally such criteria, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 129

**R-735 Description:** Risk of non-compliance with C-735: A bank should establish internally such criteria, reflecting its internal organisation, and these should be subject to independent review as per point **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 129

**R-736 Description:** Risk of non-compliance with C-736: Question 7: Why is the volume-based indicator alternative provided? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-739 Description:** Risk of non-compliance with C-739: No, the Central Bank must be satisfied that the alternative approach provides an improved basis **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-741 Description:** Risk of non-compliance with C-741: Under the ASA, commercial loans and advances will include outstanding amounts (non-risk weighted and gross of provisions) averaged over the past three years, from the following credit **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-743 Description:** Risk of non-compliance with C-743: For the purpose of the ASA, retail loans will include total outstanding amounts (non-risk weighted 131

CBUAE Classification: Public and gross of provisions) averaged over the past three years in the following credit portfolios: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-744 Description:** Risk of non-compliance with C-744: Purchased retail receivables Bank finance against amounts due to bank's retail clients from third parties for goods and/or services provided by them **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-745 Description:** Risk of non-compliance with C-745: Purchased retail receivables Bank finance against amounts due to bank's retail clients from third parties for goods and/or services provided by them Question 11: What is the threshold to decide a large diversified bank in terms of assets book size/composition or any other indicators? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-746 Description:** Risk of non-compliance with C-746: The Central Bank will perform an assessment for each bank **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-747 Description:** Risk of non-compliance with C-747: The Central Bank will perform an assessment for each bank applying to qualify for ASA. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-749 Description:** Risk of non-compliance with C-749: goods and/or services provided by them Question 11: What is the threshold to decide a large diversified bank in terms of assets book size/composition or any other indicators? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-751 Description:** Risk of non-compliance with C-751: The Central Bank will review whether the bank meets the 90% standard to determine whether an additional size cut-off is appropriate. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-752 Description:** Risk of non-compliance with C-752: Question 12: Retail or commercial banking activities shall account for at least 90% of its **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-754 Description:** Risk of non-compliance with C-754: Can we get clarification on the difference between the validation and the review, and what are the scope and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-755 Description:** Risk of non-compliance with C-755: Can we get clarification on the difference between the validation and the review, and what are the scope and responsible party for each? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-756 Description:** Risk of non-compliance with C-756: Validation of models and tables must be performed by the internal auditor or by the external **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-758 Description:** Risk of non-compliance with C-758: the difference between the validation and the review, and what are the scope and responsible party for each? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-764 Description:** Risk of non-compliance with C-764: These criteria are not preset by the Central Bank. A bank should establish internally such criteria, reflecting its internal organisation, and these should be subject to independent review as per point **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 129

**R-768 Description:** Risk of non-compliance with C-768: In such circumstances, however, the bank will be required to explain in a narrative commentary why it **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-771 Description:** Risk of non-compliance with C-771: Where the format of a template is described as fixed, banks should complete the fields in **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-772 Description:** Risk of non-compliance with C-772: Where the format of a template is described as fixed, banks should complete the fields in accordance with the instructions given. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-773 Description:** Risk of non-compliance with C-773: If a row/column is not considered to be relevant to a bank's activities the bank may delete the specific row/column from the template, but the numbering of the subsequent rows and columns should not be altered. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-775 Description:** Risk of non-compliance with C-775: the specific row/column from the template, but the numbering of the subsequent rows and columns should not be altered. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-777 Description:** Risk of non-compliance with C-777: 185

CBUAE Classification: Public or columns, but the numbering of prescribed rows and columns in the template should not be altered. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-778 Description:** Risk of non-compliance with C-778: Where the format of a template is described as flexible, banks may present the required **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-780 Description:** Risk of non-compliance with C-780: or columns, but the numbering of prescribed rows and columns in the template should not be altered. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-814 Description:** Risk of non-compliance with C-814: It should also be accompanied by a qualitative discussion. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-824 Description:** Risk of non-compliance with C-824: Since the BRF95 should mandatorily be submitted by banks within 4 weeks **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-832 Description:** Risk of non-compliance with C-832: DSIBs, Securitisation), shall the Bank exclude this section/ table completely irrespective of **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-833 Description:** Risk of non-compliance with C-833: which is mandatory and cannot be omitted from the Pillar 3 tables. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-835 Description:** Risk of non-compliance with C-835: Securitisation), shall the Bank exclude this section/ table completely irrespective of type of table. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-842 Description:** Risk of non-compliance with C-842: Banks which do not have a UAE-Specific website should **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-845 Description:** Risk of non-compliance with C-845: the specific row/column from the template, but the numbering of the subsequent rows and columns should not be altered. Banks may add extra rows and extra columns to fixed format **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-847 Description:** Risk of non-compliance with C-847: Question 5: If any section/ table of Template is not applicable to the Bank (i.e. DSIBs, Securitisation), shall the Bank exclude this section/ table completely irrespective of **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-848 Description:** Risk of non-compliance with C-848: specific website. This can be anywhere on the website but it needs to be clearly visible and easily available for all stakeholders. Banks which do not have a UAE-Specific website should **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-849 Description:** Risk of non-compliance with C-849: As a result of that multiplication, the M in the denominator of the discount factor is cancelled out, making the overall result the same as that provided by DF in the Standards. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 71

**R-852 Description:** Risk of non-compliance with C-852: An alternative arrangement of the CVA capital calculation may provide additional intuition: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 72

**R-853 Description:** Risk of non-compliance with C-853: In the case of unrated counterparties or entities, banks should follow the approach applied by the Central Bank **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-854 Description:** Risk of non-compliance with C-854: In the case of unrated counterparties or entities, banks should follow the approach applied by the Central Bank for credit derivatives that reference unrated entities in the CCR Standards, treating them as BBB rated unless the counterparty or entity has an elevated risk of default, in which case they should (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-855 Description:** Risk of non-compliance with C-855: Use of this rating scale for purposes of the CVA Standards should not be viewed as an (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-856 Description:** Risk of non-compliance with C-856: for credit derivatives that reference unrated entities in the CCR Standards, treating them as BBB rated unless the counterparty or entity has an elevated risk of default, in which case they should be treated as BB rated. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-857 Description:** Risk of non-compliance with C-857: Use of this rating scale for purposes of the CVA Standards should not be viewed as an endorsement of that or any other external rating agency. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-858 Description:** Risk of non-compliance with C-858: Threshold for the Simple Alternative As part of the finalization of Basel III, the BCBS introduced a materiality threshold, and provided an option for any bank whose aggregate notional amount of non-centrally cleared **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-859 Description:** Risk of non-compliance with C-859: Threshold for the Simple Alternative As part of the finalization of Basel III, the BCBS introduced a materiality threshold, and provided an option for any bank whose aggregate notional amount of non-centrally cleared derivatives is less than or equal to 100 billion euro to choose to set its CVA capital equal to 100% of its capital for counterparty credit risk. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-860 Description:** Risk of non-compliance with C-860: To implement this option in the UAE, the Central Bank has established a materiality **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74



**R-861 Description:** Risk of non-compliance with C-861: To implement this option in the UAE, the Central Bank has established a materiality threshold of 400 billion AED. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-862 Description:** Risk of non-compliance with C-862: If a bank chooses this CDS, it must be applied to all of the bank's covered transactions, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-863 Description:** Risk of non-compliance with C-863: If a bank chooses this CDS, it must be applied to all of the bank's covered transactions, as required under the BCBS framework. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 74

**R-864 Description:** Risk of non-compliance with C-864: Note that under the CCR Standard, the bank must have a determination of non-objection from the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-865 Description:** Risk of non-compliance with C-865: Note that under the CCR Standard, the bank must have a determination of non-objection from the Central Bank with regard to any specific QCCP. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-866 Description:** Risk of non-compliance with C-866: Question 2: Should debit valuation adjustment (DVA) be netted from CVA for the capital **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-868 Description:** Risk of non-compliance with C-868: Question 5: For calculating the weighted average maturity, should we use the original deal **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-869 Description:** Risk of non-compliance with C-869: Question 5: For calculating the weighted average maturity, should we use the original deal notional values, or the effective notional values per the CCR standards? (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-870 Description:** Risk of non-compliance with C-870: Either approach is acceptable, provided the bank is consistent in its selected approach. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-871 Description:** Risk of non-compliance with C-871: Question 6: If there is no valid netting set with a counterparty, how should average maturity **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-872 Description:** Risk of non-compliance with C-872: Question 8: When calculating average maturity for a netting set, should we consider each **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-873 Description:** Risk of non-compliance with C-873: Maturity calculations for CVA must be calculated for each netting set, reflecting all covered **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-874 Description:** Risk of non-compliance with C-874: Maturity calculations for CVA must be calculated for each netting set, reflecting all covered transactions within a given netting set, regardless of asset class. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-875 Description:** Risk of non-compliance with C-875: Question 9: If an entity has ratings from multiple rating agencies, which one should be **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 75

**R-876 Description:** Risk of non-compliance with C-876: Question 9: If an entity has ratings from multiple rating agencies, which one should be 76

CBUAE Classification: Public used to determine the risk weight for CVA capital? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 76

**R-877 Description:** Risk of non-compliance with C-877: If there are ratings from two different rating agencies that map to different risk weights, the higher risk weight should be applied. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 76

**R-878 Description:** Risk of non-compliance with C-878: If there are ratings from three or more rating agencies that map to different risk weights, the two ratings that correspond to the lowest risk weights should be referred **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 76

**R-879 Description:** Risk of non-compliance with C-879: If these two ratings give rise to the same risk weight, that risk weight should be applied. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 76

**R-880 Description:** Risk of non-compliance with C-880: If a bank chooses this CDS, it must be applied to all of the bank's covered transactions, as required under the BCBS framework. In addition, a bank adopting this simple approach may **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 71

**R-882 Description:** Risk of non-compliance with C-882: The bank needs to calculate the appropriate supervisory discount factor for the index CDS, based on the maturity  $M=1.5$  years:  $(1 - 0.05 \times 1.5) = 1.445$ . To determine the risk weight, the bank must determine the credit rating for each of the twenty **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-886 Description:** Risk of non-compliance with C-886: Subject to meeting the conditions set out for its use, banks employing the LTA must apply the risk **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-887 Description:** Risk of non-compliance with C-887: Subject to meeting the conditions set out for its use, banks employing the LTA must apply the risk weight of the fund's underlying exposures as if the exposures were held directly by the bank; The "mandate-based approach" (MBA): The MBA provides a degree of risk sensitivity, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-888 Description:** Risk of non-compliance with C-888: weight of the fund's underlying exposures as if the exposures were held directly by the bank; The "mandate-based approach" (MBA): The MBA provides a degree of risk sensitivity, and can be used when banks do not meet the conditions for applying the LTA. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-889 Description:** Risk of non-compliance with C-889: The "mandate-based approach" (MBA): The MBA provides a degree of risk sensitivity, and can be used when banks do not meet the conditions for applying the LTA. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-892 Description:** Risk of non-compliance with C-892: The Central Bank has chosen not to use the national discretion provided within the BCBS **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 82

**R-893 Description:** Risk of non-compliance with C-893: The Central Bank has chosen not to use the national discretion provided within the BCBS framework to exclude from the standard equity positions in entities whose debt obligations qualify for a zero risk weight. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 82

**R-894 Description:** Risk of non-compliance with C-894: The Central Bank also has chosen not to use the national discretion provided within the BCBS framework to exclude from the scope of the standard equity investments (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 82

**R-896 Description:** Risk of non-compliance with C-896: This is a logical treatment – if a bank effectively owns 5% of a fund, the bank must hold capital as if it owns 5% of the fund’s (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-898 Description:** Risk of non-compliance with C-898: a bank effectively owns 5% of a fund, the bank must hold capital as if it owns 5% of the fund’s risk-weighted assets. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-900 Description:** Risk of non-compliance with C-900: RWA and assets of investment funds should, to the extent possible, be evaluated using **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-901 Description:** Risk of non-compliance with C-901: RWA and assets of investment funds should, to the extent possible, be evaluated using the same accounting standards the bank would apply if the assets were held directly. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-903 Description:** Risk of non-compliance with C-903: This increase is subject to ex ante supervisory approval, and banks with such exposures should consult with the Central Bank regarding STC treatment. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 95

**R-904 Description:** Risk of non-compliance with C-904: In addition, the seller or sponsor of such a pool must retain subordinated positions that provide loss-absorbing credit **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 95

**R-916 Description:** Risk of non-compliance with C-916: All banks licensed by the Central Bank of the UAE must ensure that Pillar 1 risks - **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-922 Description:** Risk of non-compliance with C-922: Each bank is required to maintain appropriate capital **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-923 Description:** Risk of non-compliance with C-923: Each bank is required to maintain appropriate capital levels in accordance with the Central Bank Standards on Pillar 2 capital. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-928 Description:** Risk of non-compliance with C-928: First, it is the responsibility of each bank to ensure that its ICAAP is **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-929 Description:** Risk of non-compliance with C-929: First, it is the responsibility of each bank to ensure that its ICAAP is comprehensive and proportionate to the nature, scale, and complexity of its activities. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-934 Description:** Risk of non-compliance with C-934: This Guidance does not prescribe specific methodologies but rather, it provides a framework, within which a bank should elaborate research, analyse, and draw (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-935 Description:** Risk of non-compliance with C-935: This Guidance does not prescribe specific methodologies but rather, it provides a framework, within which a bank should elaborate research, analyse, and draw conclusions relevant to the risk profiles of their books. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-936 Description:** Risk of non-compliance with C-936: All methodologies employed by a bank for its ICAAP should be relevant to its business (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-937 Description:** Risk of non-compliance with C-937: All methodologies employed by a bank for its ICAAP should be relevant to its business model, risk profile, to the geographies of its exposures, and, in particular, to the features of the UAE economy. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-939 Description:** Risk of non-compliance with C-939: it provides a framework, within which a bank should elaborate research, analyse, and draw conclusions relevant to the risk profiles of their books. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-959 Description:** Risk of non-compliance with C-959: These views must be supported by key quantitative results including **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-960 Description:** Risk of non-compliance with C-960: These views must be supported by key quantitative results including the current and expected capital position of the bank under various economic conditions including stressed circumstances. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-961 Description:** Risk of non-compliance with C-961: It should also provide a clear analysis of the drivers of **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-963 Description:** Risk of non-compliance with C-963: It should also provide a clear analysis of the drivers of capital consumption, including Pillar 1 and Pillar 2 risks and stress testing. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-968 Description:** Risk of non-compliance with C-968: This needs to cover expected dividend distribution; (viii) An analysis of the capital position and capital ratios under several stress scenarios, the analysis of the stress scenarios should include the intended risk **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-976 Description:** Risk of non-compliance with C-976: The policy framework should be approved by the Board. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-985 Description:** Risk of non-compliance with C-985: Each bank should adopt progressively more sophisticated **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-987 Description:** Risk of non-compliance with C-987: Each bank should adopt progressively more sophisticated approaches in measuring risks to keep up with the business model evolution, the risk profile, size of the bank, and appropriate market practice. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1001 Description:** Risk of non-compliance with C-1001: Each bank is expected to ensure the effectiveness and consistency of the ICAAP at **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1002 Description:** Risk of non-compliance with C-1002: Each bank is expected to ensure the effectiveness and consistency of the ICAAP at each level, with a special focus on the group level for local banks. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1003 Description:** Risk of non-compliance with C-1003: should be comprehensive, reliable, follow rigorous quality checks, and control mechanisms. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1005 Description:** Risk of non-compliance with C-1005: However, each bank should analyse whether additional risks arise from the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1007 Description:** Risk of non-compliance with C-1007: The group structure must be analysed from different perspectives. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1008 Description:** Risk of non-compliance with C-1008: To be able to effectively assess and maintain capital adequacy across entities, strategies, risk **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1010 Description:** Risk of non-compliance with C-1010: Capital transferability within the group should be assessed conservatively and **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1011 Description:** Risk of non-compliance with C-1011: Capital transferability within the group should be assessed conservatively and cautiously, which should be considered in the ICAAP. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1015 Description:** Risk of non-compliance with C-1015: ICAAP at solo level (without subsidiaries). Therefore, the bank should identify any potential **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 6

**R-1016 Description:** Risk of non-compliance with C-1016: Therefore, the bank should identify any potential and additional risks both at consolidated group level and at solo bank level. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 6

**R-1018 Description:** Risk of non-compliance with C-1018: Each bank should evaluate whether the required Pillar 1 capital **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 6

**R-1019 Description:** Risk of non-compliance with C-1019: Each bank should evaluate whether the required Pillar 1 capital adequately covers all risks arising from those entities. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 6

**R-1021 Description:** Risk of non-compliance with C-1021: The evaluation should consider all risk types, including credit risk, reputational risk, and step-in risk, etc. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 6

**R-1026 Description:** Risk of non-compliance with C-1026: bank's capital to cover the risks faced by the bank in light of its risk profile, its risk appetite and its future business plans. These views must be supported by key quantitative results including **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 1

**R-1030 Description:** Risk of non-compliance with C-1030: e.g. investments in commercial subsidiaries, including Special Purpose Vehicles (SPV), and insurance companies. Each bank should evaluate whether the required Pillar 1 capital **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 1

**R-1093 Description:** Risk of non-compliance with C-1093: Metrics related to capital allocation and capital consumption should be included in the banks' risk appetite. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1104 Description:** Risk of non-compliance with C-1104: associated to such business plan; (iii) The ICAAP should result in an estimation of the adequate level of capital given the business and risk assumptions. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1122 Description:** Risk of non-compliance with C-1122: Banks with more complex option positions that also write options must use the delta- **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 112

**R-1123 Description:** Risk of non-compliance with C-1123: For example: UAE and GCC sovereign exposure that are funded and denominated in the domestic currency receive 0% RW (independent of the external rating of that sovereign) Exposures to the Federal Government and Emirates Government receive 0% risk weight, if such exposures are denominated and funded in AED or USD for a transition period of 7 years from the date of implementation of this Standard. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 112

**R-1126 Description:** Risk of non-compliance with C-1126: An ECAI should disclose the general nature of its compensation arrangements with rated **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1127 Description:** Risk of non-compliance with C-1127: An ECAI should disclose the general nature of its compensation arrangements with rated entities, obligors, lead underwriters, or arrangers. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1128 Description:** Risk of non-compliance with C-1128: When the ECAI receives compensation unrelated to its credit rating services from a party such as a rated entity, obligor, originator, lead underwriter, or arranger, the ECAI should disclose such compensation as a percentage of the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1133 Description:** Risk of non-compliance with C-1133: ECAI should possess sufficient human and technical resources to produce high quality **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1134 Description:** Risk of non-compliance with C-1134: Evidence of resource sufficiency includes: (i) Technical expertise of the people should be sufficient to conduct the analysis to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141



**R-1135 Description:** Risk of non-compliance with C-1135: Evidence of resource sufficiency includes: (i) Technical expertise of the people should be sufficient to conduct the analysis to support the assignment of ratings, and to maintain contact with senior and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1139 Description:** Risk of non-compliance with C-1139: The ECAI must demonstrate that it enjoys credibility in the markets in which it operates. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1144 Description:** Risk of non-compliance with C-1144: The ECAI must adopt and adhere to a code of conduct that is consistent with the IOSCO **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1145 Description:** Risk of non-compliance with C-1145: The ECAI must be subject to effective supervision on an ongoing basis by a **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1146 Description:** Risk of non-compliance with C-1146: However, banks should not interpret use of this scale as a Central **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1147 Description:** Risk of non-compliance with C-1147: However, banks should not interpret use of this scale as a Central Bank endorsement of any particular rating agency. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1150 Description:** Risk of non-compliance with C-1150: Banks must take steps to confirm that any ratings used **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1151 Description:** Risk of non-compliance with C-1151: Banks must take steps to confirm that any ratings used in capital adequacy calculations are obtained from ECAs that continue to be viewed as eligible by the Central Bank. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1152 Description:** Risk of non-compliance with C-1152: Additional entities may be approved as eligible ECAs in due course. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1154 Description:** Risk of non-compliance with C-1154: However, if a bank determines that a different mapping is more appropriate, the bank should use that alternative mapping, provided the results are at least as conservative as **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 142

**R-1156 Description:** Risk of non-compliance with C-1156: However, as with the long-term ratings, if a bank determines that a different mapping is more appropriate, the bank should use that alternative mapping, provided the results **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 143

**R-1160 Description:** Risk of non-compliance with C-1160: Banks must use the chosen ECAIs and their ratings consistently for each type of claim for **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-1161 Description:** Risk of non-compliance with C-1161: Banks must use the chosen ECAIs and their ratings consistently for each type of claim for which the ECAI and its ratings are approved, and must seek the consent of the Central Bank on **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-1162 Description:** Risk of non-compliance with C-1162: Banks must use the chosen ECAIs and their ratings consistently for each type of claim for which the ECAI and its ratings are approved, and must seek the consent of the Central Bank on any subsequent changes to the application of those ratings. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-1163 Description:** Risk of non-compliance with C-1163: Banks may not “cherry-pick” the ratings provided by different ECAIs, and must maintain records of which ECAIs they use for (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-1164 Description:** Risk of non-compliance with C-1164: Banks may not “cherry-pick” the ratings provided by different ECAIs, and must maintain records of which ECAIs they use for various purposes within capital adequacy calculations. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-1165 Description:** Risk of non-compliance with C-1165: Banks may not use unsolicited ratings that may be provided by any ECAI. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-1166 Description:** Risk of non-compliance with C-1166: If there is only one rating by a nominated ECAI for a particular claim, that rating should be **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-1198 Description:** Risk of non-compliance with C-1198: exposures to the head office shall receive the risk weight **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-1199 Description:** Risk of non-compliance with C-1199: exposures to the head office shall receive the risk weight according to the rating of the head office). **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-1200 Description:** Risk of non-compliance with C-1200: Claims on Securities Firms In addition to providing loans to other banks in the interbank market, banks provide loans to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-1201 Description:** Risk of non-compliance with C-1201: Exposures to these securities firms shall be treated as claims on banks if these firms are subject to prudential **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-1202 Description:** Risk of non-compliance with C-1202: Exposures to these securities firms shall be treated as claims on banks if these firms are subject to prudential standards and a level of supervision that is equivalent to those applicable to banks. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-1233 Description:** Risk of non-compliance with C-1233: No, interest in suspense should be included as an exposure. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 21

**R-1234 Description:** Risk of non-compliance with C-1234: Examples: Calculation of Gross SFT Assets This section provides simple examples to help clarify the calculation of adjusted gross SFT **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 21

**R-1235 Description:** Risk of non-compliance with C-1235: Examples: Calculation of Gross SFT Assets This section provides simple examples to help clarify the calculation of adjusted gross SFT assets for the leverage ratio exposure measure. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 21

**R-1237 Description:** Risk of non-compliance with C-1237: The customer provides securities to the bank of 110, receives cash of 100, and commits to repurchase the **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 21

**R-1238 Description:** Risk of non-compliance with C-1238: The customer provides securities to the bank of 110, receives cash of 100, and commits to repurchase the securities at a specified future date. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 21

**R-1239 Description:** Risk of non-compliance with C-1239: Further Options under the ASA – Option 2 Under Option 2, banks may maintain the SA beta factors of 12% and 15% for retail and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 137

**R-1240 Description:** Risk of non-compliance with C-1240: However, only external ratings provided by External Credit Assessment Institutions **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1241 Description:** Risk of non-compliance with C-1241: However, only external ratings provided by External Credit Assessment Institutions (ECAIs) that have been recognized as eligible for that purpose by the Central Bank may be used. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1243 Description:** Risk of non-compliance with C-1243: The Central Bank also takes into account the criteria and conditions provided in the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1244 Description:** Risk of non-compliance with C-1244: The Central Bank also takes into account the criteria and conditions provided in the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies (IOSCO CRA Code) when **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1245 Description:** Risk of non-compliance with C-1245: ECAI's should have a methodology for assigning credit ratings that is rigorous and (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1246 Description:** Risk of non-compliance with C-1246: ECAI's should have a methodology for assigning credit ratings that is rigorous and systematic, and is subject to validation based on historical experience. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1247 Description:** Risk of non-compliance with C-1247: Ratings assessments should be based on methodologies combining qualitative and quantitative approaches. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1249 Description:** Risk of non-compliance with C-1249: To establish that an ECAI fulfils this primary component of eligibility criteria, it must demonstrate **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1250 Description:** Risk of non-compliance with C-1250: To establish that an ECAI fulfils this primary component of eligibility criteria, it must demonstrate that it meets the following minimum standards: (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1251 Description:** Risk of non-compliance with C-1251: To establish that an ECAI fulfils this primary component of eligibility criteria, it must demonstrate that it meets the following minimum standards: (i) The ECAI has established rating definitions, criteria, and methodologies, and apply (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1256 Description:** Risk of non-compliance with C-1256: credit quality that are relevant under the ECAI's applicable methodology, and should ensure that the ratings are assigned taking into account all risk factors of the rated entity or issue relevant under the ECAI's applicable methodology; 139

CBUAE Classification: Public (iv) The ECAI should demonstrate that rating methodologies are subject to quantitative (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1257 Description:** Risk of non-compliance with C-1257: For this purpose, the ECAI should calculate and publish default studies, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1258 Description:** Risk of non-compliance with C-1258: 139

CBUAE Classification: Public (iv) The ECAI should demonstrate that rating methodologies are subject to quantitative back testing. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1259 Description:** Risk of non-compliance with C-1259: For this purpose, the ECAI should calculate and publish default studies, recovery studies, rating transition matrices, or other analyses as relevant to the ECAI's rating methodology. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1260 Description:** Risk of non-compliance with C-1260: The analysis should reflect a definition of default that is **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1261 Description:** Risk of non-compliance with C-1261: The analysis should reflect a definition of default that is consistent with international standards, subject to possible adjustments to take into account local practices or institutional or market conditions; (v) The rating methodology for each market segment, including rigorous back testing, must have been established for at least one year and preferably three years; (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1266 Description:** Risk of non-compliance with C-1266: The ECAI should be free from any economic or external political pressures that may **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1267 Description:** Risk of non-compliance with C-1267: The ECAI should be free from any economic or external political pressures that may influence its credit ratings. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1268 Description:** Risk of non-compliance with C-1268: In particular, an ECAI should not delay or refrain from taking a rating **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1269 Description:** Risk of non-compliance with C-1269: (viii) The ECAI should maintain adequate systems and internal records to support its assigned ratings. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1270 Description:** Risk of non-compliance with C-1270: In particular, an ECAI should not delay or refrain from taking a rating action based on its potential effect (economic, political or otherwise). **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1271 Description:** Risk of non-compliance with C-1271: The independence of an ECAI shall be assessed on the basis of the following five parameters: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1272 Description:** Risk of non-compliance with C-1272: The independence of an ECAI shall be assessed on the basis of the following five parameters: (i) Ownership: The ownership structure should not be such that it could jeopardize the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1273 Description:** Risk of non-compliance with C-1273: For example, the owners should not hold 10 percent or more of the equity of any entity rated by the ECAI. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1284 Description:** Risk of non-compliance with C-1284: The ECAI should demonstrate that it is free from any type of external conflicts of interest, or that conflicts of interest are disclosed and managed. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1291 Description:** Risk of non-compliance with C-1291: A rating should be disclosed as soon as practicably possible after issuance. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1296 Description:** Risk of non-compliance with C-1296: To promote transparency and market discipline, an ECAI should demonstrate that it **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1300 Description:** Risk of non-compliance with C-1300: The time horizons reflected in ratings; Rating definitions; Rating methods; Actual default rates experienced in each rating category; Rating transition matrices; Whether particular ratings are solicited or unsolicited; The date of last review and update of ratings; **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1301 Description:** Risk of non-compliance with C-1301: Actual default rates experienced in each rating category; Rating transition matrices; Whether particular ratings are solicited or unsolicited; The date of last review and update of ratings; The general nature of compensation arrangements with rated entities; and Any actual or potential conflicts of interest. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1302 Description:** Risk of non-compliance with C-1302: At a minimum, the following conflict-of-interest situations and their influence on the ECAI's credit rating methodologies or credit rating actions must be disclosed: (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1304 Description:** Risk of non-compliance with C-1304: (v) The rating methodology for each market segment, including rigorous back testing, must have been established for at least one year and preferably three years; (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 137

**R-1306 Description:** Risk of non-compliance with C-1306: adapt them to a potentially changing environment; and (viii) The ECAI should maintain adequate systems and internal records to support its (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 137

**R-1324 Description:** Risk of non-compliance with C-1324: Alternative Standardised Approach (ASA) Capital Charge The Alternative Standardised Approach provides a different exposure indicator for two (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 127

**R-1431 Description:** Risk of non-compliance with C-1431: This valuation must be accepted by an external auditor. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1433 Description:** Risk of non-compliance with C-1433: Bank may include interim profit/ yearend profit in CET1 capital only if reviewed or audited by **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1434 Description:** Risk of non-compliance with C-1434: (which is not a bank) should be included or not. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1435 Description:** Risk of non-compliance with C-1435: Furthermore, the expected dividend should be deducted in Q4. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1436 Description:** Risk of non-compliance with C-1436: Should it be considered since the standards mentions insurance subsidiaries are to be completely (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1437 Description:** Risk of non-compliance with C-1437: Should it be considered since the standards mentions insurance subsidiaries are to be completely deconsolidated and hence there will be no goodwill? (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1438 Description:** Risk of non-compliance with C-1438: Goodwill and other intangible must be deducted in the calculation of CET1. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1442 Description:** Risk of non-compliance with C-1442: The following list provides some examples of what would be considered to be an incentive to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1443 Description:** Risk of non-compliance with C-1443: However, as required by criteria 5, the bank must not do anything that creates an expectation that **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1444 Description:** Risk of non-compliance with C-1444: However, as required by criteria 5, the bank must not do anything that creates an expectation that the call will be exercised. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1445 Description:** Risk of non-compliance with C-1445: The above is not an exhaustive list of what is considered an incentive to redeem and so banks should seek guidance from Central Bank on specific features and instruments. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1446 Description:** Risk of non-compliance with C-1446: Banks must not expect Central Bank to approve the exercise of a call option for the purpose of satisfying investor **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1447 Description:** Risk of non-compliance with C-1447: However, the specification of multiple dates upon which a call might be exercised must not be used to create an expectation that the instrument will be redeemed at the first call **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 8

**R-1448 Description:** Risk of non-compliance with C-1448: However, the specification of multiple dates upon which a call might be exercised must not be used to create an expectation that the instrument will be redeemed at the first call date, as this is prohibited by criterion. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 8

**R-1449 Description:** Risk of non-compliance with C-1449: must not be used to create an expectation that the instrument will be redeemed at the first call date, as this is prohibited by criterion. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 8



**R-1450 Description:** Risk of non-compliance with C-1450: How should the geographic location of exposures on the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 8

**R-1451 Description:** Risk of non-compliance with C-1451: For the purpose of the countercyclical capital buffer, banks should use, where possible, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 8

**R-1452 Description:** Risk of non-compliance with C-1452: For the purpose of the countercyclical capital buffer, banks should use, where possible, exposures on an “ultimate risk” basis. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 8

**R-1453 Description:** Risk of non-compliance with C-1453: This means that if the bank has a debt claim on an investment vehicle, the ultimate risk exposure should be allocated to the jurisdiction where the vehicle (or if applicable, its parent/guarantor) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 8

**R-1454 Description:** Risk of non-compliance with C-1454: If the bank has an equity claim, the ultimate risk exposure should be allocated **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 8

**R-1455 Description:** Risk of non-compliance with C-1455: Amount not deducted to considered for aggregate threshold deduction 100 The remaining amount of 100 is to be distributed amongst the investments on a pro rata / proportionate basis and risk weighted at 250% (assuming no threshold deduction apply).The total of 250 RWA (100 \*250%) will be distributed as follows. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 9

**R-1477 Description:** Risk of non-compliance with C-1477: If a bank relies on third-party calculations for determining the underlying risk weights of the exposures of the fund, the risk weights should be increased by a factor of 1.2 times to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-1479 Description:** Risk of non-compliance with C-1479: For instance, any exposure that is ordinarily subject to a 20% risk weight under the risk-based capital standards would be weighted at 24% (1.2×20%) when the look-through is performed by a third party. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-1480 Description:** Risk of non-compliance with C-1480: To ensure that all underlying risks are taken into account (including CCR) and that the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 83

**R-1481 Description:** Risk of non-compliance with C-1481: 84

CBUAE Classification: Public As with the LTA, for purposes of the MBA the RWA and assets of investment funds should, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1482 Description:** Risk of non-compliance with C-1482: CBUAE Classification: Public As with the LTA, for purposes of the MBA the RWA and assets of investment funds should, to the extent possible, be evaluated using the same accounting standards the bank would apply if the assets were held directly. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1483 Description:** Risk of non-compliance with C-1483: Under the MBA, the bank should assume that the fund's assets are first invested to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1484 Description:** Risk of non-compliance with C-1484: Under the MBA, the bank should assume that the fund's assets are first invested to the maximum extent allowable in assets that would attract the highest risk weight, and then to the maximum extent allowable in the next riskiest type of asset, and so on until all of the fund's balance sheet assets have been assigned to a risk-weight category. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1485 Description:** Risk of non-compliance with C-1485: If more than one risk weight could be applied to a given exposure, the bank must use the maximum applicable risk weight. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1486 Description:** Risk of non-compliance with C-1486: For example, if the mandate does not place restrictions on the rating quality of the fund's investments in corporate bonds, the bank should apply a risk weight of 150% to the fund's corporate bond **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1487 Description:** Risk of non-compliance with C-1487: When the notional amount of a fund's derivative exposure is unknown, the approach again is conservative: the bank should use the maximum notional amount of derivatives allowed **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1488 Description:** Risk of non-compliance with C-1488: in corporate bonds, the bank should apply a risk weight of 150% to the fund's corporate bond positions. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1489 Description:** Risk of non-compliance with C-1489: When the PFE for derivatives is unknown, the PFE add-on should be **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1490 Description:** Risk of non-compliance with C-1490: When the PFE for derivatives is unknown, the PFE add-on should be set at 15% of the notional value. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1492 Description:** Risk of non-compliance with C-1492: However, a bank is not required to apply the 1.5 factor for situations in which the CVA capital charge would not otherwise be applicable. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-1493 Description:** Risk of non-compliance with C-1493: If the investment is one that the bank would be required to deduct from capital, then the investment **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 85

**R-1494 Description:** Risk of non-compliance with C-1494: If the investment is one that the bank would be required to deduct from capital, then the investment is not in scope for this Standards. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 85

**R-1496 Description:** Risk of non-compliance with C-1496: Question 4: Under the Standards, what methodology should a bank use to compute (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 85

**R-1497 Description:** Risk of non-compliance with C-1497: Question 4: Under the Standards, what methodology should a bank use to compute counterparty credit risk exposure for funds in which the bank has an equity investment? (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 85

**R-1498 Description:** Risk of non-compliance with C-1498: The Standards states that banks must risk weight all exposures as if the bank held those (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 85

**R-1499 Description:** Risk of non-compliance with C-1499: Thus, the risk weights and the exposure amounts for counterparty credit risk should be determined using the standards that would apply to the bank. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 85

**R-1512 Description:** Risk of non-compliance with C-1512: Treatment of Commodity Derivatives All commodity derivatives and off-balance sheet positions affected by changes in commodity prices should be included in the commodities risk measurement framework. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 107

**R-1513 Description:** Risk of non-compliance with C-1513: commodity prices should be included in the commodities risk measurement framework. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 107

**R-1514 Description:** Risk of non-compliance with C-1514: The market risk charge for options can be calculated using one of the following methods: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 107

**R-1516 Description:** Risk of non-compliance with C-1516: The following table shows which methods a bank can use: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 107

**R-1519 Description:** Risk of non-compliance with C-1519: In addition, the nominal value should be used for items where the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 107

**R-1520 Description:** Risk of non-compliance with C-1520: In addition, the nominal value should be used for items where the market value of the underlying instrument could be zero, such as caps and floors, swaptions, or similar instruments. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 108

**R-1521 Description:** Risk of non-compliance with C-1521: Options should be included in market risk calculations for each type of risk as a delta- **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 108

**R-1551 Description:** Risk of non-compliance with C-1551: All other retail claims should be risk weighted at 100%. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1552 Description:** Risk of non-compliance with C-1552: property that is either self-occupied or rented out. The property must be fully mortgaged in favor **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1553 Description:** Risk of non-compliance with C-1553: The property must be fully mortgaged in favor of the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1554 Description:** Risk of non-compliance with C-1554: The value of the property will be maintained at the value at origination unless the Central **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1555 Description:** Risk of non-compliance with C-1555: The value of the property will be maintained at the value at origination unless the Central Bank requires banks to revise the property value downward. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1556 Description:** Risk of non-compliance with C-1556: The value must be adjusted if an extraordinary, idiosyncratic event occurs resulting in a permanent reduction of the property value. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1557 Description:** Risk of non-compliance with C-1557: Such adjustment must be notified to the Central Bank. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1558 Description:** Risk of non-compliance with C-1558: A 35% risk weighting shall apply to eligible residential claims if the LTV ratio is less than **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1561 Description:** Risk of non-compliance with C-1561: the loan should not be split. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1562 Description:** Risk of non-compliance with C-1562: Any additional exposure to a customer with loans for four individual properties shall be classified **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1563 Description:** Risk of non-compliance with C-1563: For any past due loan, 100% Credit Conversion Factor (CCF) should be applied for the off- **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 27

**R-1564 Description:** Risk of non-compliance with C-1564: For any past due loan, 100% Credit Conversion Factor (CCF) should be applied for the off- 28

CBUAE Classification: Public balance sheet component to calculate the credit risk-weighted assets. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 28

**R-1568 Description:** Risk of non-compliance with C-1568: Such narrative should be based on an analysis of the current economic conditions, the business environment and the operating conditions of the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1569 Description:** Risk of non-compliance with C-1569: The scope of events should be broad, consider an appropriate range of risk types, and geographies. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1570 Description:** Risk of non-compliance with C-1570: The narrative should be constructed with a clear sequence of unfolding events leading to (a) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1571 Description:** Risk of non-compliance with C-1571: The narrative should be constructed with a clear sequence of unfolding events leading to (a) direct risks, (b) second-order risks, and/or (c) systemic risks, and how these risks affect the profit and loss profile and risks of the bank based on a scale of shocks (e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1572** **Description:** Risk of non-compliance with C-1572: The scope of the narrative should take into account the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1573** **Description:** Risk of non-compliance with C-1573: The scope of the narrative should take into account the economic environment and the features of each portfolio in scope. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1574** **Description:** Risk of non-compliance with C-1574: The calibration of shocks should be supported by rigorous methodologies using (a) (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1575** **Description:** Risk of non-compliance with C-1575: capital issuances, rights issues, reduction in the equity, etc.) and the capital planning reflects the proposed changes, the bank must perform an additional stress scenario. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1576** **Description:** Risk of non-compliance with C-1576: In these additional stress scenarios the bank should analyse the impact under the assumption that the capital increase does not **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1580** **Description:** Risk of non-compliance with C-1580: bank should analyse the impact under the assumption that the capital increase does not materialise. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1582** **Description:** Risk of non-compliance with C-1582: For the measurement of capital under stress, each bank should employ a dedicated **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1584** **Description:** Risk of non-compliance with C-1584: Such projection should be constructed over a minimum of three (3) years, in coherence with the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1640** **Description:** Risk of non-compliance with C-1640: (e.g. an economic recession coupled with a tightening of market liquidity and declining asset prices). The scope of the narrative should take into account the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1718** **Description:** Risk of non-compliance with C-1718: Each bank should demonstrate its appropriate usage of the ICAAP via the production **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1727 Description:** Risk of non-compliance with C-1727: Adequate metrics and associated limits should be designed in relation to the bank's size and complexity. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1734 Description:** Risk of non-compliance with C-1734: Each bank should have a capital plan approved by the Board. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1736 Description:** Risk of non-compliance with C-1736: The ICAAP should be designed as a tool to adequately support these objectives. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1740 Description:** Risk of non-compliance with C-1740: The ICAAP should be forward-looking taking into account both internal and external **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1741 Description:** Risk of non-compliance with C-1741: The ICAAP should be forward-looking taking into account both internal and external drivers over a period covering three (3) to five (5) years. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1742 Description:** Risk of non-compliance with C-1742: The capital planning should take into account the bank's business plan, its strategic development and the economic environment. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1743 Description:** Risk of non-compliance with C-1743: The multi-year capital forecast should be assessed and calibrated through two **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1745 Description:** Risk of non-compliance with C-1745: Both perspectives should be function of the bank's business plan. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1746 Description:** Risk of non-compliance with C-1746: In addition, the second perspective should incorporate a more granular, specific, and accurate measurement **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1747 Description:** Risk of non-compliance with C-1747: Both perspectives should take into account the current, expected economic **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1748 Description:** Risk of non-compliance with C-1748: Both perspectives should take into account the current, expected economic environment, and consider the occurrence of stressed events. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-1749 Description:** Risk of non-compliance with C-1749: It is 155

CBUAE Classification: Public expected to consider measures to maintain adequate capitalisation, reverse the trend, review  
**Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-1750 Description:** Risk of non-compliance with C-1750: expected to consider measures to maintain adequate capitalisation, reverse the trend, review its strategy, and risk appetite. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-1753 Description:** Risk of non-compliance with C-1753: the bank should explain how the capital adequacy would be ensured/ restored (e.g. (domains: data) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-1761 Description:** Risk of non-compliance with C-1761: CBUAE Classification: Public The appropriate supervisory delta must be assigned to each trade: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 61

**R-1762 Description:** Risk of non-compliance with C-1762: Crude Energy Trade 2 20,000 -1 1 the 'Crude Oil' Oil commodity type) Metals Silver Trade 3 10,000 1 1 10,000 Supervisory Factor For each commodity-type in a hedging set, the effective notional amount must be multiplied by **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 61

**R-1763 Description:** Risk of non-compliance with C-1763: Collateralized, no value of the collateral after applicable haircuts, if positive (else margin RC=0) Collateralized and Same as the no margin case, unless TH+MTA-NICA (see margined definitions below) is greater than the resulting RC TH= positive threshold beforethecounterpartymust sendcollateraltothebank **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 63

**R-1859 Description:** Risk of non-compliance with C-1859: One of the criteria necessary in order to recognize cash variation margin received as a form of pre-settlementpayment is that variation margin exchanged must be the full amount **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1860 Description:** Risk of non-compliance with C-1860: Where a bank provides clearing services as a "higher level client" within a multi-level **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1861 Description:** Risk of non-compliance with C-1861: a form of pre-settlementpayment is that variation margin exchanged must be the full amount necessary to extinguish the mark-to-market exposure of the derivative. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18



**R-1862 Description:** Risk of non-compliance with C-1862: Where a bank provides clearing services as a “higher level client” within a multi-level client structure, the bank need not recognize in its leverage ratio exposure measure the resulting trade exposures to the ultimate clearing member (CM) or to an entity that provides **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1863 Description:** Risk of non-compliance with C-1863: resulting trade exposures to the ultimate clearing member (CM) or to an entity that provides higher-level services to the bank if it meets specific conditions. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1864 Description:** Risk of non-compliance with C-1864: To clarify, upon the insolvency of the clearing member, there must be no legal impediment **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1865 Description:** Risk of non-compliance with C-1865: To clarify, upon the insolvency of the clearing member, there must be no legal impediment (other than the need to obtain a court order to which the client is entitled) to the transfer of the collateral belonging to clients of a defaulting clearing member to the QCCP, to one or more other surviving clearing members or to the client or the client’s nominee. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1868 Description:** Risk of non-compliance with C-1868: Assessing whether trades are highly likely to be ported should consider factors such as a clear precedent for transactions being **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1869 Description:** Risk of non-compliance with C-1869: Assessing whether trades are highly likely to be ported should consider factors such as a clear precedent for transactions being ported at a QCCP, and industry intent for this practice to continue. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1879 Description:** Risk of non-compliance with C-1879: For example, the application of the same material terms would result in the following treatments: **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1880 Description:** Risk of non-compliance with C-1880: For tranching products, the credit protection purchased through credit derivatives must be on a reference obligation with the same level of seniority. (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1881 Description:** Risk of non-compliance with C-1881: Another required condition is that the credit protection purchased through credit derivatives is not purchased from a counterparty whose credit quality is highly correlated with the value of the

reference obligation, which would generate wrong-way risk. (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1882 Description:** Risk of non-compliance with C-1882: Specifically, the credit quality of the counterparty must not be positively correlated with the value of the **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1883 Description:** Risk of non-compliance with C-1883: This determination should reflect careful analysis of the actual risk; a legal connection does not **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1884 Description:** Risk of non-compliance with C-1884: credit quality of the counterparty must not be positively correlated with the value of the reference obligation (i.e. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1885 Description:** Risk of non-compliance with C-1885: This determination should reflect careful analysis of the actual risk; a legal connection does not need to exist between the counterparty and the underlying reference entity. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1886 Description:** Risk of non-compliance with C-1886: For the purposes of the leverage ratio, the term “written credit derivative” refers to a broad range of credit derivatives through which a bank effectively provides credit protection (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1889 Description:** Risk of non-compliance with C-1889: example, same counterparty, same maturity date). In these cases, the net position provides **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 19

**R-1890 Description:** Risk of non-compliance with C-1890: Gross SFT assets recognized for accounting purposes must not recognize any accounting netting of cash payables against cash **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 19

**R-1891 Description:** Risk of non-compliance with C-1891: Where a bank acting as an agent in an SFT does not provide an indemnity or **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 19

**R-1892 Description:** Risk of non-compliance with C-1892: Where a bank acting as an agent in an SFT does not provide an indemnity or guarantee to any of the involved parties, the bank is not exposed to the SFT and therefore need not recognize those SFTs in its leverage ratio exposure measure. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 19

**R-1895 Description:** Risk of non-compliance with C-1895: However, this does not apply to client omnibus accounts that are used by agent lenders to hold and manage client collateral provided that client collateral is segregated from **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 19

**R-1896 Description:** Risk of non-compliance with C-1896: Where there is an undertaking to provide a commitment on an off-balance-sheet item, **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 19

**R-1898 Description:** Risk of non-compliance with C-1898: Question 2: Should aspects of derivatives exposures or SFT exposures that are on **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 20

**R-1899 Description:** Risk of non-compliance with C-1899: Question 2: Should aspects of derivatives exposures or SFT exposures that are on the balance sheet be included as part of on-balance-sheet exposure, or as part of derivatives or SFT exposure? **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 20

**R-1900 Description:** Risk of non-compliance with C-1900: Those exposures related to derivatives or SFTs should be excluded from the on- **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 20

**R-1902 Description:** Risk of non-compliance with C-1902: The analysis should include a robust and conservative forecast of **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1912 Description:** Risk of non-compliance with C-1912: Pillar 2 risks arising from business conduct risks and money laundering / financing of terrorism. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1917 Description:** Risk of non-compliance with C-1917: Each bank should perform a detailedrisk analysis specific to the Real Estate exposures **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1918 Description:** Risk of non-compliance with C-1918: Each bank should perform a detailedrisk analysis specific to the Real Estate exposures (RE) of the bank and the Central Bank re Standards for Real Estate Exposures (Notice No. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1920 Description:** Risk of non-compliance with C-1920: This risk should warrant particular attention from each bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1925 Description:** Risk of non-compliance with C-1925: Therefore each bank should have a mechanism in place to identify and aggregate exposures across related entities based on their legal relationships. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1928 Description:** Risk of non-compliance with C-1928: These methods should be developed further, as deemed **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1929 Description:** Risk of non-compliance with C-1929: These methods should be developed further, as deemed appropriate, in order to fully measure the additional capital. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1934 Description:** Risk of non-compliance with C-1934: While interest rate risk in the trading book is addressed under the Pillar 1 market risk framework, the interest rate risk in the banking book should be addressed under Pillar 2. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1939 Description:** Risk of non-compliance with C-1939: The assessment should include all positions of each bank's potential basis risk, re- **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1940 Description:** Risk of non-compliance with C-1940: The assessment should include all positions of each bank's potential basis risk, re- pricing gaps, commercial margins, gaps for material currencies optionality, and non-maturing deposits. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1941 Description:** Risk of non-compliance with C-1941: The quantitative impact analysis should be supported by description and analysis of **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1945 Description:** Risk of non-compliance with C-1945: For the purpose of capital calibration, each bank should employ the interest rate shock **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1947 Description:** Risk of non-compliance with C-1947: The estimation of the Pillar 2 capital corresponding to IRRBB should be based on the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1948 Description:** Risk of non-compliance with C-1948: The estimation of the Pillar 2 capital corresponding to IRRBB should be based on the most conservative loss arising from (i) the change in the economic value of equity ( $\Delta EVE$ ), and (ii) the change in net interest income ( $\Delta NII$ ). **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1949** **Description:** Risk of non-compliance with C-1949: The most conservative result should be considered across all the scenarios calibrated by the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1950** **Description:** Risk of non-compliance with C-1950: (In avoidance of doubt, the allocated capital for IRRBB should not be lower than the maximum of the absolute EVE impact and the absolute **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1952** **Description:** Risk of non-compliance with C-1952: Simple models should not be confused with poorly designed models. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1953** **Description:** Risk of non-compliance with C-1953: However, they cannot employ poorly designed models. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1954** **Description:** Risk of non-compliance with C-1954: Each bank should manage model risk in accordance to the Central Bank **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1956** **Description:** Risk of non-compliance with C-1956: Model risk should be incorporated in each banks' risk framework alongside other key **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1957** **Description:** Risk of non-compliance with C-1957: Model risk should be incorporated in each banks' risk framework alongside other key risks, as inherent consequences of conducting their activities (refer to Appendix 3.2). **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1960** **Description:** Risk of non-compliance with C-1960: The framework should be designed to identify, measure, **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1961** **Description:** Risk of non-compliance with C-1961: The framework should be designed to identify, measure, monitor, and mitigate this risk. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1962** **Description:** Risk of non-compliance with C-1962: A bank should mitigate a large appetite for model risk by **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1965** **Description:** Risk of non-compliance with C-1965: most conservative loss arising from (i) the change in the economic value of equity ( $\Delta\text{EVE}$ ), and (ii) the change in net interest income ( $\Delta\text{NII}$ ). The most conservative result should be considered **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1976 Description:** Risk of non-compliance with C-1976: Physical stocks should be allocated to the first time band. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 118

**R-1978 Description:** Risk of non-compliance with C-1978: When determining the RC component of a netting set, the netting contract must not contain **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1980 Description:** Risk of non-compliance with C-1980: The Standards requires that a bank should apply netting only when it can satisfy the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1984 Description:** Risk of non-compliance with C-1984: If netting is not recognized, then netting sets still should be used for the calculation. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1985 Description:** Risk of non-compliance with C-1985: However, since each netting set must contain only trades that can be netted, each netting set is **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1987 Description:** Risk of non-compliance with C-1987: However, since each netting set must contain only trades that can be netted, each netting set is likely to consist of a single transaction. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1988 Description:** Risk of non-compliance with C-1988: The calculations of EAD can still be performed, although **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1989 Description:** Risk of non-compliance with C-1989: The calculations of EAD can still be performed, although they simplify considerably. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1990 Description:** Risk of non-compliance with C-1990: In that case, the CCR calculations should be performed for each netting set individually. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1993 Description:** Risk of non-compliance with C-1993: In general, banks should use a forward price or rate, ideally reflecting any interim cash flows on the underlying **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 39

**R-1994 Description:** Risk of non-compliance with C-1994: The precise specification (including the values of the embedded constants of 14 and 15) is the result of an empirical exercise conducted by the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-1996** **Description:** Risk of non-compliance with C-1996: A supervisory volatility of 50% should be used on swaptions for all currencies. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-1997** **Description:** Risk of non-compliance with C-1997: 9. Note that there may be more than one netting set for a given counterparty. In that case, the CCR calculations should be performed for each netting set individually. The individual netting **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 36

**R-1998** **Description:** Risk of non-compliance with C-1998: free interest rate – which would ordinarily appear in this expression – is not included. In general, banks should use a forward price or rate, ideally reflecting any interim cash flows on the underlying **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 36

**R-2005** **Description:** Risk of non-compliance with C-2005: A bank may consider implementing the following steps, which are presented purely for **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 31

**R-2006** **Description:** Risk of non-compliance with C-2006: The bank should understand the parameters and conditions in the scenario that **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 32

**R-2007** **Description:** Risk of non-compliance with C-2007: The bank should understand the parameters and conditions in the scenario that precipitate a failed reverse stress test to analyse its risks and weaknesses. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 32

**R-2008** **Description:** Risk of non-compliance with C-2008: Feasible remedial actions should be designed that could prevent the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 32

**R-2009** **Description:** Risk of non-compliance with C-2009: Feasible remedial actions should be designed that could prevent the consequences of such a scenario. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 32

**R-2034** **Description:** Risk of non-compliance with C-2034: Bank should use ratings determined by an eligible External Credit Assessment Institution (ECAIs). **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 32

**R-2035** **Description:** Risk of non-compliance with C-2035: In addition, does the bank just follow the so-called GRE list or shall the bank apply the criteria to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 32

**R-2036 Description:** Risk of non-compliance with C-2036: In addition, does the bank just follow the so-called GRE list or shall the bank apply the criteria to classify entities as non-commercial PSE? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 32

**R-2040 Description:** Risk of non-compliance with C-2040: all seven criteria and in principle all seven criteria must be satisfied. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 32

**R-2041 Description:** Risk of non-compliance with C-2041: What is the expected frequency of such a review? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 32

**R-2054 Description:** Risk of non-compliance with C-2054: any of the criterion can be met to classify an entity as non-commercial PSE? In addition, does the bank just follow the so-called GRE list or shall the bank apply the criteria to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 31

**R-2058 Description:** Risk of non-compliance with C-2058: A bank that considers capital increases in it capital planning has to perform an **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2059 Description:** Risk of non-compliance with C-2059: A bank that considers capital increases in it capital planning has to perform an additional stress test scenario to analyse the impact if the capital increase does not materialise. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2062 Description:** Risk of non-compliance with C-2062: CET 1, Tier 1, and CAR); (x) A method to calibrate capital needs to the current and expected levels of risks, in coherence with the bank's risk appetite, business plan, and strategy; (xi) It should include the likely future constraints on the availability and the use of **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2066 Description:** Risk of non-compliance with C-2066: Under stress testing (ST) banks should fulfill the minimum capital **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2070 Description:** Risk of non-compliance with C-2070: Bank should analyse and consider unaccounted foreseeable events in the capital plan, e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2076 Description:** Risk of non-compliance with C-2076: Risk materiality should depend on each bank's business model and risk profile. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9



**R-2078 Description:** Risk of non-compliance with C-2078: The scope of such risk identification should cover the entire group, including all branches and subsidiaries of the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2082 Description:** Risk of non-compliance with C-2082: The identification of risks should distinguish between direct risks and indirect risks. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2085 Description:** Risk of non-compliance with C-2085: This should support the production of ICAAP from one year to the next. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2088 Description:** Risk of non-compliance with C-2088: Each expert function should contribute to its area of expertise, in such way that the ICAAP is a reflection of a collective work substantiated by thorough analysis. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2089 Description:** Risk of non-compliance with C-2089: Each dedicated risk team should provide a comprehensive assessment of **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2090 Description:** Risk of non-compliance with C-2090: Each dedicated risk team should provide a comprehensive assessment of the risk drivers and materiality of the risk they manage. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2091 Description:** Risk of non-compliance with C-2091: The estimation of the capital consumption associated with each risk should be based **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2092 Description:** Risk of non-compliance with C-2092: The estimation of the capital consumption associated with each risk should be based upon clear methodologies designed appropriately for each risk type. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2093 Description:** Risk of non-compliance with C-2093: Each bank should identify the owner of such methodology either within the team responsible to manage risks or with a (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2096 Description:** Risk of non-compliance with C-2096: The identification of risks should result in distinct types: **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2097 Description:** Risk of non-compliance with C-2097: The identification of risks should result in distinct types: (i) Pillar 1 risks that are not fully captured and that are covered by insufficient capital. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2098 Description:** Risk of non-compliance with C-2098: Each bank should not develop separate methodologies for risk measurement, if those (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2100 Description:** Risk of non-compliance with C-2100: The Use Test assumes that the method and conclusion of the ICAAP should be coherent with the bank's internal practices. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2101 Description:** Risk of non-compliance with C-2101: To ensure an adequate assessment of high quality, each bank should establish, and **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2105 Description:** Risk of non-compliance with C-2105: This analysis should consider the sources and levels of income **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2108 Description:** Risk of non-compliance with C-2108: The business planning should be clear, aligned, and **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2110 Description:** Risk of non-compliance with C-2110: Each bank should elaborate on the linkage and consistency between their strategic **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2112 Description:** Risk of non-compliance with C-2112: Each bank should elaborate on the linkage and consistency between their strategic decisions, risk appetite, and the resources allocated for achieving those strategies. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2116 Description:** Risk of non-compliance with C-2116: A well-designed and comprehensive BMA approach provides banks with the basis to understand, analyse, assess the sustainability of **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2118 Description:** Risk of non-compliance with C-2118: Each bank's business model should be based on analyses and realistic assumptions **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2120 Description:** Risk of non-compliance with C-2120: Each bank should perform an analysis that involves identifying, challenging the dependency of **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2122 Description:** Risk of non-compliance with C-2122: Each bank should perform an analysis that involves identifying, challenging the dependency of strategies on uncontrollable external factors, and assumptions (e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2160 Description:** Risk of non-compliance with C-2160: Each bank should assess all its credit exposures and determine **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2162 Description:** Risk of non-compliance with C-2162: Each bank should have the ability to assess credit risk at the portfolio level as well **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2163 Description:** Risk of non-compliance with C-2163: Each bank should have the ability to assess credit risk at the portfolio level as well as at the exposure or counterparty level. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2164 Description:** Risk of non-compliance with C-2164: To ensure that each bank has sufficient capital allocated for credit risk, each bank **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2165 Description:** Risk of non-compliance with C-2165: To ensure that each bank has sufficient capital allocated for credit risk, each bank should compare their capital consumption under two methods for all credit exposures across **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2166 Description:** Risk of non-compliance with C-2166: To ensure that each bank has sufficient capital allocated for credit risk, each bank should compare their capital consumption under two methods for all credit exposures across all asset classes: (i) the Standardised Approach and (ii) an estimation under the foundation internal-rating based approach (F-IRB) in the Basel Framework (“IRB approach: risk weight functions”, CRE31). (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2167 Description:** Risk of non-compliance with C-2167: The Central Bank recognises that some banks may not have appropriately calibrated **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2168 Description:** Risk of non-compliance with C-2168: should compare their capital consumption under two methods for all credit exposures across all asset classes: (i) the Standardised Approach and (ii) an estimation under the foundation internal-rating based approach (F-IRB) in the Basel Framework (“IRB approach: risk weight functions”, CRE31). (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2169 Description:** Risk of non-compliance with C-2169: The Central Bank recognises that some banks may not have appropriately calibrated probability of defaults (PDs) for the calculation of the F-IRB approach. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2170 Description:** Risk of non-compliance with C-2170: In the absence of such calibration, banks should rely on their 1-year PD used for IFRS provisioning purposes. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2171 Description:** Risk of non-compliance with C-2171: Each bank should undertake this comparison at asset class level, where higher F-IRB numbers **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2172 Description:** Risk of non-compliance with C-2172: Each bank should undertake this comparison at asset class level, where higher F-IRB numbers indicate additional required capital. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2173 Description:** Risk of non-compliance with C-2173: Drivers of material differences between the two approaches should be explained. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2174 Description:** Risk of non-compliance with C-2174: If a bank uses credit risk mitigation techniques (CRMT), it should analyse and evaluate **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2175 Description:** Risk of non-compliance with C-2175: If a bank uses credit risk mitigation techniques (CRMT), it should analyse and evaluate the risks associated to such mitigation under Pillar 2 risks measurement. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2176 Description:** Risk of non-compliance with C-2176: The bank should analyse potential effects, the enforceability and the effectiveness of such CRMT, in particular in the case of real estate collaterals in order to estimate residual credit risk with prudence. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2177 Description:** Risk of non-compliance with C-2177: Each bank should have methodologies and limits that enable it to assess and actively manage all material market risks, at several levels of granularity including position, desk, business line, or firm-wide level. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2178 Description:** Risk of non-compliance with C-2178: Under its ICAAP, each bank should assess its capital adequacy for market risk by **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2180 Description:** Risk of non-compliance with C-2180: Each bank should start this assessment with the metrics already employed to measure market risk **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2182 Description:** Risk of non-compliance with C-2182: The calibration of capital associated to Pillar 2 risks should be undertaken with prudence and should include risks such as concentration risk, **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2183 Description:** Risk of non-compliance with C-2183: The calibration of capital associated to Pillar 2 risks should be undertaken with prudence and should include risks such as concentration risk, market illiquidity, basis risk, and jump-to-default risk. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2184 Description:** Risk of non-compliance with C-2184: Ultimately, market risk capital should be designed to protect the bank against market (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2185 Description:** Risk of non-compliance with C-2185: Ultimately, market risk capital should be designed to protect the bank against market risk volatility over the long term, including periods of stress and high volatility. (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2186 Description:** Risk of non-compliance with C-2186: Therefore, each 160

CBUAE Classification: Public bank should ensure that such calibration include appropriate stressed periods. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2187 Description:** Risk of non-compliance with C-2187: The analysis should be structured based on the bank's key drivers of market risk, including portfolios, asset **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2188 Description:** Risk of non-compliance with C-2188: The analysis should be structured based on the bank's key drivers of market risk, including portfolios, asset classes, market risk factors, geographies, product types and tenors. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2240 Description:** Risk of non-compliance with C-2240: movements in market factors such as interest rates, foreign exchange rates, equity prices, commodities prices, credit spreads, and options volatilities. Each bank should have **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 11

**R-2263 Description:** Risk of non-compliance with C-2263: One example of such an off-balance- sheet exposure that may arise with securitisations is a commitment for servicer cash advances, under which a servicer enters into a contract to advance cash to ensure an uninterrupted flow of **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2264 Description:** Risk of non-compliance with C-2264: The BCBS securitisation framework provides national discretion to permit **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2265 Description:** Risk of non-compliance with C-2265: For example, if a bank holds notes as an investor but provides full credit support to those notes, its full credit support obligation precludes any loss from **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2266 Description:** Risk of non-compliance with C-2266: If a bank can verify that fulfilling its obligations with respect to exposure **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2267 Description:** Risk of non-compliance with C-2267: That is, splitting exposures into portions that overlap with another exposure held by the bank and other portions that do not overlap, or expanding exposures by assuming for capital purposes that obligations with respect to one of the overlapping exposures are larger than those established contractually. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2268 Description:** Risk of non-compliance with C-2268: A bank may also recognize overlap between exposures in the trading book and securitisation exposures in the banking book, provided that the bank is able to calculate and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2269 Description:** Risk of non-compliance with C-2269: exposures are larger than those established contractually. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2270 Description:** Risk of non-compliance with C-2270: A bank may also recognize overlap between exposures in the trading book and securitisation exposures in the banking book, provided that the bank is able to calculate and compare the capital charges for the relevant exposures. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2271 Description:** Risk of non-compliance with C-2271: External Ratings-Based Approach (SEC-ERBA) To be eligible for use in the securitisation framework, the external credit assessment must **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2272 Description:** Risk of non-compliance with C-2272: securitisation exposures in the banking book, provided that the bank is able to calculate and compare the capital charges for the relevant exposures. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2273 Description:** Risk of non-compliance with C-2273: External Ratings-Based Approach (SEC-ERBA) To be eligible for use in the securitisation framework, the external credit assessment must take into account and reflect the entire amount of credit risk exposure the bank has with regard to all payments owed to it. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2274 Description:** Risk of non-compliance with C-2274: For example, if a bank is owed both principal and interest, the assessment must fully take into account and reflect the credit risk associated with timely **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2275 Description:** Risk of non-compliance with C-2275: A bank is not permitted to use any external credit assessment for risk-weighting purposes where the assessment is at least partly based on unfunded support provided by the bank itself. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2276 Description:** Risk of non-compliance with C-2276: For example, if a bank buys ABCP where it provides an unfunded securitisation exposure **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2277 Description:** Risk of non-compliance with C-2277: assessment must fully take into account and reflect the credit risk associated with timely repayment of both principal and interest. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2278 Description:** Risk of non-compliance with C-2278: For example, if a bank buys ABCP where it provides an unfunded securitisation exposure extended to the ABCP program (e.g., liquidity facility or credit enhancement), and that exposure plays

a role in determining the credit assessment on the ABCP, the bank must treat the ABCP as **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2279 Description:** Risk of non-compliance with C-2279: The bank also must hold capital against the liquidity facility and/or credit **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 92

**R-2280 Description:** Risk of non-compliance with C-2280: plays a role in determining the credit assessment on the ABCP, the bank must treat the ABCP as if it were not rated. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 93

**R-2281 Description:** Risk of non-compliance with C-2281: The bank also must hold capital against the liquidity facility and/or credit enhancement as a securitisation exposure. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 93

**R-2282 Description:** Risk of non-compliance with C-2282: 93

CBUAE Classification: Public External credit assessments used for the SEC-ERBA must be from an eligible external **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 93

**R-2283 Description:** Risk of non-compliance with C-2283: the key elements underlying the assessments must be publicly available, on a non-selective basis **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2284 Description:** Risk of non-compliance with C-2284: the key elements underlying the assessments must be publicly available, on a non-selective basis and free of charge. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2285 Description:** Risk of non-compliance with C-2285: Where the eligible credit assessment is not publicly available free of charge, the ECAI should provide an adequate justification, within its own publicly **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2288 Description:** Risk of non-compliance with C-2288: Under the Standards, a bank may infer a rating for an unrated position from an externally rated “reference exposure” for purposes of the SEC-ERBA provided that the reference (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2290 Description:** Risk of non-compliance with C-2290: Under the Standards, a bank may infer a rating for an unrated position from an externally rated “reference exposure” for purposes of the SEC-ERBA provided that the reference securitisation exposure ranks pari passu or is subordinate in all respects to the unrated securitisation exposure. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94



**R-2291** **Description:** Risk of non-compliance with C-2291: Credit enhancements, if any, must be taken into account when assessing **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2292** **Description:** Risk of non-compliance with C-2292: Credit enhancements, if any, must be taken into account when assessing the relative subordination of the unrated exposure and the reference securitisation exposure. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2293** **Description:** Risk of non-compliance with C-2293: For example, if the reference securitisation exposure benefits from any third-party guarantees or other credit enhancements that are not available to the unrated exposure, then the latter may not be **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2294** **Description:** Risk of non-compliance with C-2294: For example, if the reference securitisation exposure benefits from any third-party guarantees or other credit enhancements that are not available to the unrated exposure, then the latter may not be assigned an inferred rating based on the reference securitisation exposure. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2295** **Description:** Risk of non-compliance with C-2295: In particular, in the case of swaps other than credit derivatives, the exposure should include the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2296** **Description:** Risk of non-compliance with C-2296: In particular, in the case of swaps other than credit derivatives, the exposure should include the positive current market value times the risk weight of the swap provider. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2298** **Description:** Risk of non-compliance with C-2298: Examples of such features could be: cash collateralization of the market value in combination with an agreement of prompt additional payments in case of an increase of the market value of the swap; or minimum credit quality of the swap provider with the obligation to post collateral or present **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2300** **Description:** Risk of non-compliance with C-2300: Tranching protection In the case of tranching credit protection, the original securitisation tranche should be (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2301** **Description:** Risk of non-compliance with C-2301: Tranching protection In the case of tranching credit protection, the original securitisation tranche should be decomposed into protected and unprotected sub-tranches. (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2302 Description:** Risk of non-compliance with C-2302: However, this decomposition is a theoretical construction, and should not be viewed as creating a new securitisation transaction. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2303 Description:** Risk of non-compliance with C-2303: Similarly, the resulting sub- tranches should not be considered resecuritisations solely due to the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2304 Description:** Risk of non-compliance with C-2304: For a bank using the SEC-ERBA for the original securitisation exposure, the bank should **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2305 Description:** Risk of non-compliance with C-2305: For a bank using the SEC-ERBA for the original securitisation exposure, the bank should use the risk weight of the original securitisation for the sub-tranche of highest priority. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2306 Description:** Risk of non-compliance with C-2306: The calculation of the risk weight of each sub-tranche is independent from the question of whether the sub-tranche is protected (i.e., risk is taken by the protection provider) or is (domains: security) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2307 Description:** Risk of non-compliance with C-2307: Simple, Transparent, and Comparable Criteria In general, to qualify for treatment as simple, transparent, and comparable (STC), a securitisation must meet all of the criteria specified in the Standards, including the Appendix to (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2317 Description:** Risk of non-compliance with C-2317: additional payments in case of an increase of the market value of the swap; or minimum credit quality of the swap provider with the obligation to post collateral or present **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 94

**R-2325 Description:** Risk of non-compliance with C-2325: If there is only one rating by a nominated ECAI for a particular claim, that rating should be used to determine the risk weight of the exposure. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2326 Description:** Risk of non-compliance with C-2326: If there are two ratings by nominated ECAIs that map to different risk weights, the higher risk weight must be applied. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2327 Description:** Risk of non-compliance with C-2327: If there are three or more ratings with different risk weights, the ratings corresponding to the two lowest risk weights should be referred to. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2329 Description:** Risk of non-compliance with C-2329: If different, the higher risk weight should be applied. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2330 Description:** Risk of non-compliance with C-2330: External ratings for one entity within a corporate group cannot be used to risk weight other **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2331 Description:** Risk of non-compliance with C-2331: External ratings for one entity within a corporate group cannot be used to risk weight other entities within the same group. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2332 Description:** Risk of non-compliance with C-2332: A bank must treat a relevant exposure or the person to whom the bank has a relevant **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2333 Description:** Risk of non-compliance with C-2333: A bank must treat a relevant exposure or the person to whom the bank has a relevant exposure as “unrated” for risk weighting purposes if that exposure or that person does not have a rating assigned to it by the ECAI otherwise used by the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2334 Description:** Risk of non-compliance with C-2334: Where a bank is applying external ratings to an exposure that corresponds to a particular issue with an issue-specific rating, the risk weight of the claim must be based on this issue-specific **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2336 Description:** Risk of non-compliance with C-2336: If not, the credit rating cannot be used, and the un- **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2337 Description:** Risk of non-compliance with C-2337: If not, the credit rating cannot be used, and the un- assessed claim exposure should receive the risk weight for unrated claims. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 144

**R-2338 Description:** Risk of non-compliance with C-2338: 145

CBUAE Classification: Public map to a risk weight equal to or higher than would apply to an unrated exposure), then a bank with an unrated exposure to the same counterparty that ranks pari passu with or is subordinated to senior unsecured (in the case

of an issuer rating) or to the specific issue (in the case of an issue-specific rating) should risk-weight that **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2339 Description:** Risk of non-compliance with C-2339: Where a bank intends to rely on an issuer or an issue-specific rating, the rating must take **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2340 Description:** Risk of non-compliance with C-2340: specific issue (in the case of an issue-specific rating) should risk-weight that exposure using the low-quality rating. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2341 Description:** Risk of non-compliance with C-2341: Where a bank intends to rely on an issuer or an issue-specific rating, the rating must take into account and reflect the entire amount of credit risk exposure a bank has with regard to all amounts owed to it. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2342 Description:** Risk of non-compliance with C-2342: Where exposures are risk-weighted based on the rating of an equivalent exposure to that borrower, foreign currency ratings should be used for exposures in foreign currency. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2343 Description:** Risk of non-compliance with C-2343: If there is a separate domestic currency rating, it should be used only to risk-weight exposures denominated **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2344 Description:** Risk of non-compliance with C-2344: borrower, foreign currency ratings should be used for exposures in foreign currency. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2345 Description:** Risk of non-compliance with C-2345: Ongoing Review 35. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2346 Description:** Risk of non-compliance with C-2346: In this regard, the Central Bank conducts periodic reviews **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2347 Description:** Risk of non-compliance with C-2347: In this regard, the Central Bank conducts periodic reviews of each recognized ECAI. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2348 Description:** Risk of non-compliance with C-2348: Any changes to the list of approved ECAIs or to the established **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2350 Description:** Risk of non-compliance with C-2350: Banks that identify potential additional ECAIs for consideration by the Central Bank must **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2352 Description:** Risk of non-compliance with C-2352: The banks should identify the types of claims to which the ECAIs **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2353 Description:** Risk of non-compliance with C-2353: The banks should identify the types of claims to which the ECAIs ratings might be applied, as well as the geographies covered, and explain the need for, or value of, recognizing the ECAI as eligible. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2354 Description:** Risk of non-compliance with C-2354: Banks should provide a preliminary evaluation, subject to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2355 Description:** Risk of non-compliance with C-2355: established by the Central Bank. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2356 Description:** Risk of non-compliance with C-2356: Banks should provide a preliminary evaluation, subject to Central Bank review, of how the ECAI meets all of the eligibility criteria described above in this **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2359 Description:** Risk of non-compliance with C-2359: The ECAI should provide evidence, subject to Central Bank review, that the ECAI **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 145

**R-2374 Description:** Risk of non-compliance with C-2374: Each bank is required to establish several distinct forms of stress test exercises as **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2375 Description:** Risk of non-compliance with C-2375: Each bank is required to establish several distinct forms of stress test exercises as described hereunder, however for the purposes of an ICAAP the minimum expectation is to conduct internal enterprise-wide stress tests and portfolio-level stress tests. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2376 Description:** Risk of non-compliance with C-2376: The methodology and scope of such stress tests should (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2378 Description:** Risk of non-compliance with C-2378: Such exercise should support strategic decision related to the risk  
**Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2379 Description:** Risk of non-compliance with C-2379: Such exercise should support strategic decision related to the risk appetite of the bank, its risk profile, and its portfolio allocation. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2380 Description:** Risk of non-compliance with C-2380: The scenarios and the methodologies should be granular and fully tailored to the risk (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2381 Description:** Risk of non-compliance with C-2381: The scenarios and the methodologies should be granular and fully tailored to the risk profile of each portfolio. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2382 Description:** Risk of non-compliance with C-2382: Deteriorating economic circumstances are typically the drivers for conducting unscheduled stress tests on a particular portfolio, for **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2383 Description:** Risk of non-compliance with C-2383: Deteriorating economic circumstances are typically the drivers for conducting unscheduled stress tests on a particular portfolio, for example a declining outlook in the residential real estate sector would motivate a stress tests on the commensurate portfolio. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2384 Description:** Risk of non-compliance with C-2384: Consequently, these exercises should support, motivate strategic, and tactical **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2385 Description:** Risk of non-compliance with C-2385: Consequently, these exercises should support, motivate strategic, and tactical decisions at portfolio and/or facility level. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2387 Description:** Risk of non-compliance with C-2387: The frequency of stress test exercises should depend on their type, scope, depth, and **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2388 Description:** Risk of non-compliance with C-2388: Each bank should execute enterprise-wide stress tests based **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2392** **Description:** Risk of non-compliance with C-2392: Market risk stress tests in particular may have to be performed more **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2393** **Description:** Risk of non-compliance with C-2393: The capital impact results of these stress tests should be analysed, compared, **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2394** **Description:** Risk of non-compliance with C-2394: The capital impact results of these stress tests should be analysed, compared, incorporated, and presented in the ICAAP. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2395** **Description:** Risk of non-compliance with C-2395: One or several internal enterprise-wide stress test outcomes should be explicitly incorporated in the capital planning, and presented accordingly **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2396** **Description:** Risk of non-compliance with C-2396: The results from all types of stress tests exercise should **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2398** **Description:** Risk of non-compliance with C-2398: Stress test scenarios should be designed to capture the risks and potential losses **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2399** **Description:** Risk of non-compliance with C-2399: Stress test scenarios should be designed to capture the risks and potential losses appropriately, in coherence with the characteristics of each bank's risk profile and portfolio. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2400** **Description:** Risk of non-compliance with C-2400: The scope of these scenarios should cover all the risks identified as part of the identification **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2402** **Description:** Risk of non-compliance with C-2402: At a minimum, the scope of risks should cover strategic **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2404** **Description:** Risk of non-compliance with C-2404: Stress scenarios should lead to a reliable measurement of loss under extreme but **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2405** **Description:** Risk of non-compliance with C-2405: Consequently, the scenario design should be supported by a **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2443 Description:** Risk of non-compliance with C-2443: analyse the impact of stress events on the entire bank's solvency, profitability, stability, and capital. The methodology and scope of such stress tests should (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2444 Description:** Risk of non-compliance with C-2444: down exercises, with the objective to capture a wide scope of risks and portfolios. Such exercise should support strategic decision related to the risk **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2445 Description:** Risk of non-compliance with C-2445: 111. The frequency of stress test exercises should depend on their type, scope, depth, and on the wider economic context. Each bank should execute enterprise-wide stress tests based **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2479 Description:** Risk of non-compliance with C-2479: However, each bank should demonstrate that they have implemented steps to measure the potential **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2480 Description:** Risk of non-compliance with C-2480: However, each bank should demonstrate that they have implemented steps to measure the potential losses arising from model risk. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2481 Description:** Risk of non-compliance with C-2481: At minimum, each bank should implement a grouping approach **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2482 Description:** Risk of non-compliance with C-2482: At minimum, each bank should implement a grouping approach to categorise models according to their associated model risk. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2488 Description:** Risk of non-compliance with C-2488: Furthermore, each bank should be aware that the Central Bank as a **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2489 Description:** Risk of non-compliance with C-2489: Furthermore, each bank should be aware that the Central Bank as a matter of principle will not take into account inter-risk diversification in the SREP. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2490 Description:** Risk of non-compliance with C-2490: Banks should be cognisant of this when applying inter-risk diversification in its ICAAP. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17



**R-2492 Description:** Risk of non-compliance with C-2492: Stress test helps to improve the bank's understanding of the vulnerabilities that it faces under exceptional, but plausible events, and provide the bank with an indication of how much **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2493 Description:** Risk of non-compliance with C-2493: The results derived 165

CBUAE Classification: Public from stress tests can also assist the bank in determining the appropriate appetite for different types of risks and in estimating the amount of capital that should be set aside to cover them. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2494 Description:** Risk of non-compliance with C-2494: Each bank is required to implement a stress testing framework to address both the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2497 Description:** Risk of non-compliance with C-2497: It should be designed to support decision- making across the bank as explained in this section. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2498 Description:** Risk of non-compliance with C-2498: Each bank should perform an in-depth review of its potential vulnerabilities, capturing **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2500 Description:** Risk of non-compliance with C-2500: Each bank should perform an in-depth review of its potential vulnerabilities, capturing all material risks on a bank-wide basis that result from its business model and operating environment in the context of adverse events, stressed macroeconomic (e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2505 Description:** Risk of non-compliance with C-2505: The Central Bank may challenge the key assumptions and their continuing relevance to ensure that there is sufficient capital to withstand the impact of possible adverse events and/ **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2506 Description:** Risk of non-compliance with C-2506: The Board is responsible for the effective implementation of the stress tests framework **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2509 Description:** Risk of non-compliance with C-2509: to ensure that there is sufficient capital to withstand the impact of possible adverse events and/ or changes in market conditions. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2515 Description:** Risk of non-compliance with C-2515: 97. The Central Bank recognises that the estimation of model risk is challenging. However, each bank should demonstrate that they have implemented steps to measure the potential **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2639 Description:** Risk of non-compliance with C-2639: Bank's commission income earned on insurance products that are sold on behalf of insurance companies." Any income which the bank earns out of the bancassurance should be treated as income derived **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 132

**R-2652 Description:** Risk of non-compliance with C-2652: multi- asset or hybrid derivatives) must be allocated to more than one asset class when the material risk **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2653 Description:** Risk of non-compliance with C-2653: The full amount of the trade must be included in the PFE **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2654 Description:** Risk of non-compliance with C-2654: These examples are provided as illustrations, and do not **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2655 Description:** Risk of non-compliance with C-2655: These examples are provided as illustrations, and do not represent an exhaustive list. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2656 Description:** Risk of non-compliance with C-2656: Hedging sets for derivatives that reference the volatility of a risk factor (volatility transactions) must follow the same hedging set construction outlined in the Standards for (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2657 Description:** Risk of non-compliance with C-2657: transactions) must follow the same hedging set construction outlined in the Standards for derivatives in that asset class; for example, all equity volatility transactions form a single hedging set. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2658 Description:** Risk of non-compliance with C-2658: The Basel framework does not provide a specific treatment of unrated reference **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2659 Description:** Risk of non-compliance with C-2659: For an entity for which a credit rating is not available, a bank should use the Supervisory **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2660 Description:** Risk of non-compliance with C-2660: For an entity for which a credit rating is not available, a bank should use the Supervisory Factor corresponding to BBB. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2661 Description:** Risk of non-compliance with C-2661: However, where the exposure is associated with an elevated risk of default, the bank should use the Supervisory Factor for BB. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2662 Description:** Risk of non-compliance with C-2662: In this context, “elevated risk of default” should also be understood to include instances in which it is difficult or impossible to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2663 Description:** Risk of non-compliance with C-2663: In this context, “elevated risk of default” should also be understood to include instances in which it is difficult or impossible to assess adequately whether the exposure has high risk of loss due to default by the obligor. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2664 Description:** Risk of non-compliance with C-2664: A bank trading credit derivatives referencing unrated entities should conduct their own analysis to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2665 Description:** Risk of non-compliance with C-2665: The prices of commodities of a given type may not move precisely in lock step, but they **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-2667 Description:** Risk of non-compliance with C-2667: They should also not be worded in a way that makes it unclear whether they do **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2668 Description:** Risk of non-compliance with C-2668: Terms and conditions must be worded clearly. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2669 Description:** Risk of non-compliance with C-2669: The wording used must be in accordance with that in the Capital Standards/ Guidance. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2672 Description:** Risk of non-compliance with C-2672: The instrument should not be subject to set-off or netting arrangements that would undermine the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2673 Description:** Risk of non-compliance with C-2673: The instrument should not be subject to set-off or netting arrangements that would undermine the instrument's capacity to absorb losses. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2674 Description:** Risk of non-compliance with C-2674: Any notice for redemption should become void and null as soon as the Central Bank declares that a PONV **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2676 Description:** Risk of non-compliance with C-2676: Changes must be legally enforceable. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2678 Description:** Risk of non-compliance with C-2678: No provision should link a change in payments to contractual, statutory or other **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2679 Description:** Risk of non-compliance with C-2679: No provision should link a change in payments to contractual, statutory or other obligations, as payments are fully discretionary. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2680 Description:** Risk of non-compliance with C-2680: Payments should also not be linked to payments on other Additional Tier 1 instruments. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2681 Description:** Risk of non-compliance with C-2681: However, stoppers must not impede the full discretion that bank must have at all times to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2682 Description:** Risk of non-compliance with C-2682: However, stoppers must not impede the full discretion that bank must have at all times to cancel distributions/payments on the instrument, nor must they act in a way that could hinder the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2729 Description:** Risk of non-compliance with C-2729: CBUAE Classification: Public External credit assessments used for the SEC-ERBA must be from an eligible external credit assessment institution (ECAI) as recognized by the Central Bank in accordance with the Central Bank standards on rating agency recognition. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 93

**R-2757 Description:** Risk of non-compliance with C-2757: consistent with international standards, subject to possible adjustments to take into account local practices or institutional or market conditions; (v) The rating methodology for each market segment, including rigorous back testing, must have been established for at least one year and preferably three years; (vi) All rating decisions should be made based on the ECAI's established criteria and (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-2817 Description:** Risk of non-compliance with C-2817: two are different, the higher of the two risk weights should be applied. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2818 Description:** Risk of non-compliance with C-2818: Question 10: If a counterparty is within a legal organizational structure that includes multiple entities with different ratings, which rating should be used for the CVA capital **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2819 Description:** Risk of non-compliance with C-2819: The bank should use the rating for the entity that is actually obligated as a counterparty to the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2820 Description:** Risk of non-compliance with C-2820: Question 12: We prefer to map unrated counterparties to CCC as a conservative treatment; is that acceptable, or must they be mapped to BBB? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2821 Description:** Risk of non-compliance with C-2821: The bank is free to apply a more conservative treatment to unrated counterparties, and should do **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2822 Description:** Risk of non-compliance with C-2822: The bank is free to apply a more conservative treatment to unrated counterparties, and should do so if it considers the more conservative treatment to be appropriate. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2825 Description:** Risk of non-compliance with C-2825: Question 13: Should all SFT exposures be considered in scope for the CVA calculation, or **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2826 Description:** Risk of non-compliance with C-2826: Question 13: Should all SFT exposures be considered in scope for the CVA calculation, or only those that create gross SFT assets per the leverage ratio exposure measure? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2827 Description:** Risk of non-compliance with C-2827: All SFTs should be reflected in the CVA calculation, whether or not they create non-zero gross **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2828 Description:** Risk of non-compliance with C-2828: All SFTs should be reflected in the CVA calculation, whether or not they create non-zero gross SFT asset values for the leverage ratio. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2829 Description:** Risk of non-compliance with C-2829: No, haircuts should not be applied – use the fair value without haircuts. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2830 Description:** Risk of non-compliance with C-2830: Yes, that approach is acceptable, provided it is applied consistently. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2833 Description:** Risk of non-compliance with C-2833: 77

CBUAE Classification: Public Question 17: Will the Central Bank establish a specific quantitative materiality threshold **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2834 Description:** Risk of non-compliance with C-2834: 77

CBUAE Classification: Public Question 17: Will the Central Bank establish a specific quantitative materiality threshold to determine whether SFTs are in scope for CVA capital? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2835 Description:** Risk of non-compliance with C-2835: The Central Bank does not intend to establish a specific threshold, but instead will determine the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2836 Description:** Risk of non-compliance with C-2836: Suppose for example that a bank has two credit derivatives that depend on the performance of Company A and Company B (that is, those are the underlying reference **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2839 Description:** Risk of non-compliance with C-2839: Yes, that is correct; the same multiplicative scaling factor of 1.4 should be used for the CVA **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2840 Description:** Risk of non-compliance with C-2840: Incurred CVA losses should be used to reduce EAD. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 78

**R-2842 Description:** Risk of non-compliance with C-2842: Using these supervisory discount factors, the bank calculates single-name exposure for each counterparty, taking into account the fact that there are no eligible CVA hedges:  $\text{CVA} = \text{EPE} \times \text{SDF} = 800 \times 2.786 = 2229$  The bank must also determine the appropriate risk weights for each of these single-name **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 78

**R-2843 Description:** Risk of non-compliance with C-2843: The bank must also determine the appropriate risk weights for each of these single-name exposures. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 78

**R-2844 Description:** Risk of non-compliance with C-2844: The bank's calculation of CVA capital must use the formula in the Standards: (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 78

**R-2845 Description:** Risk of non-compliance with C-2845: CBUAE Classification: Public  $\text{CVA} = 2.33 \sqrt{(0.5 \times \text{EPE} + 0.5 \times \text{EPE}^2) + 0.75 \times (\text{EPE} \times \text{EPE}^2)} = 2.33 \sqrt{(0.5 \times 0.007 \times 2229 + 0.5 \times 0.02 \times 195) + 0.75 \times (0.007 \times 2229) + 0.75 \times (0.02 \times 195)} = 2.33 \sqrt{7.80 + 1.95} = 2.33 \sqrt{9.75} = 2.33 \times 3.12 = 7.38$  In the final step, the bank must compute RWA for CVA using the multiplicative factor of 12.5 as **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 79

**R-2846 Description:** Risk of non-compliance with C-2846:  $\text{CVA} = 2.33 \sqrt{95.06 + 182.52 + 11.41} = 2.33 \sqrt{288.99} = 39.61$  In the final step, the bank must compute RWA for CVA using the multiplicative factor of 12.5 as required in the Standards:  $\text{CVA RWA} = \text{CVA} \times 12.5 = 39.61 \times 12.5 = 495.16$  B. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 79

**R-2849 Description:** Risk of non-compliance with C-2849: Thus, the calculation must now take into account the impact of an eligible single-name CVA hedge, with **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 79

**R-2850 Description:** Risk of non-compliance with C-2850: the calculation must now take into account the impact of an eligible single-name CVA hedge, with  $H = 400$  and  $M_h = 2$ . **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 79

**R-2851 Description:** Risk of non-compliance with C-2851: The bank must compute the supervisory discount factor for the CVA hedge: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 79

**R-2854 Description:** Risk of non-compliance with C-2854: credit quality deteriorates. The notional value of the CDS is 400, with a maturity of 2 years. Thus, the calculation must now take into account the impact of an eligible single-name CVA hedge, with **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2867 Description:** Risk of non-compliance with C-2867: zero) of the derivatives' market values at the reference date, provided that value is positive. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 58

**R-2868 Description:** Risk of non-compliance with C-2868: Trade 1 100 100 barrels 10,000 Trade 2 100 200 barrels 20,000 Trade 3 20 500 ounces 10,000 60

CBUAE Classification: Public The appropriate supervisory delta must be assigned to each trade: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 60

**R-2967 Description:** Risk of non-compliance with C-2967: Question 14: In Sheet CR5, for "Unrated" Category, should we include the Post CRM **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2969 Description:** Risk of non-compliance with C-2969: Question 14: In Sheet CR5, for "Unrated" Category, should we include the Post CRM and CCF amounts in their respective Risk Weight categories or should we club it **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2971 Description:** Risk of non-compliance with C-2971: and CCF amounts in their respective Risk Weight categories or should we club it under "Others"? **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2976 Description:** Risk of non-compliance with C-2976: All entities that are consolidated by the bank must be included. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 12

**R-2979 Description:** Risk of non-compliance with C-2979: They are based on a foundational principle: that a bank that takes higher risks should have higher capital to compensate. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 14

**R-2980 Description:** Risk of non-compliance with C-2980: Even though the leverage ratio has been designed as a backstop, it must be a meaningful backstop if it is to serve its intended purpose. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 14

**R-2985 Description:** Risk of non-compliance with C-2985: This Guidance should be read in conjunction with the Central Bank's Standards on (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 14



**R-2988 Description:** Risk of non-compliance with C-2988: It also aims to make use of accounting measures to the greatest extent possible, while at the same time addressing concerns that (i) different accounting frameworks across jurisdictions raise level playing field issues and (ii) a framework based exclusively on accounting measures may not capture all risks. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 15

**R-2994 Description:** Risk of non-compliance with C-2994: measure to facilitate the implementation of monetary policies in exceptional macroeconomic circumstances. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 15

**R-2996 Description:** Risk of non-compliance with C-2996: Liability items must not be deducted from the leverage ratio exposure measure. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 16

**R-2997 Description:** Risk of non-compliance with C-2997: For example, gains/losses on fair valued liabilities or accounting value adjustments on derivative liabilities due to changes in the bank's own credit risk must not be deducted from the leverage **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 16

**R-2998 Description:** Risk of non-compliance with C-2998: On-Balance Sheet Exposures Where a bank recognizes fiduciary assets on the balance sheet, these assets can be excluded from the leverage ratio exposure measure provided that the assets meet the IFRS **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 16

**R-2999 Description:** Risk of non-compliance with C-2999: Valid bilateral netting contracts can reduce the exposure amount, but 196

CBUAE Classification: Public collateral received generally cannot. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 17

**R-3000 Description:** Risk of non-compliance with C-3000: 196

CBUAE Classification: Public collateral received generally cannot. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 17

**R-3002 Description:** Risk of non-compliance with C-3002: collateral received generally cannot. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 17

**R-3003 Description:** Risk of non-compliance with C-3003: However, where a bank has a cross- product netting agreement in place that meets the eligibility criteria; it may choose to perform **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 17

**R-3005 Description:** Risk of non-compliance with C-3005: However, where a bank has a cross- product netting agreement in place that meets the eligibility criteria; it may choose to perform netting separately in each product category provided that all other conditions for netting in **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 17

**R-3099 Description:** Risk of non-compliance with C-3099: To help and ensure a consistent and transparent implementation of Capital supply **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 2

**R-3104 Description:** Risk of non-compliance with C-3104: capital banks and their auditor must only recognize such gains or losses that are prudently valued and independently verifiable (e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3105 Description:** Risk of non-compliance with C-3105: Revaluation reserves or cumulative unrealized gains shall be added to CET 1 with a **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3106 Description:** Risk of non-compliance with C-3106: shall be fully deducted in the calculation of CET1 Capital. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3107 Description:** Risk of non-compliance with C-3107: IFRS9 will be implemented during 2018. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3111 Description:** Risk of non-compliance with C-3111: implementation of IFRS9 may approach the Central Bank to apply for a transition period for the IFRS9 impact. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3115 Description:** Risk of non-compliance with C-3115: The dividend deduction must be updated based on each of the following events, if the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3120 Description:** Risk of non-compliance with C-3120: However, amounts that are not deducted must be included **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3121 Description:** Risk of non-compliance with C-3121: However, amounts that are not deducted must be included in risk weighted assets. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3122 Description:** Risk of non-compliance with C-3122: Furthermore, any counterparty credit risk (under CR2a) associated with such exposure must remain included in the calculation of risk **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3124 Description:** Risk of non-compliance with C-3124: associated with such exposure must remain included in the calculation of risk weighted asset. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3127 Description:** Risk of non-compliance with C-3127: When considering the jurisdiction to which a private sector credit exposure relates, banks should use, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3128 Description:** Risk of non-compliance with C-3128: When considering the jurisdiction to which a private sector credit exposure relates, banks should use, where possible, an ultimate risk basis; i.e. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3129 Description:** Risk of non-compliance with C-3129: it should use the country where the guarantor of the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3130 Description:** Risk of non-compliance with C-3130: considering the jurisdiction to which a private sector credit exposure relates, banks should use, where possible, an ultimate risk basis; i.e. it should use the country where the guarantor of the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 1

**R-3172 Description:** Risk of non-compliance with C-3172: Netting Question A1: Does a bank need written approval for each netting agreement it has in place, or will the Central Bank provide a list of pre-approved jurisdictions or counterparties? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3177 Description:** Risk of non-compliance with C-3177: The Central Bank will not provide a list of pre-approved jurisdictions or counterparties. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3178 Description:** Risk of non-compliance with C-3178: Collateral Question B1: What haircuts should be applied to collateral for the calculations of exposure **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3179 Description:** Risk of non-compliance with C-3179: Banks should apply the standard supervisory haircuts from the capital framework. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3180 Description:** Risk of non-compliance with C-3180: Yes, provided the arrangement allows the bank to retain the cash in the event of a default by the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3181 Description:** Risk of non-compliance with C-3181: Yes, derivatives with exposure to more than one primary risk factor should be allocated to all **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3182 Description:** Risk of non-compliance with C-3182: Yes, derivatives with exposure to more than one primary risk factor should be allocated to all relevant asset classes for the PFE calculation, so this transaction should be included in its full **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3183 Description:** Risk of non-compliance with C-3183: Yes, derivatives with exposure to more than one primary risk factor should be allocated to all relevant asset classes for the PFE calculation, so this transaction should be included in its full amount in both the Foreign Exchange hedging set and the Interest Rate hedging set. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3184 Description:** Risk of non-compliance with C-3184: Question C2: In a cross-currency swap with principal exchange at the beginning and at the end, and with fixed-rate to fixed-rate interest exchange so that there is no interest rate risk, should this trade be included only in the foreign currency category? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3185 Description:** Risk of non-compliance with C-3185: Yes, it should be treated as FX exposure. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3186 Description:** Risk of non-compliance with C-3186: Question D2: The Standards states that the Supervisory Delta for a short position (one that is not an option or CDO) should be -1. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3187 Description:** Risk of non-compliance with C-3187: However, if netting is not permitted, should the Supervisory Delta be set to +1 for all the short (as well as the long) positions? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3188 Description:** Risk of non-compliance with C-3188: In principle, the Supervisory Delta should be -1 if the position is short. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3189 Description:** Risk of non-compliance with C-3189: a long call and a long put), which Supervisory Delta should be used? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3190 Description:** Risk of non-compliance with C-3190: In the case of positions that involve combinations of options, the position should be decomposed **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3191 Description:** Risk of non-compliance with C-3191: In the case of positions that involve combinations of options, the position should be decomposed into its simpler option components, appropriate Supervisory Deltas determined for each component, and the weighted average Supervisory Delta applied to the position as a whole. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3192 Description:** Risk of non-compliance with C-3192: As noted above, in the case of positions that involve combinations of options, the position should **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-3193 Description:** Risk of non-compliance with C-3193: Question D5: Should the same set of Supervisory Deltas be used in the case of path **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-3194 Description:** Risk of non-compliance with C-3194: Question D5: Should the same set of Supervisory Deltas be used in the case of path dependent options such as barrier options, or other complex options? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-3195 Description:** Risk of non-compliance with C-3195: For such products, the simple option delta formula may not be appropriate. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-3196 Description:** Risk of non-compliance with C-3196: Banks should apply the standardised formulas for the CCR calculations, including the Supervisory (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-3197 Description:** Risk of non-compliance with C-3197: the simple option delta formula may not be appropriate. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-3198 Description:** Risk of non-compliance with C-3198: Banks should apply the standardised formulas for the CCR calculations, including the Supervisory Delta adjustment for all options. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-3199 Description:** Risk of non-compliance with C-3199: Many other aspects of the Standardised Approach use approximations, such as the assumption that a single correlation should be used for all commodity derivatives, or the use of a single volatility for all FX options. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-3201 Description:** Risk of non-compliance with C-3201: end, and with fixed-rate to fixed-rate interest exchange so that there is no interest rate risk, should this trade be included only in the foreign currency category? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3202 Description:** Risk of non-compliance with C-3202: dependent options such as barrier options, or other complex options? For such products, the simple option delta formula may not be appropriate. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3487 Description:** Risk of non-compliance with C-3487: It also ensures that banks issue robust and simple Tier capital **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 17

**R-3488 Description:** Risk of non-compliance with C-3488: Prudential clauses of importance from a prudential point of view should not be written in **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 17

**R-3536 Description:** Risk of non-compliance with C-3536: different risk weights, the two ratings that correspond to the lowest risk weights should be referred to. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 76

**R-3597 Description:** Risk of non-compliance with C-3597: Banks must determine whether the ultimate counterparty is a private sector exposure, as well as **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3598 Description:** Risk of non-compliance with C-3598: Banks must determine whether the ultimate counterparty is a private sector exposure, as well as the location of the “ultimate risk”, to the extent possible. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3599 Description:** Risk of non-compliance with C-3599: The charge for the relevant portfolio should be allocated to the geographic regions of the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3600 Description:** Risk of non-compliance with C-3600: The amount of intangible assets to be deducted should be net of any associated deferred **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 5

**R-3603 Description:** Risk of non-compliance with C-3603: The book value of an investment shall be in accordance with the applicable accounting framework **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 6

**R-3605 Description:** Risk of non-compliance with C-3605: Hedging set USD, time bucket 2:  $D = -1 * 36,253,849 * 1 = -36,253,849$  53

CBUAE Classification: Public Hedging set EUR, time bucket 3:  $D = -0.27 * 37,427,961 * 1 = -10,105,550$  Apply Supervisory Factor The add-on must be calculated for each hedging set. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 53

**R-3765 Description:** Risk of non-compliance with C-3765: the exposures of the fund, the risk weights should be increased by a factor of 1.2 times to **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 84

**R-3814 Description:** Risk of non-compliance with C-3814: Nonetheless, banks should attempt to minimize unrecognized basis risk through **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3815 Description:** Risk of non-compliance with C-3815: Nonetheless, banks should attempt to minimize unrecognized basis risk through sound definitions of commodity types. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3820 Description:** Risk of non-compliance with C-3820: Trades within the same commodity hedging set (Energy, Metals, Agriculture, and Other) enjoy partial offsetting through the use of correlation values established in the Standards, with (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3821 Description:** Risk of non-compliance with C-3821: Single- name transactions should be assigned to the same credit reference entity only where the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3822 Description:** Risk of non-compliance with C-3822: Single- name transactions should be assigned to the same credit reference entity only where the underlying reference debt instrument of those transactions is issued by the same issuer. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3823 Description:** Risk of non-compliance with C-3823: The approach for establishing the reference entity for equity derivatives should correspond **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3824 Description:** Risk of non-compliance with C-3824: The approach for establishing the reference entity for equity derivatives should correspond to the general approach for credit derivatives. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3825 Description:** Risk of non-compliance with C-3825: For credit derivatives with indices as the underlying instrument, there should be one **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3826 Description:** Risk of non-compliance with C-3826: For credit derivatives with indices as the underlying instrument, there should be one reference entity for each group of reference debt instruments or single-name credit derivatives that underlie a multi-name transaction. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3827 Description:** Risk of non-compliance with C-3827: Multi-name transactions should be assigned to the same **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3828 Description:** Risk of non-compliance with C-3828: Multi-name transactions should be assigned to the same credit reference entity only where the group of underlying reference debt instruments or single-name credit derivatives of those transactions has the same constituents. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3829 Description:** Risk of non-compliance with C-3829: The determination of whether an index is investment grade or speculative grade should be based on the credit quality **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3830 Description:** Risk of non-compliance with C-3830: Again, the approach for equity index derivatives should follow the general approach for **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3831 Description:** Risk of non-compliance with C-3831: When multiple margin agreements apply to a single netting set, the netting set should be **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3957 Description:** Risk of non-compliance with C-3957: The ICAAP: Executive Summary Table (Table 3) above should be used for the ICAAP **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3966 Description:** Risk of non-compliance with C-3966: The RMF should have authority, responsibilities, and resources, to conduct risk related policies and the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3985 Description:** Risk of non-compliance with C-3985: The internal control functions should play a vital role in contributing to the formation of **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3990 Description:** Risk of non-compliance with C-3990: This should elaborate the bank's reliance on, or 178

CBUAE Classification: Public use of, any third parties such as external consultants or suppliers. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30



**R-4122 Description:** Risk of non-compliance with C-4122: should be used for all commodity derivatives, or the use of a single volatility for all FX options. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4124 Description:** Risk of non-compliance with C-4124: Yes, for interest rate derivatives, all rates within one base currency should be included in a single **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4125 Description:** Risk of non-compliance with C-4125: Maturity and Supervisory Duration Question F1: For Supervisory Duration, should S and E be based on original maturity or **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4126 Description:** Risk of non-compliance with C-4126: Calculation of S and E should be computed relative to the current date, not the date at which the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4127 Description:** Risk of non-compliance with C-4127: Calculation of S and E should be computed relative to the current date, not the date at which the trade was initiated; hence, they are most similar to residual maturity. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4128 Description:** Risk of non-compliance with C-4128: Question F2: When calculating the remaining maturity in business days, should we follow **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4129 Description:** Risk of non-compliance with C-4129: Question F2: When calculating the remaining maturity in business days, should we follow the business calendar given in the master agreement, or the business calendar within the jurisdiction in which the bank is operating? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4130 Description:** Risk of non-compliance with C-4130: The Basel Committee has provided guidance that the number of business days used for the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4131 Description:** Risk of non-compliance with C-4131: The Basel Committee has provided guidance that the number of business days used for the purpose of determining the maturity factor must be calculated appropriately for each transaction, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4132 Description:** Risk of non-compliance with C-4132: The Basel Committee has provided guidance that the number of business days used for the purpose of determining the maturity factor must be calculated appropriately for each transaction, taking into account the market conventions of the relevant jurisdiction. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 48

**R-4133 Description:** Risk of non-compliance with C-4133: No, all in-scope exchange rate contracts must be included, regardless of original or remaining **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 49

**R-4138 Description:** Risk of non-compliance with C-4138: Question G3: For a variable notional swap, how should the average notional be calculated? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 49

**R-4140 Description:** Risk of non-compliance with C-4140: Question G4: Should the current spot rate be used to compute adjusted notional? **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 49

**R-4141 Description:** Risk of non-compliance with C-4141: Yes, the current spot rate should be used. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 49

**R-4142 Description:** Risk of non-compliance with C-4142: So the Add-on for interest rate class must be calculated as well as the multiplier since **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 50

**R-4143 Description:** Risk of non-compliance with C-4143: So the Add-on for interest rate class must be calculated as well as the multiplier since  $PFE = \text{multiplier} \times \text{Add-on}$  agg For the calculation of the interest rate add-on, the three trades must be assigned to a hedging set **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 50

**R-4146 Description:** Risk of non-compliance with C-4146: purpose of determining the maturity factor must be calculated appropriately for each transaction, taking into account the market conventions of the relevant jurisdiction. The Central Bank follows **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 47

**R-4179 Description:** Risk of non-compliance with C-4179: Net collateral available to the bank should include both VM and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 43

**R-4180 Description:** Risk of non-compliance with C-4180: If the bank is a net MA provider of collateral, then C is negative, and its absolute value is the net value **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 43

**R-4181 Description:** Risk of non-compliance with C-4181: MA provider of collateral, then C is negative, and its absolute value is the net value MA provided (NVP). **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 43

**R-4182 Description:** Risk of non-compliance with C-4182: One of the following cases then applies: Step 5a: If  $NVH > 0$  (so  $NVP = 0$ ), then  $RC = TPV - NVH$ , but with a minimum of zero – that is, RC cannot be negative. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 43

**R-4183 Description:** Risk of non-compliance with C-4183: provided (NVP). **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 43

**R-4184 Description:** Risk of non-compliance with C-4184: or Step 5b: If  $NVH=0$  (so  $NVP>0$ ), then  $RC = TPV + NVP - TNV$ , but with a minimum of  $TPV$  – that is,  $RC$  cannot be less than  $TPV$ . **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 43

**R-4185 Description:** Risk of non-compliance with C-4185: To calculate PFE when a single margin agreement applies to multiple netting sets, netting set level un-margined PFEs should be calculated and aggregated, i.e. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 43

### Governance

**R-112 Description:** Risk of non-compliance with C-112: For banks that base their management accounting on the net present values (NPVs), the NPV of each position should be used; **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 104

**R-133 Description:** Risk of non-compliance with C-133: Such transactions are permissible and can be a valid component of the management of CVA risk within a bank, but the risk ultimately should be transferred out of the bank, which generally requires a **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-191 Description:** Risk of non-compliance with C-191: The board of directors and senior management are responsible for establishing and maintaining an effective internal **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-240 Description:** Risk of non-compliance with C-240: to perform meaningful comparisons of business activities, prudential metrics, risks and risk management between banks and across jurisdictions. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-246 Description:** Risk of non-compliance with C-246: Senior Management and the Board should lead and approve all assumptions, the methodology framework and authorise the use of stress test (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-276 Description:** Risk of non-compliance with C-276: Senior Management has a responsibility to ensure that the bank establishes a **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-302 Description:** Risk of non-compliance with C-302: Question 4: Who should be the owner of ICAAP, Finance or Risk Management? **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-319 Description:** Risk of non-compliance with C-319: Injections can be considered if approved by Senior Management, if part of the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-320 Description:** Risk of non-compliance with C-320: Injections can be considered if approved by Senior Management, if part of the official bank's capital plan and if the Central Bank is informed on the planned capital injections. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-516 Description:** Risk of non-compliance with C-516: It can be used by banks that are not internationally active, as well as by banks that are internationally active but may not yet have risk management systems in place for using **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 122

**R-891 Description:** Risk of non-compliance with C-891: To ensure that banks have appropriate incentives to enhance the risk management of their **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 81

**R-962 Description:** Risk of non-compliance with C-962: bank should explain the views of Senior Management and the Board on the suitability of the bank's capital to cover the risks faced by the bank in light of its risk profile, its risk appetite and its future business plans. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-974 Description:** Risk of non-compliance with C-974: The ICAAP governance framework should include a clear approach to **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-982 Description:** Risk of non-compliance with C-982: Board and Senior Management are responsible to deliver a comprehensive, effective, **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-983 Description:** Risk of non-compliance with C-983: Board and Senior Management are responsible to deliver a comprehensive, effective, and accurate assessment of capital adequacy. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-997 Description:** Risk of non-compliance with C-997: All models used directly or indirectly in the ICAAP should follow the bank's model management framework, in **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1027 Description:** Risk of non-compliance with C-1027: 18. Board and Senior Management are responsible to deliver a comprehensive, effective, and accurate assessment of capital adequacy. Each bank is consequently required to conduct **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 1

**R-1083 Description:** Risk of non-compliance with C-1083: should identify and analyse all their dependencies on parent companies through centralised risk management/ shared services etc. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1089 Description:** Risk of non-compliance with C-1089: For that purpose, the Board and Senior Management should lead and approve the assumptions, methodology, framework, (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1091 Description:** Risk of non-compliance with C-1091: and Senior Management should lead and approve the assumptions, methodology, framework, and outcome of the ICAAP. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1094 Description:** Risk of non-compliance with C-1094: Conversely, the metrics pertaining to business management and to risk management should take into consideration **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1099 Description:** Risk of non-compliance with C-1099: pertaining to business management and to risk management should take into consideration the capital plan. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1274 Description:** Risk of non-compliance with C-1274: (ii) Organizational Structure and Corporate Governance: The ECAI should **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1276 Description:** Risk of non-compliance with C-1276: The ECAI should have in place effective corporate governance that safeguards the independence of its credit ratings, promotes integrity, and ensures that internal disagreements over ratings are **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1577 Description:** Risk of non-compliance with C-1577: The impact analysis should include management actions and formal trigger points. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1732 Description:** Risk of non-compliance with C-1732: Evidence should be provided that the management has, through the ICAAP, made the business more efficient or less risky. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1737 Description:** Risk of non-compliance with C-1737: Each bank's management is expected to develop and maintain an appropriate strategy that ensure **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1751 Description:** Risk of non-compliance with C-1751: The timing and execution of these management actions should be supported by appropriate trigger points of the bank's **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-1752 Description:** Risk of non-compliance with C-1752: The timing and execution of these management actions should be supported by appropriate trigger points of the bank's capital position, which may be informed by their internal risk appetite for capital adequacy. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-1754 Description:** Risk of non-compliance with C-1754: In assessing the effectiveness of a management action, each bank should also consider the perceived **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-1921 Description:** Risk of non-compliance with C-1921: In particular: (i) For the purpose of risk management, each bank should ensure that credit **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1922 Description:** Risk of non-compliance with C-1922: In particular: (i) For the purpose of risk management, each bank should ensure that credit concentration risk is pro-actively and efficiently addressed. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1955 Description:** Risk of non-compliance with C-1955: Each bank should manage model risk in accordance to the Central Bank Model Management Standards and Guidance. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-2012 Description:** Risk of non-compliance with C-2012: (a) Summary of outstanding findings and required management actions from **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 32

**R-2013 Description:** Risk of non-compliance with C-2013: (a) Summary of outstanding findings and required management actions from pertinent assessments, examinations and audits (e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 32

**R-2014 Description:** Risk of non-compliance with C-2014: current outstanding actions emanating from internal audits, external audits, risk management assessments, capital management reviews, Central Bank examinations, and **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 32

**R-2055 Description:** Risk of non-compliance with C-2055: those management actions that have been approved by the bank's Board. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2056 Description:** Risk of non-compliance with C-2056: The bank should only consider capital increases that have obtained Senior Management **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2057 Description:** Risk of non-compliance with C-2057: The bank should only consider capital increases that have obtained Senior Management approval and form part of the bank's official capital plan and that have been discussed with the Central Bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2071 Description:** Risk of non-compliance with C-2071: As a part of its risk management practices, each bank is responsible for implementing **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2075 Description:** Risk of non-compliance with C-2075: The framework supporting the estimation of capital consumption for each risk type should approved by Senior Management and the Board. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2079 Description:** Risk of non-compliance with C-2079: consumption for each risk type should approved by Senior Management and the Board. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2099 Description:** Risk of non-compliance with C-2099: Each bank should not develop separate methodologies for risk measurement, if those are not employed for risk management. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2386 Description:** Risk of non-compliance with C-2386: While these exercises are originally designed to inform regulators for supervision purposes, they should also inform Senior Management and steer (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2390 Description:** Risk of non-compliance with C-2390: supervision purposes, they should also inform Senior Management and steer internal decision-making. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2397 Description:** Risk of non-compliance with C-2397: The results from all types of stress tests exercise should be employed by Senior Management and the Board to assess the suitability of the bank's capital. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2485 Description:** Risk of non-compliance with C-2485: Each bank should also consider the quality of its model risk management in the model **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2495 Description:** Risk of non-compliance with C-2495: Each bank is required to implement a stress testing framework to address both the needs of the ICAAP and broader risk management. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2507 Description:** Risk of non-compliance with C-2507: The Board is responsible for the effective implementation of the stress tests framework through appropriate delegation to Senior Management and subject-matter experts across the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2512 Description:** Risk of non-compliance with C-2512: Stakeholders should include Senior Management and the Board. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2954 Description:** Risk of non-compliance with C-2954: Should a transfer of Senior Management personnel or Other Material Risk- **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-3671 Description:** Risk of non-compliance with C-3671: effectiveness of a management action, each bank should also consider the perceived reputational impact (e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-3964 Description:** Risk of non-compliance with C-3964: Each bank is expected to describe how (i) The bank's Board encourages a risk culture and prudent behaviours at all levels; (ii) The Board Risk Committee ("BRC") provides oversight and challenges the risk **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3979 Description:** Risk of non-compliance with C-3979: management to authorize remedial actions before capital adequacy is compromised. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

## **Operational**

**R-96 Description:** Risk of non-compliance with C-96: of the board, fixed repayment schedules, effective monitoring of use of proceeds, status review process, and rigorous assessment of risk and provisioning to loan loss (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21



**R-129 Description:** Risk of non-compliance with C-129: To clearly demonstrate intent to manage CVA risk, the bank should have a documented CVArisk management process or program, so that any CVA hedging transaction is demonstrably consistent with the design and operation of that program, was entered into with the intent to mitigate the counterparty credit spread component of CVA risk, and continues to be managed by the bank in a manner consistent with that intent. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-196 Description:** Risk of non-compliance with C-196: officers of a bank, ideally at board level or equivalent, should attest in writing that Pillar 3 disclosures have been prepared in accordance with the board-agreed internal control processes. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-244 Description:** Risk of non-compliance with C-244: Stress tests should be embedded in banks' business decision-making and risk management process **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-245 Description:** Risk of non-compliance with C-245: Stress tests should be embedded in banks' business decision-making and risk management process at several levels of the organisation. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-274 Description:** Risk of non-compliance with C-274: Effective control of the internal capital adequacy assessment process should include an **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-275 Description:** Risk of non-compliance with C-275: Effective control of the internal capital adequacy assessment process should include an independent review and the involvement of both internal audit and external audit (refer to **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-304 Description:** Risk of non-compliance with C-304: However, Risk Management should have the ultimate responsibility for the final ICAAP outcome report, the ICAAP being in substance a risk evaluation process. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-328 Description:** Risk of non-compliance with C-328: Answer: The bank should apply whichever approach is deemed appropriate for their size and complexity, as the ICAAP is an internal process. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-341 Description:** Risk of non-compliance with C-341: The risk identification process should determine whether the risk arising from climate change is a **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-392 Description:** Risk of non-compliance with C-392: The risk identification process should determine whether the risk arising from climate change is a material capital risk for the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-404 Description:** Risk of non-compliance with C-404: position to report, measure and manage risks arising from its subsidiaries, branches, group entities and from the consolidation process. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-411 Description:** Risk of non-compliance with C-411: Answer: The ICAAP is an internal process and the bank must determine the most adequate methodology (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-420 Description:** Risk of non-compliance with C-420: IAis involved twofold in the ICAAP report: (i) IA has to perform a review of the ICAAP (process) periodically as part of the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-428 Description:** Risk of non-compliance with C-428: Answer: The ICAAP is an internal process and the bank should determine the most adequate **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-429 Description:** Risk of non-compliance with C-429: Answer: The ICAAP is an internal process and the bank should determine the most adequate methodology to quantify risks arising for Islamic banks in general and Islamic banking products specifically. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-444 Description:** Risk of non-compliance with C-444: position to report, measure and manage risks arising from its subsidiaries, branches, group entities and from the consolidation process. The ICAAP should reflect the results of the bank's analysis. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-514 Description:** Risk of non-compliance with C-514: The operational risk capital charge represents the amount of capital that a bank should **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 122

**R-515 Description:** Risk of non-compliance with C-515: The operational risk capital charge represents the amount of capital that a bank should maintain as a cushion against losses arising from operational risk. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 122

**R-517 Description:** Risk of non-compliance with C-517: Gross income used in the calculation of the capital charge for operational risk should be: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-518 Description:** Risk of non-compliance with C-518: Gross income used in the calculation of the capital charge for operational risk should be: - Gross of any provisions, for example, for unpaid interest. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-521 Description:** Risk of non-compliance with C-521: This is because outsourcing of activities does not fully transfer operational risk to the service provider. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 123

**R-533 Description:** Risk of non-compliance with C-533: Basel provides the following guidance for the treatment of outsourcing fees paid or received, while calculating the gross income for the purpose of calculating the operational risk capital charge: - Outsourcing fees paid by a bank to a service provider do not reduce the gross income of **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 124

**R-534 Description:** Risk of non-compliance with C-534: Treatment of Negative Gross Income The operational risk capital charge under the BIA is assumed that a bank has positive gross income for all of the previous three years. However, some banks may have negative gross income for some year(s), for example, resulting from poor financial performance. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 124

**R-737 Description:** Risk of non-compliance with C-737: This volume-based indicator is provided to avoid large differences in the operational risk **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-740 Description:** Risk of non-compliance with C-740: No, the Central Bank must be satisfied that the alternative approach provides an improved basis for calculating the capital charge for operational risk in the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-748 Description:** Risk of non-compliance with C-748: The qualifying criteria provided in paragraph 28 of the Operational **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-750 Description:** Risk of non-compliance with C-750: The qualifying criteria provided in paragraph 28 of the Operational Risk section of Standards re Capital Adequacy in the UAE, especially the first one (90% income from retail/commercial banking) are stringent. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-850 Description:** Risk of non-compliance with C-850: If for operational or other reasons a bank finds using the Basel formulation of the discount factor more convenient, its use is acceptable, provided the bank also multiplies the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 71

**R-924 Description:** Risk of non-compliance with C-924: As part of the Supervisory Review and Evaluation Process (SREP), the Central Bank **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-926 Description:** Risk of non-compliance with C-926: Consequently, Pillar 2 is both a bank internal process reported under the ICAAP, and (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-938 Description:** Risk of non-compliance with C-938: The methodologies and processes employed by the bank in its ICAAP should (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-940 Description:** Risk of non-compliance with C-940: The methodologies and processes employed by the bank in its ICAAP should be fully documented, transparent and replicable. (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-948 Description:** Risk of non-compliance with C-948: For the licensed operations of foreign banks in the UAE, when this document refers to (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-949 Description:** Risk of non-compliance with C-949: For the licensed operations of foreign banks in the UAE, when this document refers to the bank's Board, it should be comprehended as the Managing Director and/ or the highest (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-950 Description:** Risk of non-compliance with C-950: the bank's Board, it should be comprehended as the Managing Director and/ or the highest committee in the UAE operations of the bank in which the Managing Director has to be the Chairman. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-953 Description:** Risk of non-compliance with C-953: appropriate approval process of the ICAAP report and its submission timelines; and (iii) Formulates expectations about additional sections of the ICAAP report (e.g. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-966 Description:** Risk of non-compliance with C-966: stakeholders, the assessment process, the challenging process and the approval process; (iii) A brief presentation of the bank's structure, subsidiaries, businesses, material risks, risk appetite, and risk mitigating actions, where applicable; (iv) A description of the current capital position of the bank showing the allocation of capital per risk type, covering Pillar 1 and Pillar 2 risks; (v) Each bank should complete the ICAAP Executive Summary Table (Table 3) as **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-972 Description:** Risk of non-compliance with C-972: The ICAAP should be subject to an effective decision-making process, by which the assumptions, projections, and conclusions are thoroughly discussed, analysed, and challenged at several levels in the organisation including (i) the relevant committees of subject matter experts, (ii) Senior Management, and (iii) the Board. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-973 Description:** Risk of non-compliance with C-973: The governance framework should ensure that the ICAAP is an integral part of the bank's management process **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-977 Description:** Risk of non-compliance with C-977: Senior Management has to implement the framework via effective procedures and systems. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-984 Description:** Risk of non-compliance with C-984: Each bank is consequently required to conduct an ICAAP supported by appropriate methods and procedures to ensure that adequate capital **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-986 Description:** Risk of non-compliance with C-986: an ICAAP supported by appropriate methods and procedures to ensure that adequate capital covers all material risks. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1009 Description:** Risk of non-compliance with C-1009: To be able to effectively assess and maintain capital adequacy across entities, strategies, risk management processes, decision-making, methodologies, and assumptions applied should (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1012 Description:** Risk of non-compliance with C-1012: Each bank should have a process to ensure capital transferability that addresses any restrictions on the management's ability to **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1014 Description:** Risk of non-compliance with C-1014: The capital allocation or distribution and the approval process between the bank's holding company (group/parent) and the subsidiaries in the banking group should be well defined. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1028 Description:** Risk of non-compliance with C-1028: 22. Capital transferability within the group should be assessed conservatively and cautiously, which should be considered in the ICAAP. Each bank should have a process to **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 1

**R-1029 Description:** Risk of non-compliance with C-1029: distribution and the approval process between the bank's holding company (group/parent) and the subsidiaries in the banking group should be well defined. The analysis should also consider **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 1

**R-1082 Description:** Risk of non-compliance with C-1082: The bank should implement a formal process to analyse whether the outcomes of the ICAAP influence the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1086 Description:** Risk of non-compliance with C-1086: The formal feedback process should also include links **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1087 Description:** Risk of non-compliance with C-1087: The formal feedback process should also include links to the banks' business decisions, risk management process (e.g. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1088 Description:** Risk of non-compliance with C-1088: using the ICAAP methodologies, results in the approval process, limit setting, strategic processes, such as capital planning or budgeting, and performance measurement). (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1090 Description:** Risk of non-compliance with C-1090: The ICAAP should have an interactive relationship with other key processes within the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1095 Description:** Risk of non-compliance with C-1095: Conceptually, this circular process should be articulated according to the following **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1096 Description:** Risk of non-compliance with C-1096: Conceptually, this circular process should be articulated according to the following illustration and guidance. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1097 Description:** Risk of non-compliance with C-1097: Each bank should design its own iterative process: **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1098 Description:** Risk of non-compliance with C-1098: Each bank should design its own iterative process: (i) The Board, Senior Management and the business lines should provide their **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1100 Description:** Risk of non-compliance with C-1100: Each bank should design its own iterative process: (i) The Board, Senior Management and the business lines should provide their business plan and budget to construct the ICAAP; (ii) The risk management function should analyse the feasibility and the risks **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1101 Description:** Risk of non-compliance with C-1101: Each bank should design its own iterative process: (i) The Board, Senior Management and the business lines should provide their business plan and budget to construct the ICAAP; (ii) The risk management function should analyse the feasibility and the risks associated to such business plan; (iii) The ICAAP should result in an estimation of the adequate level of capital given **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1136 Description:** Risk of non-compliance with C-1136: Evidence of resource sufficiency includes: (i) Technical expertise of the people should be sufficient to conduct the analysis to support the assignment of ratings, and to maintain contact with senior and operational levels within the entities that are rated. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1137 Description:** Risk of non-compliance with C-1137: support the assignment of ratings, and to maintain contact with senior and operational levels within the entities that are rated. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1157 Description:** Risk of non-compliance with C-1157: For the purpose of applying ECAI ratings to derive risk-weights for exposures, banks should apply the following process: **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 143

**R-1158 Description:** Risk of non-compliance with C-1158: For the purpose of applying ECAI ratings to derive risk-weights for exposures, banks should apply the following process: (i) Identify an ECAI (the “nominated ECAI”) whose assigned ratings the bank intends to use to derive risk weights for some type of exposure that is subject to an external ratings-based approach under Central Bank standards; (ii) Confirm that the nominated ECAs can provide reasonable coverage of the bank’s (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 143

**R-1167 Description:** Risk of non-compliance with C-1167: support the assignment of ratings, and to maintain contact with senior and operational levels within the entities that are rated. In particular, ECAs should assign **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1204 Description:** Risk of non-compliance with C-1204: As part of the supervisory review process, the Central Bank may also consider whether the credit quality of **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-1205 Description:** Risk of non-compliance with C-1205: As part of the supervisory review process, the Central Bank may also consider whether the credit quality of corporate claims held by banks warrants a risk weight higher than 100%. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 25

**R-1252 Description:** Risk of non-compliance with C-1252: To establish that an ECAI fulfils this primary component of eligibility criteria, it must demonstrate that it meets the following minimum standards: (i) The ECAI has established rating definitions, criteria, and methodologies, and apply them consistently; (ii) The ECAI should have a robust procedure of rating assignment based on published (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 138

**R-1263 Description:** Risk of non-compliance with C-1263: account local practices or institutional or market conditions; (v) The rating methodology for each market segment, including rigorous back testing, must have been established for at least one year and preferably three years; (vi) All rating decisions should be made based on the ECAI's established criteria and methodologies, subject to documented variations approved in accordance with the ECAI's procedures; (vii) The ECAI should have a mechanism to review its procedures and methodologies to (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1264 Description:** Risk of non-compliance with C-1264: must have been established for at least one year and preferably three years; (vi) All rating decisions should be made based on the ECAI's established criteria and methodologies, subject to documented variations approved in accordance with the ECAI's procedures; (vii) The ECAI should have a mechanism to review its procedures and methodologies to adapt them to a potentially changing environment; and (viii) The ECAI should maintain adequate systems and internal records to support its (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1265 Description:** Risk of non-compliance with C-1265: ECAI's procedures; (vii) The ECAI should have a mechanism to review its procedures and methodologies to adapt them to a potentially changing environment; and (viii) The ECAI should maintain adequate systems and internal records to support its assigned ratings. (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1275 Description:** Risk of non-compliance with C-1275: (ii) Organizational Structure and Corporate Governance: The ECAI should demonstrate that its organizational structure minimizes the scope for external influences to influence the rating process inappropriately. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139



**R-1277 Description:** Risk of non-compliance with C-1277: The ECAI should have in place effective corporate governance that safeguards the independence of its credit ratings, promotes integrity, and ensures that internal disagreements over ratings are resolved in ways that do not compromise the overall effectiveness of the rating process. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1279 Description:** Risk of non-compliance with C-1279: ratings, promotes integrity, and ensures that internal disagreements over ratings are resolved in ways that do not compromise the overall effectiveness of the rating process. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1282 Description:** Risk of non-compliance with C-1282: (iv) External Conflict of Interest: The credit rating process of the ECAI should have the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1283 Description:** Risk of non-compliance with C-1283: (iv) External Conflict of Interest: The credit rating process of the ECAI should have the ability to withstand external pressures. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1285 Description:** Risk of non-compliance with C-1285: (v) Separation: An ECAI should separate its rating business operationally, legally, and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139

**R-1290 Description:** Risk of non-compliance with C-1290: The ECAI's general procedures, methodologies, and assumptions for arriving at ratings should be publicly available. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1294 Description:** Risk of non-compliance with C-1294: procedures, methodologies, and assumptions for arriving at ratings should be publicly available. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 140

**R-1307 Description:** Risk of non-compliance with C-1307: rating definition, methods of arriving at the rating, rating process, time horizon of the rating, and the surveillance and review procedure) to facilitate such decisions. The ECAI's general **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 137

**R-1325 Description:** Risk of non-compliance with C-1325: Calculation of Operational Risk Capital Charge under Alternative Standardised Approach (ASA) Using the ASA, the operational risk capital charge for retail banking and commercial banking will be based on the following formulas: (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 127

**R-1440 Description:** Risk of non-compliance with C-1440: The underlying process for the implementation of countercyclical buffers will be set and **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1441 Description:** Risk of non-compliance with C-1441: The underlying process for the implementation of countercyclical buffers will be set and communicated during 2018. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 7

**R-1567 Description:** Risk of non-compliance with C-1567: the bank's business operations simultaneously. Such narrative should be based **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1578 Description:** Risk of non-compliance with C-1578: The process of stress tests should be supported by robust and documented (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-1719 Description:** Risk of non-compliance with C-1719: Each bank should demonstrate its appropriate usage of the ICAAP via the production of thorough documentation, reporting covering the process, methodology, decision-making for (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1724 Description:** Risk of non-compliance with C-1724: of thorough documentation, reporting covering the process, methodology, decision-making for capital allocation, and strategy. (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1728 Description:** Risk of non-compliance with C-1728: The Central Bank shall evaluate evidence that the bank has embraced the process for **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1738 Description:** Risk of non-compliance with C-1738: Each bank's management is expected to develop and maintain an appropriate strategy that ensure the level of capital and the process to estimate such level should be commensurate with the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1739 Description:** Risk of non-compliance with C-1739: Each bank's management is expected to develop and maintain an appropriate strategy that ensure the level of capital and the process to estimate such level should be commensurate with the nature, scope, scale, size, complexity, and risks of each bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1907 Description:** Risk of non-compliance with C-1907: Given the potential impact from operational risk, each bank should evaluate under **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1908 Description:** Risk of non-compliance with C-1908: Given the potential impact from operational risk, each bank should evaluate under Pillar 2 risks arising from business conduct risks and money laundering / financing of terrorism. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1909 Description:** Risk of non-compliance with C-1909: In addition, each bank should consider internal and external operational risks faced by it, **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1913 Description:** Risk of non-compliance with C-1913: Each bank should provide details in the ICAAP report on the outcome of its Risk Control Self-Assessment (RCSA) process to collate bottom-up operational risk drivers across businesses. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1923 Description:** Risk of non-compliance with C-1923: Each bank should develop policies and procedures for the identification, measurement, monitoring, and reporting of credit concentration risk. (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1937 Description:** Risk of non-compliance with C-1937: Each bank should have a process supported by adequate policies to manage IRRBB appropriately. This involves, as for any other risk, comprehensive identification, measurement, reporting, monitoring, and mitigation. (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1938 Description:** Risk of non-compliance with C-1938: The measurement process should be based upon several existing Standards and (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1958 Description:** Risk of non-compliance with C-1958: Consequently, model risk should be managed through a formal process incorporating the **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1963 Description:** Risk of non-compliance with C-1963: develop policies and procedures for the identification, measurement, monitoring, and reporting of credit concentration risk. Credit concentration risk arises from (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-2000 Description:** Risk of non-compliance with C-2000: The bank should provide a high-level summary reports or reviews of the outsourced functions' related policy documentation and processes. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 31

**R-2003 Description:** Risk of non-compliance with C-2003: In addition to normal stress testing, each bank is expected to conduct reverse stress tests and document the process and outcomes of the process in the ICAAP report. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 31

**R-2037 Description:** Risk of non-compliance with C-2037: To classify entities as Non-commercial PSE, the Central Bank will consider in its approval process all seven criteria and in principle all seven criteria must be satisfied. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 32

**R-2073 Description:** Risk of non-compliance with C-2073: Such risk management process should be used as direct input into the calibration of capital demand to **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2074 Description:** Risk of non-compliance with C-2074: Such risk management process should be used as direct input into the calibration of capital demand to cover both Pillar 1 and Pillar 2 risks. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2095 Description:** Risk of non-compliance with C-2095: Ultimately, the process to identify, measure risks, and estimate the associated capital consumption should be approved by Senior Management and the Board. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2117 Description:** Risk of non-compliance with C-2117: A well-designed and comprehensive BMA approach provides banks with the basis to understand, analyse, assess the sustainability of their business models, enhance proactive, forward-looking operations, and strategy evaluation. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2119 Description:** Risk of non-compliance with C-2119: Each bank's business model should be based on analyses and realistic assumptions (stress tests, scenario analyses, and driver analyses, etc.) about the effect of strategic choices on financial and economic outcomes of operations performed. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2121 Description:** Risk of non-compliance with C-2121: (stress tests, scenario analyses, and driver analyses, etc.) about the effect of strategic choices on financial and economic outcomes of operations performed. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2191 Description:** Risk of non-compliance with C-2191: The framework for operational risk management should cover the bank's appetite and tolerance for operational risks, and the manner and **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2192 Description:** Risk of non-compliance with C-2192: The framework for operational risk management should cover the bank's appetite and tolerance for operational risks, and the manner and extent to which operational risk is transferred outside the bank. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2193 Description:** Risk of non-compliance with C-2193: Operational risk is a recurrent and a material source of losses for many banks but the existing approaches (the Basic Indicator Approach (BIA), the Standardised Approach (SA), and the Alternative Standardised Approach (ASA)) for calculating Pillar 1 operational risk capital may not reliably reflect the nature and scale of potential operational risk losses. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2194 Description:** Risk of non-compliance with C-2194: and the Alternative Standardised Approach (ASA)) for calculating Pillar 1 operational risk capital may not reliably reflect the nature and scale of potential operational risk losses. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 13

**R-2401 Description:** Risk of non-compliance with C-2401: The scope of these scenarios should cover all the risks identified as part of the identification process documented in the ICAAP. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2403 Description:** Risk of non-compliance with C-2403: At a minimum, the scope of risks should cover strategic risk, credit risk, market risk, counterparty risk, operational risk, liquidity risk, IRRBB, credit concentration risk, funding risk, reputational risk, and climate risk. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 19

**R-2491 Description:** Risk of non-compliance with C-2491: Each bank should use scenario analysis and stress tests to improve the risk identification process, to **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 17

**R-2508 Description:** Risk of non-compliance with C-2508: This framework should be supported by robust governance, processes, methods, and **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2510 Description:** Risk of non-compliance with C-2510: This framework should be supported by robust governance, processes, methods, and systems with associated policies and procedures approved by the Board. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2638 Description:** Risk of non-compliance with C-2638: If operational risks were not sufficiently covered under Pillar I, then the uncovered risk should be part of the Pillar 2 ICAAP calculation. **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 132

**R-2677 Description:** Risk of non-compliance with C-2677: Every instrument with changed terms and conditions need to be re-approved by the Central Bank by applying Stage 2 of the Approval Process in Appendix B of the Tier Capital Instruments Standard (Stage 1 of the Approval Process can be omitted in this case). (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 18

**R-2730 Description:** Risk of non-compliance with C-2730: However, the securitisation Standards additionally requires that the credit assessment, procedures, methodologies, assumptions and the key elements underlying the assessments must be publicly available, on a non-selective basis (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 93

**R-2733 Description:** Risk of non-compliance with C-2733: additionally requires that the credit assessment, procedures, methodologies, assumptions and the key elements underlying the assessments must be publicly available, on a non-selective basis and free of charge. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 93

**R-2823 Description:** Risk of non-compliance with C-2823: However, the bank should be consistent in its approach, and should not apply this process in a way that might reduce **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-2824 Description:** Risk of non-compliance with C-2824: However, the bank should be consistent in its approach, and should not apply this process in a way that might reduce exposure for the CVA calculation relative to the treatment stated in the standards. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 77

**R-3173 Description:** Risk of non-compliance with C-3173: The bank should establish an internal process that considers the factors identified in the **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3174 Description:** Risk of non-compliance with C-3174: That process should be subject to internal review and challenge per the Standards. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3175 Description:** Risk of non-compliance with C-3175: The Central Bank will review the identification of netting sets as part of the supervisory process, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3176 Description:** Risk of non-compliance with C-3176: The Central Bank will review the identification of netting sets as part of the supervisory process, and notify the bank of any determinations that netting is not appropriate. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 46

**R-3816 Description:** Risk of non-compliance with C-3816: The Standards requires a bank to establish appropriate governance processes for the (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3817 Description:** Risk of non-compliance with C-3817: The Standards requires a bank to establish appropriate governance processes for the creation and maintenance of the list of defined commodity types used by the bank for CCR calculations, with clear definitions and independent internal review or validation processes to (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3818 Description:** Risk of non-compliance with C-3818: The Standards requires a bank to establish appropriate governance processes for the creation and maintenance of the list of defined commodity types used by the bank for CCR calculations, with clear definitions and independent internal review or validation processes to ensure that commodities grouped as a single type are in fact similar. (domains: compliance) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 42

**R-3963 Description:** Risk of non-compliance with C-3963: The bank's high level summaries should refer to the relevant policies, procedures, manuals, and limits: 3.1.1 Organisational Structure 137. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3973 Description:** Risk of non-compliance with C-3973: (iii) Mechanisms that ensure that the policies, methodologies, controls, and risk monitoring systems are developed, validated, maintained and appropriately 177

CBUAE Classification: Public approved; (iv) Processes to effectively identify and review the changes in risks arising from the (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3981 Description:** Risk of non-compliance with C-3981: (vii) The bank's risk appetite as defined and used in the preparation of the ICAAP, which should be consistently referenced for taking business decisions; (viii) Risk quantification methodologies that are clearly articulated and documented, including high-level risk measurement assumptions and parameters; (ix) The approaches used to assess capital adequacy, which should include the stress test framework and a well-articulated definition of capital adequacy; (x) The capital planning process objectives, which should be forward-looking and (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3982 Description:** Risk of non-compliance with C-3982: (ix) The approaches used to assess capital adequacy, which should include the stress test framework and a well-articulated definition of capital adequacy; (x) The capital planning process objectives, which should be forward-looking and aligned to the bank's business model and strategy; (xi) Capital allocation processes including monitoring among business lines and identified risk types (e.g. (domains: monitoring) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3984 Description:** Risk of non-compliance with C-3984: individual risks should be consistent to ensure the overall adequacy of the bank's internal capital resources); and (xii) The boundary of entities included, (xiii) The process of risk identification, and (xiv) The bank's risk inventory and classification, reflecting the materiality of risks and the treatment of those risks through capital. **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-4186 Description:** Risk of non-compliance with C-4186: Summary of the EAD Calculation Process The following diagram provides a visual summary of the CCR calculation of EAD for derivatives, **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 44

## Reporting

**R-1 Description:** Risk of non-compliance with C-1: credit support amount of AED 90 million (80 million plus 10 million), which is assumed to have been fully received as of the reporting date. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 65

**R-15 Description:** Risk of non-compliance with C-15: Almost all the exposures that receive 150% risk weight are reported under the respective asset (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 34

**R-34 Description:** Risk of non-compliance with C-34: CBUAE Classification: Public Documents required to be submitted for the application to issue new Tier Capital (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-37 Description:** Risk of non-compliance with C-37: Documents required to be submitted for the application to issue new Tier Capital Instruments 1. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 21

**R-50 Description:** Risk of non-compliance with C-50: Note, that the consultation documents do not consult on a trigger for equity accounted AT1. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 22

**R-99 Description:** Risk of non-compliance with C-99: The amounts reported should be the market value of the principal amount of the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 102

**R-106 Description:** Risk of non-compliance with C-106: For example, stock index futures should be reported as the marked-to-market value of the notional underlying equity portfolio. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 103



**R-109 Description:** Risk of non-compliance with C-109: Foreign currency is any currency other than the bank's reporting currency. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 104

**R-113 Description:** Risk of non-compliance with C-113: You can determine the overall net open position of the portfolio by first converting the exposure in each foreign currency into the reporting currency at the spot rates. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 104

**R-128 Description:** Risk of non-compliance with C-128: To clearly demonstrate intent to manage CVA risk, the bank should have a documented (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 68

**R-141 Description:** Risk of non-compliance with C-141: However, it is recognized that a balance needs to be struck between the use of mandatory templates that promote consistency of reporting and comparability across banks, and (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 2

**R-142 Description:** Risk of non-compliance with C-142: However, it is recognized that a balance needs to be struck between the use of mandatory templates that promote consistency of reporting and comparability across banks, and the need to allow senior management sufficient flexibility to provide commentary on a bank's (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 2

**R-145 Description:** Risk of non-compliance with C-145: Banks having a banking subsidiary will be required to be consolidated at Group level as one Pillar 3 report as well as at subsidiary solo level as a separate Pillar 3 report (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-151 Description:** Risk of non-compliance with C-151: Banks should publish their Pillar 3 report in a stand-alone document on the bank's UAE- (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-157 Description:** Risk of non-compliance with C-157: Banks should also make available on their websites a 5-year archive of Pillar 3 reports (i.e. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-158 Description:** Risk of non-compliance with C-158: quarterly, semi-annual or annual) relating to prior reporting (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-159 Description:** Risk of non-compliance with C-159: full report will be needed to be disclosed separately in the Pillar 3 tables as well. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-163 Description:** Risk of non-compliance with C-163: The frequencies vary between quarterly, semi-annual and annual reporting (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-164 Description:** Risk of non-compliance with C-164: archive of Pillar 3 reports (i.e. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-174 Description:** Risk of non-compliance with C-174: statement,the Pillar 3 quarterly report needs to be published 6 weeks from quarter end. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-183 Description:** Risk of non-compliance with C-183: The Pillar 3 Disclosures and reports have to be reviewed by internal audit of all bank for all (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 3

**R-185 Description:** Risk of non-compliance with C-185: 183

CBUAE Classification: Public All local banks and large foreign banks will need to have the annual Pillar 3 reports externally (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-186 Description:** Risk of non-compliance with C-186: Pillar 3 reports. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-190 Description:** Risk of non-compliance with C-190: The key elements of this policy should be described in the year-end Pillar 3 report. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-192 Description:** Risk of non-compliance with C-192: to have the annual Pillar 3 reports externally audited every four (4) years. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-194 Description:** Risk of non-compliance with C-194: They should also ensure that appropriate review of the disclosures takes place. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-206 Description:** Risk of non-compliance with C-206: The guiding principles aim to provide a firm foundation for achieving transparent, high-quality Pillar 3 risk disclosures that will enable users to better understand and compare a bank's business and its risks. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-208 Description:** Risk of non-compliance with C-208: The principles are as follows: Principle 1: Disclosures should be clear **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-209 Description:** Risk of non-compliance with C-209: The principles are as follows: Principle 1: Disclosures should be clear Disclosures should be presented in a form that is understandable to key stakeholders (i.e. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-212 Description:** Risk of non-compliance with C-212: Principle 1: Disclosures should be clear Disclosures should be presented in a form that is understandable to key stakeholders (i.e. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-219 Description:** Risk of non-compliance with C-219: The level of detail of such disclosure should be proportionate to a bank's complexity. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 4

**R-220 Description:** Risk of non-compliance with C-220: 184

CBUAE Classification: Public Approaches to disclosure should be sufficiently flexible to reflect how senior management and the **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-221 Description:** Risk of non-compliance with C-221: 184

CBUAE Classification: Public Approaches to disclosure should be sufficiently flexible to reflect how senior management and the board of directors internally assess and manage risks and strategy, helping users to better understand a bank's risk tolerance/appetite. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-222 Description:** Risk of non-compliance with C-222: Principle 3: Disclosures should be meaningful to users **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-228 Description:** Risk of non-compliance with C-228: Principle 4: Disclosures should be consistent over time **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-229 Description:** Risk of non-compliance with C-229: Principle 4: Disclosures should be consistent over time Disclosures should be consistent over time to enable key stakeholders to identify trends in a **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-231 Description:** Risk of non-compliance with C-231: Additions, deletions and other important changes in disclosures from previous reports, including those arising from a bank's (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-235 Description:** Risk of non-compliance with C-235: Principle 5: Disclosures should be comparable across banks **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-236 Description:** Risk of non-compliance with C-236: Principle 5: Disclosures should be comparable across banks The level of detail and the format of presentation of disclosures should enable key stakeholders **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-237 Description:** Risk of non-compliance with C-237: Principle 5: Disclosures should be comparable across banks The level of detail and the format of presentation of disclosures should enable key stakeholders to perform meaningful comparisons of business activities, prudential metrics, risks and risk **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-238 Description:** Risk of non-compliance with C-238: The level of detail and the format of presentation of disclosures should enable key stakeholders to perform meaningful comparisons of business activities, prudential metrics, risks and risk management between banks and across jurisdictions. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 5

**R-242 Description:** Risk of non-compliance with C-242: mandatory templates that promote consistency of reporting and comparability across banks, and the need to allow senior management sufficient flexibility to provide commentary on a bank's (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 1

**R-248 Description:** Risk of non-compliance with C-248: If no action is deemed necessary, this should be documented and clearly justified. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-255 Description:** Risk of non-compliance with C-255: ICAAP Submission and Approval Submission of the ICAAP report (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-256 Description:** Risk of non-compliance with C-256: The annual ICAAP report should be submitted to the Central Bank on or before the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-257 Description:** Risk of non-compliance with C-257: The annual ICAAP report should be submitted to the Central Bank on or before the submission dates addressed in Table 1. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-258 Description:** Risk of non-compliance with C-258: All documents have to be submitted to the respective Central Bank reviewer by (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-259 Description:** Risk of non-compliance with C-259: All documents have to be submitted to the respective Central Bank reviewer by softcopy (submitted in word or pdf format), sending a copy to bsed.basel@cbuae.gov.ae. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-260 Description:** Risk of non-compliance with C-260: The submission dates below as per Notice 2940/2022 differentiate between (i) national banks and foreign bank and (ii) size and importance of the banks: (Table 1) Table 1 - Submission date for ICAAP Report (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-261 Description:** Risk of non-compliance with C-261: Large banks: FAB, ENBD, ADCB, DIB, Mashreq, ADIB, CBD 15/03/2022 01/03 Other local banks and HSBC, Standard Chartered Bank, 31/03/2022 31/03 Citibank, Arab Bank, and Bank of Baroda Other Foreign Banks 15/04/2022 15/04 Approval of the ICAAP report: 128. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-262 Description:** Risk of non-compliance with C-262: The ICAAP report should be approved by: (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-263 Description:** Risk of non-compliance with C-263: Other local banks and HSBC, Standard Chartered Bank, 31/03/2022 31/03 Citibank, Arab Bank, and Bank of Baroda Other Foreign Banks 15/04/2022 15/04 Approval of the ICAAP report: 128. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-264 Description:** Risk of non-compliance with C-264: The ICAAP report should be approved by: (i) Senior Management (including the CRO): The bank should use Appendix 1 – (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-265 Description:** Risk of non-compliance with C-265: The ICAAP report should be approved by: (i) Senior Management (including the CRO): The bank should use Appendix 1 – ICAAP – Mandatory disclosure form (Table 2) and include it as an attachment to (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-266 Description:** Risk of non-compliance with C-266: Citibank, Arab Bank, and Bank of Baroda Other Foreign Banks 15/04/2022 15/04 Approval of the ICAAP report: 128. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-267 Description:** Risk of non-compliance with C-267: Other Foreign Banks 15/04/2022 15/04 Approval of the ICAAP report: 128. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-268 Description:** Risk of non-compliance with C-268: The ICAAP report should be approved by: (i) Senior Management (including the CRO): The bank should use Appendix 1 – ICAAP – Mandatory disclosure form (Table 2) and include it as an attachment to the ICAAP report; (ii) Board approval: For all local banks, the ICAAP document must be approved by (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-269 Description:** Risk of non-compliance with C-269: The meeting minutes of the Board of Directors meeting should state the approval of the ICAAP document and challenges that have (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-270 Description:** Risk of non-compliance with C-270: the ICAAP report; (ii) Board approval: For all local banks, the ICAAP document must be approved by the Board or Board risk committee, and Senior Management prior to submission to the Central Bank. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-271 Description:** Risk of non-compliance with C-271: The meeting minutes of the Board of Directors meeting should state the approval of the ICAAP document and challenges that have taken place; and (iii) For foreign branches, the ICAAP document should be approved by (a) the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-272 Description:** Risk of non-compliance with C-272: should state the approval of the ICAAP document and challenges that have taken place; and (iii) For foreign branches, the ICAAP document should be approved by (a) the managing director and/ or relevant highest committee of the bank in the UAE, and by (b) their head office, stating that the ICAAP assumptions and forecasts are in line with the group's assumptions, forecasts, and that the group's Board approves/ endorse the results of the ICAAP. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-278 Description:** Risk of non-compliance with C-278: Internal Audit should perform an audit on the bank's ICAAP report annually. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-279 Description:** Risk of non-compliance with C-279: The report has to be submitted no later than three (3) months after the submission of the ICAAP report to (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-281 Description:** Risk of non-compliance with C-281: The report has to be submitted no later than three (3) months after the submission of the ICAAP report to the bank's reviewer and in copy to bsd.basel@cbuae.gov.ae. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 22

**R-303 Description:** Risk of non-compliance with C-303: However, Risk Management should have the ultimate responsibility for the final ICAAP outcome report, the ICAAP (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-307 Description:** Risk of non-compliance with C-307: Which reporting year (Y1/2/3) shall be reported in the Pillar 2 template in Appendix 2 – ICAAP: Executive summary (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-311 Description:** Risk of non-compliance with C-311: (Y1/2/3) shall be reported in the Pillar 2 template in Appendix 2 – ICAAP: Executive summary table (Table 3)? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-312 Description:** Risk of non-compliance with C-312: In addition, the evaluation of Pillar 2 risks and stress test impact as of the reporting date is mandatory for all banks. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-313 Description:** Risk of non-compliance with C-313: Question 6: Does the bank have to present the capital contingency plan as part of ICAAP report?, (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-314 Description:** Risk of non-compliance with C-314: Question 6: Does the bank have to present the capital contingency plan as part of ICAAP report?, If the bank plans to inject capital, is it required to have two capital plans, one with and a second (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-316 Description:** Risk of non-compliance with C-316: The actual capital contingency plan as a response to the ICAAP results has to be in line with the capital contingency policy and the ICAAP report should contain at least (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-322 Description:** Risk of non-compliance with C-322: An extension of the ICAAP report submission date will only be granted in (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-323 Description:** Risk of non-compliance with C-323: An extension of the ICAAP report submission date will only be granted in exceptional cases, by the bank's Central Bank reviewer. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 24

**R-325 Description:** Risk of non-compliance with C-325: A-IRB) while reporting credit 172

CBUAE Classification: Public risk under the ICAAP, and is it mandatory? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 25

**R-342 Description:** Risk of non-compliance with C-342: be considered in light of the stress severity and likelihood. If no action is deemed necessary, this should be documented and clearly justified. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-344 Description:** Risk of non-compliance with C-344: taken place; and (iii) For foreign branches, the ICAAP document should be approved by (a) the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 21

**R-376 Description:** Risk of non-compliance with C-376: The maturity ladder approach Step 1 Express each commodity position in terms of the standard unit of measurement, and value in the reporting currency at the current spot price (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 105

**R-400 Description:** Risk of non-compliance with C-400: The bank should be in a position to report, measure and manage risks arising from its subsidiaries, branches, group entities and (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-406 Description:** Risk of non-compliance with C-406: The capital management plan can be a separate document. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-407 Description:** Risk of non-compliance with C-407: However, the ICAAP report should display the full picture, including an overview of the capital (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-408 Description:** Risk of non-compliance with C-408: However, the ICAAP report should display the full picture, including an overview of the capital management policy and the capital management plan related to the ICAAP outcomes. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-418 Description:** Risk of non-compliance with C-418: Answer: The Central Bank is of the opinion that IA is not suffering a conflict of interest by reviewing a bank's ICAAP and by disclosing its general findings and findings specific to the ICAAP in the ICAAP report. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26



**R-419 Description:** Risk of non-compliance with C-419: IAIs involved twofold in the ICAAP report: (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-421 Description:** Risk of non-compliance with C-421: Audit findings in the ICAAP report? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-423 Description:** Risk of non-compliance with C-423: bank's ICAAP and by disclosing its general findings and findings specific to the ICAAP in the ICAAP report. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-425 Description:** Risk of non-compliance with C-425: The ICAAP report shall contain the most recent (available) audit findings, their status, and actions taken. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 26

**R-436 Description:** Risk of non-compliance with C-436: when submitting the ICAAP report to the Central Bank: Table 2 - ICAAP Mandatory Details Bank XXXX Date 20XX Contact point name and contact details [name, email, phone number] Scope of ICAAP (entities included) [legal entities in scope] I (full name) in my role as CRO hereby confirm the following on the ICAAP report: (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 27

**R-437 Description:** Risk of non-compliance with C-437: Bank XXXX Date 20XX Contact point name and contact details [name, email, phone number] Scope of ICAAP (entities included) [legal entities in scope] I (full name) in my role as CRO hereby confirm the following on the ICAAP report: (i) We have identified all material risks and allocated capital [tick box if accordingly completed] (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 27

**R-441 Description:** Risk of non-compliance with C-441: Date [date] 175

CBUAE Classification: Public Appendix 2 - ICAAP Executive Summary Table 3 - ICAAP Executive Summary As of the reporting date of the ICAAP Pillar 1 in AED '000 Pillar 1 in AED '000 Pillar 2 in AED '000 (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 28

**R-448 Description:** Risk of non-compliance with C-448: Earnings are calculated after the tax, which would have been reported had none of the distributable items been paid. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 20

**R-472 Description:** Risk of non-compliance with C-472: Banks should use original maturity to report these instruments. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 29

**R-495 Description:** Risk of non-compliance with C-495: The reporting is based on the underlying positions held by the fund; it (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 113

**R-496 Description:** Risk of non-compliance with C-496: The reporting is based on the underlying positions held by the fund; it could be covered under different areas of the market risk (e.g. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 113

**R-499 Description:** Risk of non-compliance with C-499: A bank has the following positions that have been converted at spot rates into its reporting (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 115

**R-500 Description:** Risk of non-compliance with C-500: The capital charge is therefore calculated as 8% of AED 300m, plus the net position in gold (AED 35m): Capital charge = 8% of AED 335m = AED 26.8m Another example; A bank has the following positions that have been converted at spot rates into its reporting (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 115

**R-501 Description:** Risk of non-compliance with C-501: XYZ bank is exposed to a number of positions in the same commodity. The bank's reporting (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 115

**R-502 Description:** Risk of non-compliance with C-502: The bank's reporting currency is AED. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 115

**R-543 Description:** Risk of non-compliance with C-543: Question 8: The EIF standards allows for partial use of approaches for reporting EIF and (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 86

**R-544 Description:** Risk of non-compliance with C-544: Question 8: The EIF standards allows for partial use of approaches for reporting EIF and the RWA calculations from each applied approach are summed, and then divided by total fund assets to compute "Avg RWfund". (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 86

**R-547 Description:** Risk of non-compliance with C-547: When a bank uses more than one approach to determinethe risk weight (that is, LTA, MBA, and/or FBA), the bank should report the amounts on separate lines in the reporting template. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 86

**R-635 Description:** Risk of non-compliance with C-635: Yes, it will be part of equity and reported under equity derivative. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 109

**R-644 Description:** Risk of non-compliance with C-644: Paragraph 41 on “Allowable offsetting of matched positions” of the market risk standard applies to both approaches and depends on what approach the bank uses for reporting. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-647 Description:** Risk of non-compliance with C-647: In addition, how/where the reporting should be under which risk type (e.g. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-648 Description:** Risk of non-compliance with C-648: The two legs are reportable to the relevant market risk (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-649 Description:** Risk of non-compliance with C-649: For example, if the cash placement is floating rate and denominated in foreign currency it would be reported under FX. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-654 Description:** Risk of non-compliance with C-654: Currently both methods are acceptable but to move forward with sensitivity or NPV approach, the bank shall seek Central Bank approval by providing all relevant documents. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-656 Description:** Risk of non-compliance with C-656: Question 13: Can the securities issued by local government be reported under (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 110

**R-761 Description:** Risk of non-compliance with C-761: directors, but the evidence of these reports were submitted needs to be documented for example senior management signatures on the reports. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 130

**R-783 Description:** Risk of non-compliance with C-783: at a similar level of granularity as if the template/table were completed as presented in this document). (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-785 Description:** Risk of non-compliance with C-785: Banks may disclose in a document separate from their Pillar 3 report (e.g. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-796 Description:** Risk of non-compliance with C-796: Banks should note that although signposting may be allowed in the annual report, the bank would (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-798 Description:** Risk of non-compliance with C-798: Banks should note that although signposting may be allowed in the annual report, the bank would still need to disclose this table separately in the Pillar 3 Disclosure along with all other tables mentioned in paragraph 27 below. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-799 Description:** Risk of non-compliance with C-799: Banks can only make use of signposting to another document if the level of assurance on (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-802 Description:** Risk of non-compliance with C-802: • the disclosure in the signposted document is mandatory. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-811 Description:** Risk of non-compliance with C-811: reporting periods and any other issues that management considers to be of interest to market participants. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 6

**R-818 Description:** Risk of non-compliance with C-818: Please note: It is mandatory for all local banks to report all tables as per below schedule. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 7

**R-819 Description:** Risk of non-compliance with C-819: It is also mandatory for branches of foreign banks with RWA of more than AED 5 billion to report all tables as per below schedule. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 7

**R-820 Description:** Risk of non-compliance with C-820: Branches of foreign banks with RWA of less than AED 5 billion should report the below tables highlighted in Yellow and BOLD only (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 7

**R-825 Description:** Risk of non-compliance with C-825: the BASEL returns (BRF 95), in relation to this, the submission that mentions 6 weeks after the end of the relevant quarter starts from the BASEL quarter reporting deadline or actual quarter end? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-826 Description:** Risk of non-compliance with C-826: Since the BRF95 should mandatorily be submitted by banks within 4 weeks from quarter end, the bank still has additional 2 weeks to complete the Pillar 3 disclosures **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-827 Description:** Risk of non-compliance with C-827: Please clarify in case of subsidiary of a bank, whether revised pillar 3 disclosures will be required to be prepared at consolidated Group level or stand-alone **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-828 Description:** Risk of non-compliance with C-828: Question 4: Pillar 3 disclosures can be presented in a separate report; however, Can (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-834 Description:** Risk of non-compliance with C-834: Yes, banks can exclude the tables/templates not pertaining to the bank, for example DSIB and Securitisation Question 6: Banks should also have a formal board-approved disclosure policy for **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-837 Description:** Risk of non-compliance with C-837: Should this formal Disclosure policy still be submitted to Central **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-838 Description:** Risk of non-compliance with C-838: Should this formal Disclosure policy still be submitted to Central Bank along with ICAAP or it shall only be published / disclosed as mentioned? **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-839 Description:** Risk of non-compliance with C-839: The formal disclosure policy should not be submitted but should be available on request by **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-840 Description:** Risk of non-compliance with C-840: The formal disclosure policy should not be submitted but should be available on request by Central Bank of UAE. **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-844 Description:** Risk of non-compliance with C-844: Question 8: For REM1 template, is Central Bank expecting the Bank to report overseas (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-920 Description:** Risk of non-compliance with C-920: Adequacy” issued under Notice 60/2017 and the supporting capital standards and guidance, articulated in the document Central Bank “Standards and Guidance re Capital Adequacy of Banks in the UAE”. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-921 Description:** Risk of non-compliance with C-921: articulated in the document Central Bank “Standards and Guidance re Capital Adequacy of Banks in the UAE”. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-930 Description:** Risk of non-compliance with C-930: Each bank bears the responsibility for the appropriate identification, estimation, and reporting of (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-931 Description:** Risk of non-compliance with C-931: Each bank bears the responsibility for the appropriate identification, estimation, and reporting of risks, and the corresponding the calibration of capital necessary to mitigate these risks. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-932 Description:** Risk of non-compliance with C-932: It also intends to support each bank in the identification, measurement, reporting, and (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-933 Description:** Risk of non-compliance with C-933: It also intends to support each bank in the identification, measurement, reporting, and mitigation of Pillar 2 risks. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 2

**R-941 Description:** Risk of non-compliance with C-941: be fully documented, transparent and replicable. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-954 Description:** Risk of non-compliance with C-954: related to internal audit findings and changes compared to the previous ICAAP report). (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-955 Description:** Risk of non-compliance with C-955: It is important that the executive summary of the ICAAP document produced by each (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-956 Description:** Risk of non-compliance with C-956: and (iii) Formulates expectations about additional sections of the ICAAP report (e.g. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-957 Description:** Risk of non-compliance with C-957: It is important that the executive summary of the ICAAP document produced by each bank should explain the views of Senior Management and the Board on the suitability of the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-958 Description:** Risk of non-compliance with C-958: It is important that the executive summary of the ICAAP document produced by each bank should explain the views of Senior Management and the Board on the suitability of the bank's capital to cover the risks faced by the bank in light of its risk profile, its risk appetite and its future business plans. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-965 Description:** Risk of non-compliance with C-965: More specifically, the executive summary of the ICAAP report should contain the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 3

**R-967 Description:** Risk of non-compliance with C-967: (iv) A description of the current capital position of the bank showing the allocation of capital per risk type, covering Pillar 1 and Pillar 2 risks; (v) Each bank should complete the ICAAP Executive Summary Table (Table 3) as 151

CBUAE Classification: Public indicated in Appendix 2 of this document; (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-978 Description:** Risk of non-compliance with C-978: The framework must include measures reflected in the ICAAP report applied in day-to-day business and supported by (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-979 Description:** Risk of non-compliance with C-979: measures reflected in the ICAAP report applied in day-to-day business and supported by suitable MIS at appropriate frequencies. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-980 Description:** Risk of non-compliance with C-980: On an annual basis, every bank is required to submit a document outlining the outcome of the ICAAP to the Central Bank, usually referred (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 4

**R-988 Description:** Risk of non-compliance with C-988: The frequency of reporting to the Board is expected to be at least quarterly, but, (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-990 Description:** Risk of non-compliance with C-990: The quarterly reporting should comprise the internal calculation of the capital ratios (Pillar 1 (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-991 Description:** Risk of non-compliance with C-991: The quarterly reporting should comprise the internal calculation of the capital ratios (Pillar 1 and Pillar 2 under business-as-usual (BAU) and under stress scenarios), which includes determining the surplus/ shortfall of capital. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-993 Description:** Risk of non-compliance with C-993: Nevertheless, the ICAAP reporting to the Central Bank remains an annual exercise. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-999 Description:** Risk of non-compliance with C-999: compared to the results of the ICAAP report as submitted to the Central Bank, then the bank should inform the Central Bank of the updated capital plan (including reasons for the deviations, capital ratios and mitigation actions). (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 5

**R-1129 Description:** Risk of non-compliance with C-1129: When the ECAI receives compensation unrelated to its credit rating services from a party such as a rated entity, obligor, originator, lead underwriter, or arranger, the ECAI should disclose such compensation as a percentage of the total annual compensation received from that party in the relevant credit rating report or (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1130 Description:** Risk of non-compliance with C-1130: An ECAI should disclose in the relevant credit rating report or (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1131 Description:** Risk of non-compliance with C-1131: total annual compensation received from that party in the relevant credit rating report or elsewhere, as appropriate. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1132 Description:** Risk of non-compliance with C-1132: An ECAI should disclose in the relevant credit rating report or elsewhere, as appropriate, if it receives 10% or more of its annual revenue from a single party (e.g., a rated entity, obligor, originator, lead underwriter, arranger, or subscriber, or any of their affiliates). (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 141

**R-1159 Description:** Risk of non-compliance with C-1159: (i) Identify an ECAI (the “nominated ECAI”) whose assigned ratings the bank intends to use to derive risk weights for some type of exposure that is subject to an external ratings-based approach under Central Bank standards; (ii) Confirm that the nominated ECAs can provide reasonable coverage of the bank’s exposures in terms of the types of counterparties and the geographical regions covered; (iii) Document the selection of the ECAI and the analysis demonstrating that the ratings (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 143

**R-1262 Description:** Risk of non-compliance with C-1262: The analysis should reflect a definition of default that is consistent with international standards, subject to possible adjustments to take into account local practices or institutional or market conditions; (v) The rating methodology for each market segment, including rigorous back testing, must have been established for at least one year and preferably three years; (vi) All rating decisions should be made based on the ECAI’s established criteria and methodologies, subject to documented variations approved in accordance with the (domains: compliance, monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 139



**R-1305 Description:** Risk of non-compliance with C-1305: (vi) All rating decisions should be made based on the ECAI's established criteria and methodologies, subject to documented variations approved in accordance with the (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 137

**R-1517 Description:** Risk of non-compliance with C-1517: However, banks need to report the hedged options in the respective sheet. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 107

**R-1565 Description:** Risk of non-compliance with C-1565: Any exposure that is past due for more than 90 days should be reported under this asset class, net of specific provisions (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 28

**R-1645 Description:** Risk of non-compliance with C-1645: T2 10 2.72 12.72 TC 43 5.65 48.65 15

CBUAE Classification: Public Appendix 5: Threshold Deduction This Appendix is meant to clarify the reporting of threshold deduction and calculation of the 10% (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 15

**R-1720 Description:** Risk of non-compliance with C-1720: Each bank should document the overall ICAAP design, (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1721 Description:** Risk of non-compliance with C-1721: Each bank should document the overall ICAAP design, including key elements and the mechanism by which they interact with each other. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1729 Description:** Risk of non-compliance with C-1729: statement, risk measurement methods, stress tests programme, and reporting across the Group. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1731 Description:** Risk of non-compliance with C-1731: addition to the annual ICAAP report exercise. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 7

**R-1755 Description:** Risk of non-compliance with C-1755: The results should be disclosed in the ICAAP report with and without (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-1870 Description:** Risk of non-compliance with C-1870: The fact that QCCP documentation does not prohibit client trades from being ported is not sufficient to conclude (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1871 Description:** Risk of non-compliance with C-1871: For example, if a written credit derivative 197

CBUAE Classification: Public had a positive fair value of 20 on one date, but then declines by 30 to have a negative fair value of 10 on a subsequent reporting date, the effective notional amount of the credit (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1872 Description:** Risk of non-compliance with C-1872: 197

CBUAE Classification: Public had a positive fair value of 20 on one date, but then declines by 30 to have a negative fair value of 10 on a subsequent reporting date, the effective notional amount of the credit derivative may be reduced by 10 – the effective notional amount may not be reduced by 30. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1873 Description:** Risk of non-compliance with C-1873: However, if on the subsequent reporting date, the credit derivative has a positive fair value (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1874 Description:** Risk of non-compliance with C-1874: However, if on the subsequent reporting date, the credit derivative has a positive fair value of five, the effective notional amount cannot be reduced at all. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1875 Description:** Risk of non-compliance with C-1875: value of 10 on a subsequent reporting date, the effective notional amount of the credit derivative may be reduced by 10 – the effective notional amount may not be reduced by 30. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1876 Description:** Risk of non-compliance with C-1876: This treatment is consistent with the rationale that the effective notional amounts included in the exposure measure may be capped at the level of the maximum potential loss, which means that the maximum potential loss at the reporting date is the notional amount of the credit derivative minus any (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1877 Description:** Risk of non-compliance with C-1877: with the rationale that the effective notional amounts included in the exposure measure may be capped at the level of the maximum potential loss, which means that the maximum potential loss at the reporting date is the notional amount of the credit derivative minus any negative fair value that has already reduced Tier 1 capital. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 18

**R-1911 Description:** Risk of non-compliance with C-1911: Each bank should provide details in the ICAAP report on the outcome of its Risk Control Self-Assessment (RCSA) (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1930 Description:** Risk of non-compliance with C-1930: Each bank should compare several methodologies and propose a choice based on clear and documented justification. (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1931 Description:** Risk of non-compliance with C-1931: At a minimum, each bank should calculate and report (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1932 Description:** Risk of non-compliance with C-1932: At a minimum, each bank should calculate and report the additional capital using the Herfindahl-Hirschman Index (HHI) methodology; and (iii) For the purpose of capital planning, each bank should ensure that concentration (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1933 Description:** Risk of non-compliance with C-1933: At a minimum, each bank should calculate and report the additional capital using the Herfindahl-Hirschman Index (HHI) methodology; and (iii) For the purpose of capital planning, each bank should ensure that concentration risk is taken into account adequately within its ICAAP. (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1951 Description:** Risk of non-compliance with C-1951: Irrespective of the approach or model chosen by the bank, at a minimum each bank should calculate and report IRRBB using the methodology described by the Central Bank (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 15

**R-1964 Description:** Risk of non-compliance with C-1964: compare several methodologies and propose a choice based on clear and documented justification. At a minimum, each bank should calculate and report (domains: monitoring, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 14

**R-1973 Description:** Risk of non-compliance with C-1973: CBUAE Classification: Public Position Standard units (kg) Maturity Long 128 4 months Short -160 5 months Long 96 13 months Short -96 4 years Firstly, calculate the current value for these positons in the reporting currency. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 117

**R-1974 Description:** Risk of non-compliance with C-1974: The following is the current situation: Current spot price of the 5.00 EUR per kg commodity per unit (kg) in local currency Current EUR/AED FX spot 4.25 1 EUR = 4.25 AED rate Further calculation to the position after conversion to local reporting bank's currency (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 117

**R-1975 Description:** Risk of non-compliance with C-1975: Long 128 4 months Short -160 5 months Long 96 13 months Short -96 4 years Step 1: First express each commodity position in terms of the standard unit of measurement, and value in the reporting currency at the current spot price. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 118

**R-1991 Description:** Risk of non-compliance with C-1991: The individual netting set calculations can be aggregated to the counterparty level for reporting or other purposes. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 37

**R-1995 Description:** Risk of non-compliance with C-1995: The precise specification (including the values of the embedded constants of 14 and 15) is the result of an empirical exercise conducted by the Basel Committee on Banking Supervision to identify a relatively simple functional form that would provide a sufficiently close fit to CDO sensitivities as reported by a set of globally active banks. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 40

**R-1999 Description:** Risk of non-compliance with C-1999: The bank should provide a high-level summary reports or reviews of the outsourced (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 31

**R-2010 Description:** Risk of non-compliance with C-2010: 3.4 Supplementary Content Required in an ICAAP Report (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 32

**R-2011 Description:** Risk of non-compliance with C-2011: The following supplementary topics should be documented in the ICAAP report. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 32

**R-2043 Description:** Risk of non-compliance with C-2043: Claims on Corporates Question 9: Should loans to High Net Worth Individuals (HNIs) be reported under claims in (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 32

**R-2045 Description:** Risk of non-compliance with C-2045: 33

CBUAE Classification: Public No, HNI classification should be aligned with the BRF explanatory note and should be reported (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

**R-2046 Description:** Risk of non-compliance with C-2046: CBUAE Classification: Public No, HNI classification should be aligned with the BRF explanatory note and should be reported under claims on corporate. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

**R-2047 Description:** Risk of non-compliance with C-2047: Question 10: What is the treatment for SMEs and in which asset class are SME exposures reported? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

**R-2048 Description:** Risk of non-compliance with C-2048: Exposures classified as SME according to BRF explanatory note, are for capital adequacy reporting purposes (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

**R-2049 Description:** Risk of non-compliance with C-2049: Exposures classified as SME according to BRF explanatory note, are for capital adequacy reporting purposes classified as “Retail SME” and “corporate SME”. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

**R-2050 Description:** Risk of non-compliance with C-2050: SME exposures fulfilling all of four retail criteria as stated in Section III G of the Credit Risk Standard are reported under “claims on retail”. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

**R-2051 Description:** Risk of non-compliance with C-2051: as stated in Section III G of the Credit Risk Standard are reported under “claims on retail”. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

**R-2052 Description:** Risk of non-compliance with C-2052: Yes, if a customer has more than 4 properties, a bank has to report all properties of that customer (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

**R-2060 Description:** Risk of non-compliance with C-2060: The following elements should be included in the ICAAP report or related appendix: (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2086 Description:** Risk of non-compliance with C-2086: The measurement of risk should be transparent, documented, and supported by (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2087 Description:** Risk of non-compliance with C-2087: The measurement of risk should be transparent, documented, and supported by subject-matter experts throughout the bank. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 9

**R-2109 Description:** Risk of non-compliance with C-2109: The business planning should be clear, aligned, and 158

CBUAE Classification: Public integrated with the bank's strategy, governance, risk-appetite statement, recovery plans, internal controls, stress tests, and internal reporting (MIS). (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2111 Description:** Risk of non-compliance with C-2111: CBUAE Classification: Public integrated with the bank's strategy, governance, risk-appetite statement, recovery plans, internal controls, stress tests, and internal reporting (MIS). (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2123 Description:** Risk of non-compliance with C-2123: The documentation provided in support of the business model should contain an (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2124 Description:** Risk of non-compliance with C-2124: The documentation provided in support of the business model should contain an overview of the business activities of the bank and an overview of the structure/organisational details of the bank. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2127 Description:** Risk of non-compliance with C-2127: profit and loss (P&L), and balance sheet), covering the most recent period and the whole (forward-looking) ICAAP reporting period; (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2133 Description:** Risk of non-compliance with C-2133: audit reports, and reports by equity/credit analysts), (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 10

**R-2159 Description:** Risk of non-compliance with C-2159: audit reports, and reports by equity/credit analysts), states their main concerns and issues; 159

CBUAE Classification: Public (vi) A descriptive report on the main business lines generating revenues broken (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 12

**R-2511 Description:** Risk of non-compliance with C-2511: Rather, the execution of stress tests is a collective exercise, whereby numerous stakeholders contribute to the design, measurement, reporting (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 18

**R-2946 Description:** Risk of non-compliance with C-2946: CBUAE Classification: Public year only to be reported? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2947 Description:** Risk of non-compliance with C-2947: If an employee has a deferral which has a tranche of a prior year paid out after they have left the Branch, is it expected that this would be reported (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2948 Description:** Risk of non-compliance with C-2948: If a prior year tranches awarded is reported should this be reported if the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2949 Description:** Risk of non-compliance with C-2949: If a prior year tranches awarded is reported should this be reported if the individual is no longer an employee of the Branch? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2950 Description:** Risk of non-compliance with C-2950: All contract earnings of all employees need to be reported even if the employee is earning (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2951 Description:** Risk of non-compliance with C-2951: All contract earnings of all employees need to be reported even if the employee is earning compensation in UAE and outside UAE. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2952 Description:** Risk of non-compliance with C-2952: severance payment for a normal leaver to be reported depending upon the definition of “other material risk taker” OR (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2953 Description:** Risk of non-compliance with C-2953: severance payment for a normal leaver to be reported depending upon the definition of “other material risk taker” OR are banks also required to report any additional payment such as a redundancy type (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2955 Description:** Risk of non-compliance with C-2955: Should a transfer of Senior Management personnel or Other Material Risk- takers to other branch of the Bank be considered as severance for reporting purpose? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2956 Description:** Risk of non-compliance with C-2956: All payments regardless of the type of payment based on the contract needs to be reported (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2957 Description:** Risk of non-compliance with C-2957: All payments regardless of the type of payment based on the contract needs to be reported Question 10: For branches of foreign banks where the Head Office reports to the home (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2958 Description:** Risk of non-compliance with C-2958: All payments regardless of the type of payment based on the contract needs to be reported Question 10: For branches of foreign banks where the Head Office reports to the home regulator, there are pre-fixed formats prepared and submitted at a frequency as (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2959 Description:** Risk of non-compliance with C-2959: are banks also required to report any additional payment such as a redundancy type payment? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2960 Description:** Risk of non-compliance with C-2960: Can the branch of foreign banks provide such reports (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2961 Description:** Risk of non-compliance with C-2961: Can the branch of foreign banks provide such reports in UAE which are submitted to the home regulator as a part of UAE Pillar 3 (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2962 Description:** Risk of non-compliance with C-2962: Reports sent between Head Office and UAE needs to be separated and only the Pillar 3 (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2963 Description:** Risk of non-compliance with C-2963: Question 10: For branches of foreign banks where the Head Office reports to the home regulator, there are pre-fixed formats prepared and submitted at a frequency as stipulated by home regulator. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11



**R-2964** **Description:** Risk of non-compliance with C-2964: Reports sent between Head Office and UAE needs to be separated and only the Pillar 3 disclosures as per this Guidance needs to be reported for UAE branches in the mandatory (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2965** **Description:** Risk of non-compliance with C-2965: In this case, what do banks need to report in CCyB template? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2968** **Description:** Risk of non-compliance with C-2968: report in CCyB template? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2973** **Description:** Risk of non-compliance with C-2973: Question 16: CCR8 requires Bank to report Exposures to Non QCCPs (excluding initial (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2974** **Description:** Risk of non-compliance with C-2974: Question 16: CCR8 requires Bank to report Exposures to Non QCCPs (excluding initial margin and default fund contribution) arising of (i) OTC derivatives, (ii) Exchange- traded derivatives, (iii) Securities financing transactions & (iv) Netting sets where cross-product netting has been approved. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2975** **Description:** Risk of non-compliance with C-2975: Currently, UAE has no netting jurisdiction but such exposures reported will be taken into (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 11

**R-2977** **Description:** Risk of non-compliance with C-2977: Is there any format for reporting the liquidity gap report? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 12

**R-2978** **Description:** Risk of non-compliance with C-2978: As per BRF 9 reported by the bank. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 12

**R-2981** **Description:** Risk of non-compliance with C-2981: Prior to each release of the leverage ratio, the BCBS published consultative documentation and sought comments from the industry. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 14

**R-2982** **Description:** Risk of non-compliance with C-2982: In designing the UAE leverage ratio framework, the Central Bank considered the full evolution of the BCBS leverage ratio, including consultative frameworks, reporting (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 14

**R-3100** **Description:** Risk of non-compliance with C-3100: To help and ensure a consistent and transparent implementation of Capital supply standards, Central Bank will review and update this guidance document periodically. (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 2

**R-3101** **Description:** Risk of non-compliance with C-3101: The guidance document has structured into six main sections (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 2

**R-3109** **Description:** Risk of non-compliance with C-3109: The amount reported under accumulated retained earnings (5.1.4.1) should be as per the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 3

**R-3118** **Description:** Risk of non-compliance with C-3118: reported under 5.1.4.4 IFRS transitional arrangement. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3126** **Description:** Risk of non-compliance with C-3126: The deduction should be reported under 5.1.4.5 of the BRF 95. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 4

**R-3338** **Description:** Risk of non-compliance with C-3338: Question 8: For REM1 template, is Central Bank expecting the Bank to report overseas earnings or only the locally paid compensation? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-3339** **Description:** Risk of non-compliance with C-3339: Are deferrals awarded in the current 190

CBUAE Classification: Public year only to be reported? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PIII.pdf, Page 10

**R-3483** **Description:** Risk of non-compliance with C-3483: CBUAE Classification: Public Appendix 5: Threshold Deduction This Appendix is meant to clarify the reporting of threshold deduction and calculation of the 10% (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 16

**R-3602** **Description:** Risk of non-compliance with C-3602: The Central Bank will issue all related material regarding Solo reporting during 2020. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 6

**R-3670** **Description:** Risk of non-compliance with C-3670: The results should be disclosed in the ICAAP report with and without those management actions that have been approved by the bank's Board. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 8

**R-3833 Description:** Risk of non-compliance with C-3833: This leads to a 64

CBUAE Classification: Public credit support amount of AED 90 million (80 million plus 10 million), which is assumed to have been fully received as of the reporting date. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 64

**R-3958 Description:** Risk of non-compliance with C-3958: Each bank is required to download the most current reporting template prior to finalizing the ICAAP report from the CBUAE IRR SYSTEM (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3959 Description:** Risk of non-compliance with C-3959: Each bank is required to download the most current reporting template prior to finalizing the ICAAP report from the CBUAE IRR SYSTEM (BRF/BASEL Portal) (CBUAE IRR), in the live environment for banks: (i) Detailed reporting template including description (this report must be available (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3960 Description:** Risk of non-compliance with C-3960: Each bank is required to download the most current reporting template prior to finalizing the ICAAP report from the CBUAE IRR SYSTEM (BRF/BASEL Portal) (CBUAE IRR), in the live environment for banks: (i) Detailed reporting template including description (this report must be available upon request); and (ii) Executive Summary report (should form part of the ICAAP report Executive (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3961 Description:** Risk of non-compliance with C-3961: In the ICAAP report, each bank should provide high level summaries of key areas of (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3962 Description:** Risk of non-compliance with C-3962: In the ICAAP report, each bank should provide high level summaries of key areas of the risk framework of the bank: organisational structure, governance framework, risk management function and the risk control function. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3965 Description:** Risk of non-compliance with C-3965: Each bank is expected to describe how (i) The bank's Board encourages a risk culture and prudent behaviours at all levels; (ii) The Board Risk Committee ("BRC") provides oversight and challenges the risk exposures, risk appetite, and tolerance; and (iii) The Risk Management Function (RMF) is structured, including reporting lines (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3970 Description:** Risk of non-compliance with C-3970: With regard to the bank's risk management and control function, the ICAAP report is (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3986 Description:** Risk of non-compliance with C-3986: The ICAAP report should describe the following with regard (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 30

**R-3998 Description:** Risk of non-compliance with C-3998: upon request); and (ii) Executive Summary report (should form part of the ICAAP report Executive (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-3999 Description:** Risk of non-compliance with C-3999: exposures, risk appetite, and tolerance; and (iii) The Risk Management Function (RMF) is structured, including reporting lines (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PII.pdf, Page 29

**R-4093 Description:** Risk of non-compliance with C-4093: Question 1: When will the Standards, Guidance and Template with regards to Solo reporting be issued by the Central Bank? (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 5

**R-4135 Description:** Risk of non-compliance with C-4135: No, the risk-weight, and the category for reporting in the Central Bank's template, depends on the (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 49

**R-4136 Description:** Risk of non-compliance with C-4136: No, the risk-weight, and the category for reporting in the Central Bank's template, depends on the nature of the counterparty, not the nature of the underlying reference asset. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 49

**R-4137 Description:** Risk of non-compliance with C-4137: The counterparty for any netting set will fall into one and only one category for risk weighting and for reporting. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 49

**R-4139 Description:** Risk of non-compliance with C-4139: required by the reporting template? (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 49

**R-4243 Description:** Risk of non-compliance with C-4243: Yes, if a customer has more than 4 properties, a bank has to report all properties of that customer as claims on commercial properties and the risk weight of the properties shall be 100%. (domains: reporting) **Likelihood:** Medium **Impact:** Medium **Source:** PI.pdf, Page 33

## Low Priority Risks

### Compliance

**R-77 Description:** Risk of non-compliance with C-77: In addition, banks are specifically required to ensure compliance with other aspects of the banking regulations when lending to these entities, for example, but not limited to, the Central Bank large exposure regulations. (domains: compliance) **Likelihood:** Medium **Impact:** Low **Source:** PI.pdf, Page 24

**R-289 Description:** Risk of non-compliance with C-289: submitted to the Central Bank during the course of the year relating to Pillar 1 capital requirements, which should address, but not be limited to the following: (i) Appropriate classification of risk-weighted assets (RWA); (ii) Appropriate inclusion of the off-balance sheet values and the application of credit conversion factors (CCF); and (iii) Appropriate credit risk mitigation (CRM) methodology application and values. (domains: compliance, monitoring) **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 23

**R-822 Description:** Risk of non-compliance with C-822: For smaller foreign bank branches, Country Manager/GM will be sufficient Question 2: There are requirements on the Pillar III disclosure that is dependent on the BASEL returns (BRF 95), in relation to this, the submission that mentions 6 weeks after the end of the relevant quarter starts from the BASEL quarter reporting deadline (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Low **Source:** PIII.pdf, Page 10

**R-945 Description:** Risk of non-compliance with C-945: This does not mean that smaller or less complex banks are exempted from the reporting requirements or from undertaking a comprehensive assessment of the risks (domains: compliance, reporting) **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 3

### Data Protection

**R-288 Description:** Risk of non-compliance with C-288: In addition, the review should cover the integrity and validity of regulatory data submitted to the Central Bank during the course of the year relating to Pillar 1 capital requirements, which should address, but not be limited to the following: (domains: data, compliance) **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 23

**R-2486 Description:** Risk of non-compliance with C-2486: Each bank should also consider the quality of its model risk management in the model risk analysis, including but not limited to the quality of model documentation, data, (domains: data, reporting) **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 17

**R-2487 Description:** Risk of non-compliance with C-2487: Each bank should also consider the quality of its model risk management in the model risk analysis, including but not limited to the quality of model documentation, data, assumptions,

validation, staff, implementation, and usage. (domains: data, reporting) **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 17

**R-2516 Description:** Risk of non-compliance with C-2516: risk analysis, including but not limited to the quality of model documentation, data, assumptions, validation, staff, implementation, and usage. (domains: data, reporting) **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 16

## Financial

**R-187 Description:** Risk of non-compliance with C-187: 183

CBUAE Classification: Public All local banks and large foreign banks will need to have the annual Pillar 3 reports externally audited every two (2) years and smaller foreign banks (as defined in paragraph 27) will need to have the annual Pillar 3 reports externally audited every four (4) years. (domains: reporting) **Likelihood:** Medium **Impact:** Low **Source:** PIII.pdf, Page 4

**R-1432 Description:** Risk of non-compliance with C-1432: Question 5: Please clarify whether minority interest related to any other regulated financial entity (which is not a bank) should be included or not. **Likelihood:** Medium **Impact:** Low **Source:** PI.pdf, Page 7

## General Risk

**R-504 Description:** Risk of non-compliance with C-504:  $(1 - ) \times + ( \times 0.5) = 0.94 \times 0.09 + 0.06 \times 0.5 = 0.1146$  This calculated capital ratio must be further adjusted for the fact that the delinquency rate is unknown for a small portion (1%) of the underlying asset pool:  $= 0.99 \times 0.1146 + 0.01 = 0.1235$  Next, the bank applies the supervisory formula to calculate the capital required per unit of **Likelihood:** Medium **Impact:** Low **Source:** PI.pdf, Page 96

**R-657 Description:** Risk of non-compliance with C-657: allow for minor deviations from perfect correlation. The bank should have a sensible policy to **Likelihood:** Medium **Impact:** Low **Source:** PI.pdf, Page 110

**R-725 Description:** Risk of non-compliance with C-725: that year, even if it was a small amount. To ensure that such distortions do not occur, the **Likelihood:** Medium **Impact:** Low **Source:** PI.pdf, Page 134

**R-742 Description:** Risk of non-compliance with C-742: estate and commercial real estate Small and medium enterprises treated as Loans to small and medium enterprises corporates belonging to a group with annual gross turnover that exceeds AED 250 million Purchased corporate receivables Bank finance against amounts due to corporates from third parties for goods and/or services provided by them. **Likelihood:** Medium **Impact:** Low **Source:** PI.pdf, Page 130

**R-1022 Description:** Risk of non-compliance with C-1022: The analysis should not be limited to branches and subsidiaries but should also consider affiliates, if material. **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 6

**R-1023 Description:** Risk of non-compliance with C-1023: Such analysis should not be limited to local banks only, also foreign banks operating in the UAE **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 6

**R-1024 Description:** Risk of non-compliance with C-1024: Such analysis should not be limited to local banks only, also foreign banks operating in the UAE should identify and analyse all their dependencies on parent companies through centralised **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 6

**R-1025 Description:** Risk of non-compliance with C-1025: limited to branches and subsidiaries but should also consider affiliates, if material. **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 6

**R-1722 Description:** Risk of non-compliance with C-1722: Such components should include, but not be limited to, the business strategies, risk appetite **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 7

**R-1887 Description:** Risk of non-compliance with C-1887: For the purposes of the leverage ratio, the term “written credit derivative” refers to a broad range of credit derivatives through which a bank effectively provides credit protection and is not limited solely to credit default swaps and total return swaps. (domains: security) **Likelihood:** Medium **Impact:** Low **Source:** PIII.pdf, Page 18

**R-1979 Description:** Risk of non-compliance with C-1979: When determining the RC component of a netting set, the netting contract must not contain any clause which, in the event of default of a counterparty, permits a non-defaulting counterparty to make limited payments only, or no payments at all, to the estate of the defaulting party, even if the defaulting party is a net creditor. **Likelihood:** Medium **Impact:** Low **Source:** PI.pdf, Page 37

**R-2004 Description:** Risk of non-compliance with C-2004: Accordingly, it may be acceptable for smaller and less complex banks to develop reverse stress tests that focus more on qualitative analyses, while larger and more banks that are complex should include more quantitative **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 31

**R-2068 Description:** Risk of non-compliance with C-2068: The capital planning should not be limited to risk-based capital ratios but should also **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 9

**R-2069 Description:** Risk of non-compliance with C-2069: The capital planning should not be limited to risk-based capital ratios but should also consider the leverage ratio of the bank. **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 9

## Governance

**R-1717 Description:** Risk of non-compliance with C-1717: The stakeholders should include, but not be limited to, the Board, Senior Management, the business lines, the risk management function, and the finance function. **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 7

## Operational

**R-1092 Description:** Risk of non-compliance with C-1092: The ICAAP should have an interactive relationship with other key processes within the bank, including but not limited to, (i) business strategies, (ii) financial budgeting, (iii) risk management, (iv) risk appetite setting, and (v) stress tests. **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 5

**R-1910 Description:** Risk of non-compliance with C-1910: In addition, each bank should consider internal and external operational risks faced by it, including but not limited to operational cyber risk, IT risks, and outsourcing, and each bank is expected to consider ways in which it can improve its operational resilience. **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 14

## Reporting

**R-16 Description:** Risk of non-compliance with C-16: For example, but not limited to, real estate acquired in settlement of debt and not liquidated within the statutory period shall be reported under (domains: reporting) **Likelihood:** Medium **Impact:** Low **Source:** PI.pdf, Page 34

**R-17 Description:** Risk of non-compliance with C-17: For example, but not limited to, real estate acquired in settlement of debt and not liquidated within the statutory period shall be reported under the higher risk asset class with a 150% RW. (domains: reporting) **Likelihood:** Medium **Impact:** Low **Source:** PI.pdf, Page 34

**R-946 Description:** Risk of non-compliance with C-946: Smaller banks have to perform the whole ICAAP and address the full reporting (domains: reporting) **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 3

**R-1723 Description:** Risk of non-compliance with C-1723: Such components should include, but not be limited to, the business strategies, risk appetite statement, risk measurement methods, stress tests programme, and reporting across the (domains: reporting) **Likelihood:** Medium **Impact:** Low **Source:** PII.pdf, Page 7