

RISK MANAGEMENT

STRATEGIC REVIEW

Risk Review

Risk is a fundamental part of our business and underpins every decision we make. Our proactive approach is driven by our values, which play an integral role in enforcing the discipline needed to protect the Bank, its customers, and our reputation.

We are a systemically important bank in the UAE, and a consistent and sustainable performance depends on our ability to successfully mitigate and manage risk at every level. A strong culture of risk awareness is embedded across the organisation, and every employee is expected to play an active part in managing and mitigating the risks we face.

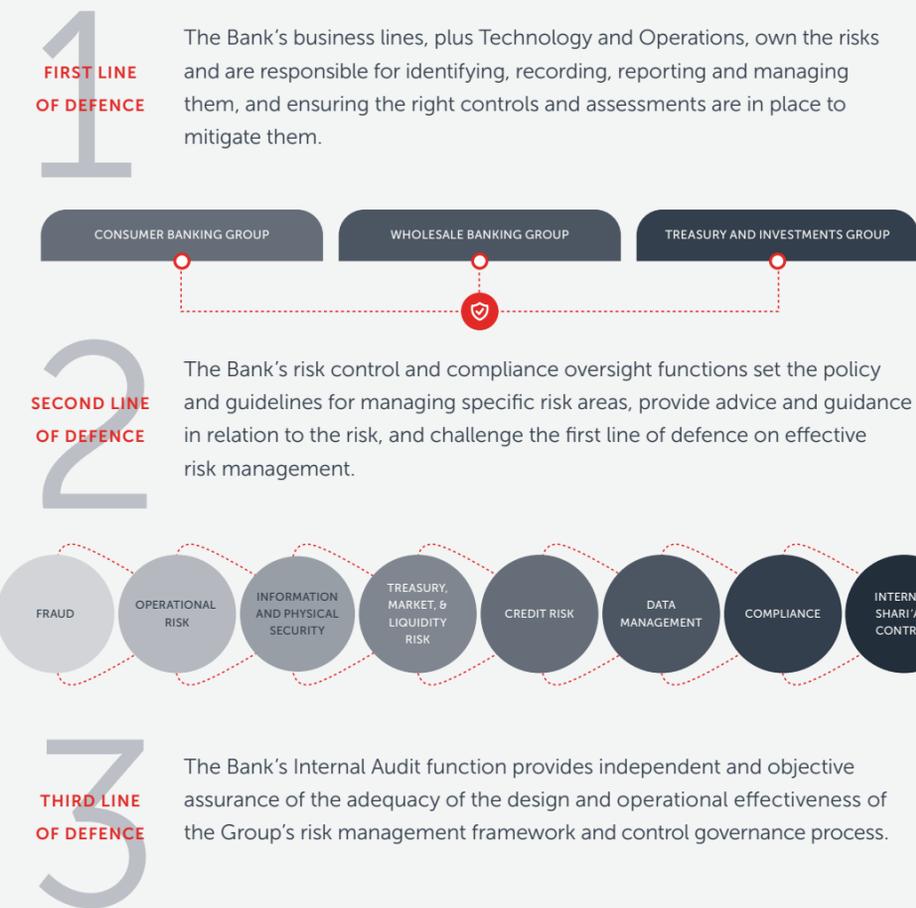
Each year we evaluate our risk appetite through a systematic review and challenge before presenting to the Board Risk Committee (BREC). This guides our approach at individual, department, function, and portfolio level and is consistent with the overall Group appetite.

The framework and our processes and procedures are designed to be aligned and consistent across the Group.



OUR RISK MANAGEMENT FRAMEWORK

ADCB uses an activity-based three lines of defence model. This determines management accountabilities and responsibilities for risk management across the Group. It forms the basis for our approach to risk management by clarifying responsibilities, encouraging collaboration, and enabling efficient coordination of risk and control activities.



Risk Governance Roles & Responsibilities

BOARD OF DIRECTORS	Establish & ensure strong control environment
MANAGEMENT EXECUTIVE COMMITTEE	Oversight & implementation
RISK MANAGEMENT FUNCTION	Governance & compliance
BUSINESS LINE MANAGEMENT	Ownership
INTERNAL AUDIT	Assurance

ACTIVITIES IN 2021

We initiated a wide range of projects to develop and improve risk management across the Bank in 2021. We benefitted from a comprehensive baseline review by the UAE Central Bank, which assessed our processes and procedures. We also benchmarked the Bank against best practices, identifying further areas of improvement to implement. ADCB submitted its stress test in 2021, as required by the Central Bank, after it had been put on hold for the UAE banking sector in 2020 due to the onset of the global pandemic. The exercise demonstrated the Bank's ability to mitigate potential future risks and confirmed the adequacy of our capital base/overall resiliency.

In 2021, we were also particularly active in our focus on data management, cybersecurity and the development of our approach to environmental, social, and governance (ESG) risks and opportunities.

ESG

As ESG is a growing area of focus across the Bank, we have been active in considering sectoral principles as well as updating our policies and frameworks to reflect its increasing importance. We have started to measure and evaluate the impact ESG risks have on the Bank, its lending policies, and each stakeholder group. We are also in the process of developing sectoral policies that would support the Bank's ESG ambitions.

DATA MANAGEMENT

We continued to develop our approach to data management, with a specific drive to augment data privacy and security across the Group. We regard data as an asset in the Bank, enabling us to function with greater efficiency and provide a better service experience for our customers as well as to facilitate a better decision-making capability.

This year we introduced new data privacy modules on the Bank's e-learning platform, which are mandatory for employees to complete, in addition to those already on the curriculum. These included a refresh of compliance, operational risk management and information security modules.

CYBERSECURITY

Cyber threats continue to increase both in sophistication and frequency. ADCB has implemented robust preventive and detective controls to mitigate the threats. We continuously validate and certify our security practices with global security standards, including ISO 27001, PCI DSS, SWIFT CSCF, and UAE Information Assurance Standards.

In addition to preventive and detective controls, ADCB practices 'cyber incident response planning' to prepare the Bank for any major cyber breach incidents and recover from those incidents in the shortest possible timeframe. The scope of the test includes:

- › Conducting regular table-top exercises based on various cyber-attack scenarios
- › Following tried and tested playbooks for different incident scenarios
- › Continuously training and preparing senior leadership and technical teams
- › Measuring readiness, identifying areas of improvement and rectifying them
- › Aligning simulation testing with the Bank's crisis management plan

ADCB recognises that our staff are key assets in defending against cyber-attacks. Accordingly, we provide ongoing awareness through regular internal campaigns across the Bank.

A team of dedicated professionals calibrate our cyber security activities in respect to discovered threats and vulnerabilities. We are in the process of optimising security improvements across the Group with a particular focus on Al Hilal Bank and ADCB Egypt, where we saw marked progress in 2021.

Our cyber security resilience is tested using specialised third-party security companies, who conduct regular penetration tests and 'red team' tests. In addition, we have received third-party validations for our approach to cyber and information security. Finally, cyber insurance coverage arrangements have been made with leading insurers, which provide additional assurance.

OPERATIONAL RISK MANAGEMENT

We manage and control operational risk proactively and cost-effectively in accordance with defined risk appetite. Our goal is to quickly identify and assess operational risk to ensure timely mitigation. We also ensure robust management reporting and continuous improvement of the control environment.

Ongoing management of operational risk is coordinated by the Group Operational Risk Management (GORM) and reviewed and monitored by a dedicated Operational Risk Working Group (ORWG) and Management Executive Committee (MEC) as applicable for policy purposes.

The Group Operational Risk Management function continues to lead the effort to embed the enhanced Operational Risk Management Framework (ORMF). The focus is on consistency in application of core tools, such as risk and control self-assessments (RCSAs), key risk indicators (KRIs), control testing, and timeliness of material incident reporting. The first phase of implementing a new Operational Risk Management System (ORMS) began in 2021 and is expected to be completed in 2022.

To mitigate increased operational risk resulting from the Covid-19 pandemic, a cross-functional team, led by Group Operational Risk, continued to oversee the impact on business processes to ensure they remained within the Bank's risk appetite.

The enhanced ORMF, which is currently being embedded, enables an end-to-end view of non-financial risks. This facilitates focus on the risks critical to achieving the Group's strategic objectives and associated controls. It provides a platform to drive forward-looking risk awareness and assist management focus. It also helps the organisation understand the level of risk it is willing to accept.

FRAUD PREVENTION

Incidents of fraud in the banking sector continue to rise in tandem with the increase in cyber-attacks. In response, we continuously review and update our control environment to provide early alerts, and indications, of fraudulent activities.

In 2021, we raised awareness among our customers by providing increased messaging on screens across our ATM network. This was backed by a series of targeted emails and SMS communications, including further content delivered with all our one-time password (OTP) messaging.

BUSINESS CONTINUITY MANAGEMENT

The safety of customers and employees, as well as the capacity to recover from a crisis effectively, are of utmost importance to ADCB. We recognise the importance of business continuity and our obligations to ensure customers and other stakeholders can rely on the Bank to provide business as usual (BAU) operations in diverse scenarios.

ADCB's business continuity framework and programme for its UAE operations is certified ISO22301:2012 and has been designed to ensure that the Bank can continue to achieve its business objectives in the face of an unexpected disruptive event. The same approach is used across the ADCB Group.

The framework aligns with the three lines of defence model. It requires that the business continuity plan can only be set following a business impact analysis, which is formally reviewed by the Business Continuity Management Department for quality and compliance.

ADCB has a Group-wide crisis management framework to coordinate and manage the response to disruptive events. The crisis management framework builds on BAU procedures with defined escalation and management response plans.

In 2021, ADCB continued to execute its pandemic response plan, which was originally designed in January 2020 to respond to the coronavirus outbreak. The Bank has adopted an 'abundance of caution' approach to ensure the safety of its staff and customers. The organisation enabled a distributed work approach across the ADCB Group at the height of the pandemic and maintained a resilient service throughout. The Bank now complies with the 'Return to Normalcy' procedures instructed by the UAE Government. It retains the ability to revert to a distributed work approach according to circumstances.

ADCB received the Middle East award for 'Continuity and Resilience Innovation 2021' from the Business Continuity Institute (BCI).

TRANSPARENT BANKING

We believe that by promoting better financial education, we help to reduce financial risk. As such, ADCB welcomed the introduction in 2021 of new consumer protection regulations and standards by the UAE Central Bank.

The regulations are designed to enhance standards concerning conduct, governance and oversight, responsible lending practices, information and transparency, barriers to competition, access to services, complaints handling, and public awareness.

ADCB's long standing approach is to ensure our employees take responsibility and accountability for compliance with all regulations, to protect our customers and our reputation. As such, we have a zero-tolerance policy towards negligence and non-compliance.

We remain proactive in providing customers with clarity on the products and services offered by the Bank, including simple and transparent descriptions of terms and conditions, fees, and charges.

STRENGTHENING OUR RISK PROFILE

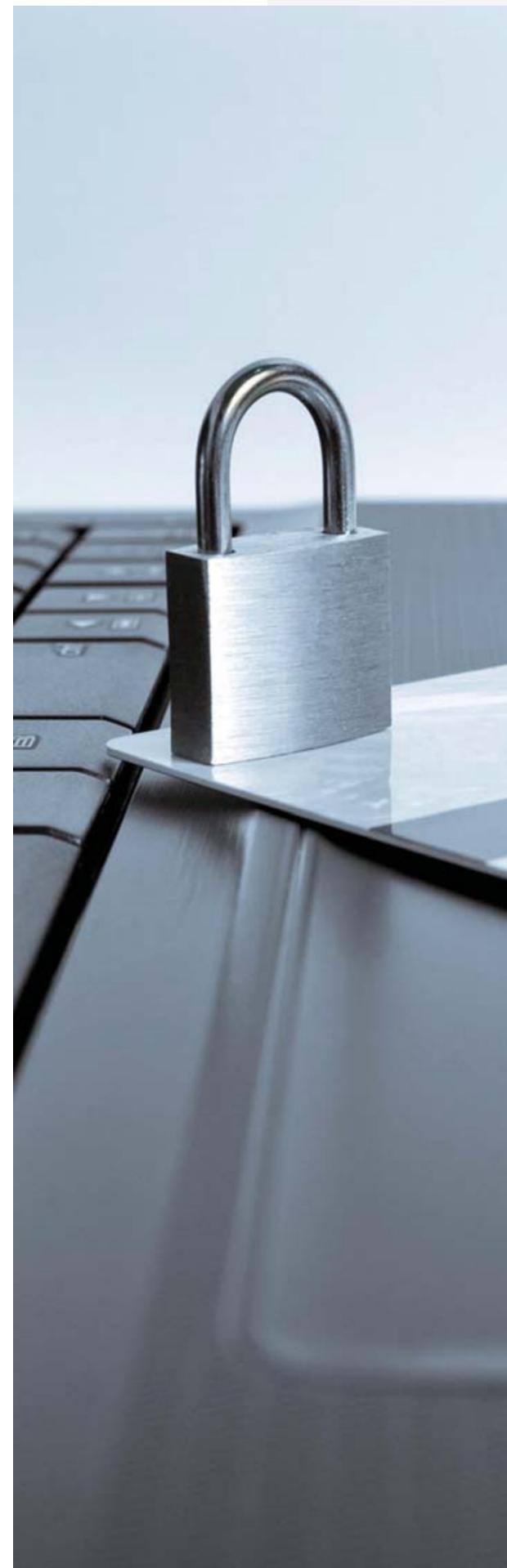
We continue to upgrade our risk infrastructure and capabilities. In 2021, we introduced a loss given default (LGD) rating scale for Wholesale Banking customers and Private Accounts that help the Bank better articulate and manage risk. Furthermore, ADCB effectively managed a loan deferral programme in conjunction with the UAE Central Bank's Targeted Economic Support Scheme (TESS), which ended on 31 December 2021, repaying the zero cost facility (ZCF) ahead of schedule. Several monitoring forums were established to ensure the risk profile of the loan portfolio is continually reviewed, and corrective actions are taken.

STRENGTHENING OUR RISK CULTURE

A strong risk culture and good communication between the three lines of defence are essential characteristics of good operational risk governance. ADCB's risk culture is driven by its core values, with a 'no surprise' and 'no blame' approach cascading from senior management throughout the organisation.

In 2021, this approach was reinforced by the introduction of quantifiable, measurable risk and compliance metrics in the KPIs of all employees, following close collaboration between the Risk and Human Resources Departments.

All employees are responsible for highlighting and managing potential hazards in their work, with individual accountability fostered by focusing on the three lines of defence model. ADCB also provides employees with online compulsory modules, such as on the Bank's Code of Conduct, to ensure awareness of, and focus on, critical risk matters.



BASEL III COMPLIANCE

The Basel Accords focus on risk management, linking the business profile of banks to their risk profiles and subsequently to regulatory capital. In line with best practice, ADCB emphasises capital structure, capital planning, and capital allocation as part of our strategic decision-making.

Please see our Basel III—Pillar III Report for more information.

EXTERNAL RISK SCENARIOS

We identify and actively monitor a range of external risks that have the potential to lead to significant, unexpected adverse outcomes for the Bank or its ability to meet its strategic objectives. These external risks and potential impact and mitigation strategies are summarised on the following page.

Risk KPIs & Performance

KPIS	2021	2020
Common equity Tier 1 ratio (CET1)	12.94% ¹	13.30% ²
Liquidity coverage ratio (LCR)	124.1%	156.8%
Loan to value ratio for real estate portfolio	81%	82%
Non-performing (NPL) ratio	5.41%	6.04%
Provision coverage ratio ³	93.4%	94.3%
Provision coverage ratio with collateral	149%	151%
Cost of risk	0.77%	1.45%

¹ Post proposed dividend

² Post dividend payment

³ Provisions on loans and advances, including fair value adjustments

EXTERNAL RISK

DEFINITION AND POTENTIAL IMPACT

MITIGATION STRATEGY

MACROECONOMIC CONDITIONS IN THE OPERATING MARKETS

Subdued growth due to Covid-19 and its broader impact on the world and UAE economy persisted in 2021. However, the UAE benefitted from higher oil prices and strengthening underlying demand for goods and services.

The Bank retained its refined risk appetite for the industries it dealt with and continued to adhere to the credit risk metrics already in place that address various portfolio dimensions.

The economic sector limits that were established in 2020 were retained and continue into 2022.

GEOPOLITICAL RISK

Geopolitical tension remains a risk in the region and stems from sources unrelated to the Bank and its business.

We regularly monitor geopolitical and economic situations around the world.

In 2021, we perceived that geopolitical risk within the Middle East remained stable, while global trade tensions continued to feature.

As part of our Asset and Liability Committee (ALCO) deliberations, we factor in geopolitical risks as part of overall liquidity considerations. ADCB's Chief Economist assesses the economic impact of changing geopolitical risks and provides vital inputs to drive our strategy. Where necessary, we adjust our country limits and exposures to reflect our appetite and mitigate these risks.

REGULATORY AND LEGAL RISKS TO OUR BUSINESS MODEL

New regulatory requirements may have an impact on our business model and profitability. Should a regulatory change reduce our ability to meet our customers' needs or achieve fair customer outcomes, we may experience increased costs and reputational damage.

We strive to ensure that the Bank's views are considered when UAE regulatory policy is developed. ADCB chairs, or is a member of, several forums within the UAE Banks Federation.

Moreover, the inability to satisfy our customers would cause the Bank to fall short of its strategic objectives, hurting earnings, liquidity, capital, and shareholder confidence.

Internally, we analyse all new draft regulations or circulars to measure their impact and ensure they can be implemented selectively. To strengthen this focus in 2021, we established a new Regulatory Oversight Forum, which monitors the closure of issues and implementation of new regulations.

The risk of failure due to external unanticipated regulatory and legal changes affect all our businesses.

We also confirm that our capital and liquidity plans anticipate the potential effects of any changes.

In the past 12 months, we perceive this risk has continued to remain high due to the frequency of new regulations being issued by the UAE Central Bank.

HEALTH OF STAFF & COMMUNITY

The global pandemic highlighted the risks that public health issues present to our employees and customers and the potential impact on our operations. This risk did not dissipate in 2021. The Bank built upon the experiences and approaches in 2020 to adapt rapidly to fast-changing conditions and implement measures to ensure a safe work environment.

The Bank maintained a remote working capability to ensure our staff and those in more vulnerable categories could continue to work remotely. Sanitation requirements were retained in our premises in terms of specialised cleaning/thermal scanners/maintaining social distance within the office environment via lower capacity on each floor/team, operating on a rotational basis. Regular communications were also sent to staff during the year, offering health tips and highlighting governmental requirements and supporting work-life balance and mental health, given isolation impacts.

CYBER THREATS

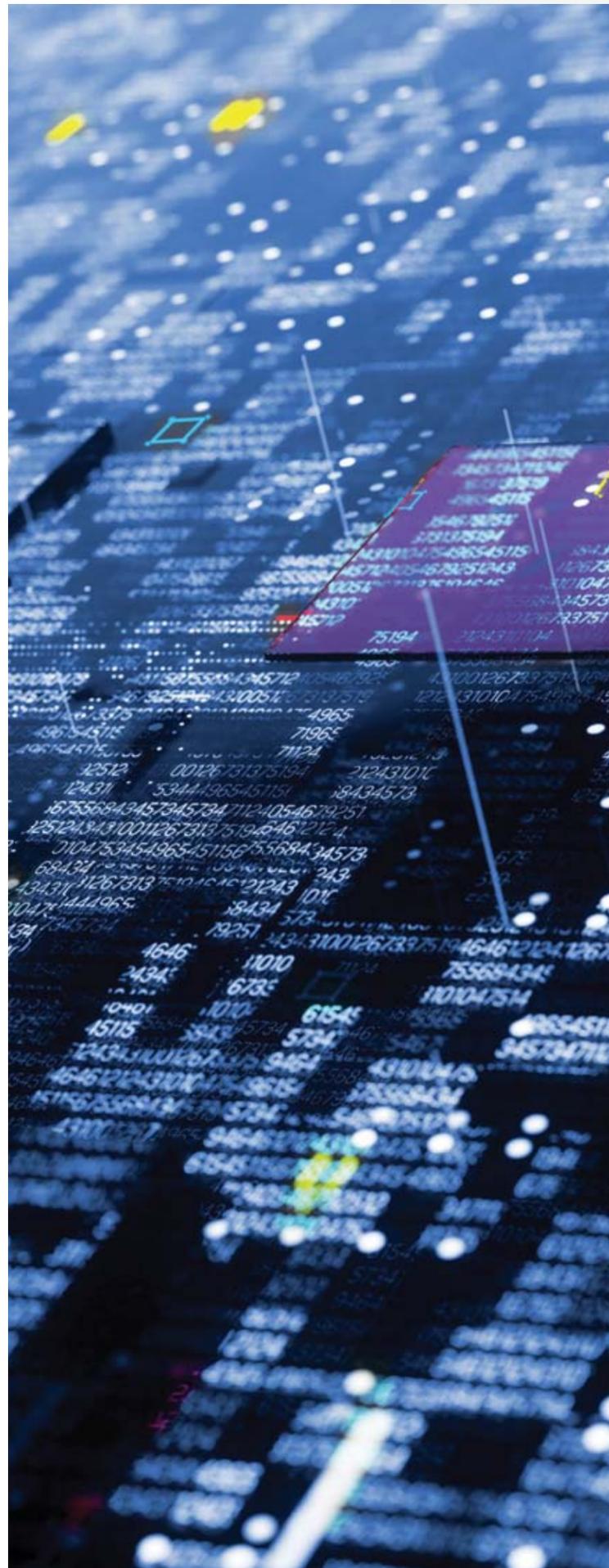
Threats from external parties related to cyber/phishing/fraud remained high over the past 12 months.

We increased the level of communication to our customer base and staff to ensure awareness of these attempts. We provided examples of how these attempts are undertaken, to build awareness of the risks. The Bank continued to invest in tools, systems, penetration testing and vendor support to ensure our perimeter and systems remain strong against these attacks. Our control environment was also updated to factor in these new styles of threats and attempts.

STRATEGIC REVIEW

Our Principal Risks

Our principal risks are frequently reviewed and updated, particularly in a challenging and rapidly evolving environment. They ensure the Bank's full enterprise risk profile is measured, monitored, and aligned with our overall Group strategy.



PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
CAPITAL RISK	<p>Potential for:</p> <p>(i) insufficient level or composition of capital to support normal activities or stressed conditions; and (ii) risk of loss arising from the Bank failing to maintain the level of capital required by prudential regulators and other key stakeholders to support operations and risk appetite.</p>	<p>We maintain a healthy and active approach to capital management, including the maintenance of buffers sufficient to support our strategic aims and maintenance of an investment-grade rating. ADCB is well-capitalised and regularly runs stress tests to ensure sufficient capital coverage.</p> <p>We manage capital utilisation, and business growth within the risk-weighted asset (RWA) target ranges reflected in our business plans. Such plans also target the stability of earnings. We grow our business by targeting recurring economic profit commensurate with risks being taken and returns expected.</p>	<p>ACCOUNTABLE EXECUTIVES: Group Chief Financial Officer, Group Chief Risk Officer</p> <p>ACCOUNTABLE COMMITTEES: PMC, BACC, BREC, Board</p>
COMPLIANCE/REGULATORY RISK	<p>Potential for impact and exposure to regulatory sanctions or loss from a failure to comply with regulatory requirements, laws, or industry standards.</p>	<p>We are committed to upholding compliance standards, laws, regulations, and industry standards, as well as internal policies and sound corporate governance principles. Identified breaches are remedied as soon as practicable. The Bank has zero tolerance/appetite for deliberate or negligent non-compliance.</p>	<p>ACCOUNTABLE EXECUTIVES: Group Chief Compliance Officer, Group Chief Risk Officer</p> <p>ACCOUNTABLE COMMITTEES: MEC, BACC, Board</p>
CONDUCT RISK	<p>Potential for detriment to retail customers, corporate clients, or market integrity from the inappropriate supply of financial services or from a failure on our part to abide by the Bank's Code of Conduct Policy and/or applicable laws or regulations, including those related to insider trading and bribery risk.</p>	<p>We maintain the highest standards in our Code of Conduct and core values, ensuring we always "do the right thing" in how we conduct business.</p> <p>The Bank expects employees to conduct themselves with a high degree of integrity and to strive for excellence in the work they perform and the outcomes they achieve.</p> <p>The appetite for behaviours that do not meet these standards is very low. ADCB takes any breaches of its Code of Conduct very seriously. We have clearly defined policies on anti-bribery and corruption, anti-money laundering and insider trading.</p> <p>We are committed to creating a safe working environment for all our employees, where they are protected from physical and psychological harm. We have zero-tolerance for practices or behaviours that could be expected to lead to staff being harmed while at work.</p> <p>We are also committed to treating our customers fairly by operating with transparency and providing clear information on products and services, managing conflicts of interest related to these services, avoiding misselling and having a rigorous process to ensure the products and services we sell are suitable to customers.</p>	<p>ACCOUNTABLE EXECUTIVES: Management Executive Committee Members</p> <p>ACCOUNTABLE COMMITTEES: MEC, NCHRG, BACC, Board</p>

Our Principal Risks

(continued)

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
CREDIT RISK	Potential for financial loss due to the failure of a customer to meet the agreed obligations to pay the Bank. It also includes concentration risk (increased exposure to large client groups, sectors, or geographies) and decreases in credit quality.	<p>We manage our credit exposures by having a sound analytical framework, focusing on analysing cash flows and considering the legal framework of the Bank and borrower. We apply a set of criteria and policies to lending, which means we only deal with clients with good creditworthiness. This ensures facilities are appropriately secured, wherever feasible.</p> <p>We have a greater appetite for risk in industries we better understand and have the insights, capability, and capacity to manage and monitor.</p> <p>We remain a relationship-driven business rather than pursuing opportunistic transactions.</p> <p>Wherever possible, collateral is taken to reduce unsecured lending.</p>	<p>ACCOUNTABLE EXECUTIVES: Group Chief Credit Officer, Business Heads for Consumer & Wholesale Banking, Group Chief Risk Officer</p> <p>ACCOUNTABLE COMMITTEES: MRCC, BACC, BREC, Board</p>
FINANCIAL CRIME RISK	Potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating, but not limited to, international sanctions, anti-money laundering and anti-bribery and corruption.	<p>We have no tolerance for breaches in law and regulations related to financial crime, recognising that while incidents are unwanted, they cannot be entirely avoided.</p> <p>The Bank has no appetite for any fraud or corruption perpetrated by its staff. All allegations of suspected fraud or corruption are taken seriously, as set out in the Code of Conduct.</p>	<p>ACCOUNTABLE EXECUTIVES: Chief Compliance Officer, Group Chief Risk Officer, Head of Fraud & Investigations</p> <p>ACCOUNTABLE COMMITTEES: MEC, BACC, Board</p>

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
INFORMATION SECURITY AND TECHNOLOGY RISK	Potential for loss from a breach of confidentiality, integrity, or availability of the Bank's information systems and assets through cyber-attack, insider activity, error, or control failure; this includes the risk of loss of confidential information plus the management and quality of data held within systems, which may lead to financial losses.	<p>We have a minimal appetite for risk concerning the availability of critical business systems.</p> <p>Service availability requirements have been identified and agreed upon within each business area.</p> <p>We have no appetite for damage to our assets from threats arising from malicious attacks. We have strong internal processes, and robust technology controls to address this risk.</p> <p>Our appetite remains low for IT system-related incidents generated by improper project management practices, excluding the unknowns before any 'go live'.</p> <p>ADCB provides a secure environment for its people and assets by ensuring its physical measures meet high standards.</p> <p>We have no appetite for the failure of physical security measures. We are committed to ensuring that information is authentic, appropriately classified, properly conserved, and managed per legislative and business requirements.</p> <p>We have no appetite for the deliberate misuse of information. Nor do we have any appetite for compromise of processes or data integrity issues that may cause limited or erroneous data to adversely affect our ability to make correct business decisions or jeopardise the integrity of management and regulatory reporting, which may also lead to financial loss.</p> <p>We always mitigate these risks, balancing the cost of maintaining a controlled environment against the impact and likelihood assessment of a risk occurring.</p>	<p>ACCOUNTABLE EXECUTIVES: Head of Information and Physical Security Governance, Head of Data & Governance, Head of Technology Services, Group Chief Risk Officer</p> <p>ACCOUNTABLE COMMITTEES: MEC, BREC, Board</p>
LIQUIDITY AND FUNDING RISK	<p>Potential that the Bank will be unable to meet its payment obligations associated with its financial liabilities when they fall due and replenish funds when withdrawn.</p> <p>Funding risk is the risk that ADCB will be unable to achieve its business plans due to its capital position, liquidity position or structural position.</p>	<p>We actively manage our liquidity and funding base to ensure that the Bank always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to ADCB's reputation.</p> <p>We do not have any appetite for losing our investment-grade ratings and are mindful of managing liquidity and funding within the constraints of Basel III, regulatory obligations and the desire to be the last bank standing.</p>	<p>ACCOUNTABLE EXECUTIVES: Group Treasurer, Head of Market Risk, Group Chief Risk Officer</p> <p>ACCOUNTABLE COMMITTEES: ALCO, BREC, Board</p>

Our Principal Risks

(continued)

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
MARKET RISK	Potential that changes in market prices, such as interest rates, equity prices, foreign exchange rates, commodity prices and credit spreads (not related to credit standing) will affect the Bank's income, assets/liabilities or the value of its holdings of financial instruments.	We control our trading portfolio and activities to ensure that losses related to market risk (financial or reputational) do not cause material damage to the Bank. Our appetite across six key categories is set out within the market risk appetite framework covering: interest rate risk; foreign exchange risk; equity exposure risk; commodity risk; volatility risk; and liquidity risk. Specific limits are established based on the trading book, investment book and banking book activities.	ACCOUNTABLE EXECUTIVES: Group Treasurer, Head of Market Risk, Group Chief Risk Officer ACCOUNTABLE COMMITTEES: ALCO, BREC, Board
OPERATIONAL RISK	Potential for loss resulting from inadequate or failed internal processes, people, and systems, or the impact of external events. This includes fraud, technology, outsourcing and legal risk.	Operational risk is a fundamental element of the Bank's approach to risk and impacts its banking products, activities, processes, and systems. Our framework ensures a consistent approach and supports business objectives, reinforces a proactive risk management culture, and continuously improves ADCB's control environment. We manage operational risk by ensuring accountability and ownership across the Bank. We employ tools to reduce the probability of the occurrence of operational risk events that could threaten the Bank's reputation, the quality of our services and products, or the efficiency of our processes. We monitor the stability of our systems, the effectiveness of business continuity planning and disaster recovery to ensure the level of service we offer customers, and regulators' expectations are never compromised. We have adopted five levels of operational risk severity ratings—Minor, Low, Moderate, Major and Extreme—whereby Minor and Low risks lie within the Bank's risk appetite and Extreme constitutes a threat to the Bank's ability to continue its operations. The Bank mitigates these risks at all times, balancing the cost of maintaining a controlled environment against the impact and likelihood of a risk occurring.	ACCOUNTABLE EXECUTIVES: Business Heads, Head of Operational Risk, Head of Fraud & Investigations, Group Chief Risk Officer ACCOUNTABLE COMMITTEES: Operational Risk Working Group, MEC, BACC, BREC, Board
REPUTATIONAL RISK	Potential adverse effects can arise if the Bank's reputation is damaged due to factors such as unethical practices, breach of law, regulation, customer dissatisfaction, data privacy breaches and complaints or adverse publicity.	We protect the Bank from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed by the appropriate management and governance oversight level. We have a very low appetite for material legal cases against the Bank and, where appropriate, will adequately make provisions for the same in a timely manner.	ACCOUNTABLE EXECUTIVES: Management Executive Committee Members ACCOUNTABLE COMMITTEES: BACC, Board

PRINCIPAL RISK	DEFINITION	APPROACH	OVERSIGHT
TRADED COUNTERPARTY RISK	Potential that changes in market prices, such as interest rates, equity prices, foreign exchange rates, commodity prices and credit spreads (not related to credit standing) will affect the Bank's credit exposure.	We control our trading portfolio and activities to ensure that losses related to counterparty risk (financial or reputational) do not cause material damage to the Bank. Our appetite across six key categories is set out within the market risk appetite framework covering: interest rate risk; foreign exchange risk; equity exposure risk; commodity risk; volatility risk; and liquidity risk. Specific limits are established based on counterparty potential future exposure.	ACCOUNTABLE EXECUTIVES: Group Treasurer, Head of Market Risk, Group Chief Risk Officer ACCOUNTABLE COMMITTEES: ALCO, BREC, Board
INTEREST RATE RISK BANKING BOOK	Potential that changes in market prices, such as interest rates, equity prices, foreign exchange rates, commodity prices and credit spreads (not related to credit standing) will affect the Bank's income, assets/liabilities or the value of its holdings of financial instruments.	We control our activities to ensure that losses related to market risk (financial or reputational) do not cause material damage to the Bank. Specific limits are established based on the impact on net interest rate income due to interest rate changes on banking book activities.	ACCOUNTABLE EXECUTIVES: Group Treasurer, Head of Market Risk, Group Chief Risk Officer ACCOUNTABLE COMMITTEES: ALCO, BREC, Board