



SREP Risk Appetite Statement

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Overview

A risk appetite statement (RAS) is an articulation of the amount or risk an organization is willing to take.

- An RAS can be regarded as a limit/ceiling to the amount of a given risk which may be taken.

Context

An RAS is impacted by the program's:

- Objectives
- External Context
- Internal Context

Risk Appetite Levels

Appetite/tolerance for a given risk may be classified as either Low (which includes risks for which there is no appetite/zero tolerance), Medium, or High based on their expected likelihood and severity.

<i>Likelihood</i>	<i>Impact</i>		
	Minimal	Moderate	Severe
Very Likely	■ Low	■ High	■ High
Likely	■ Low	■ High	■ High
Possible	■ Low	■ Medium	■ High
Unlikely	■ Low	■ Low	■ Medium
Very Unlikely	■ Low	■ Low	■ Low

Risk Categories

Risks are classified into 4 categories (although some risks may span more than one category).

1. Strategic
2. Financial
3. Operational
4. Compliance, Legal and Reputational

The Subcommittee should be particularly concerned with Strategic and Reputational Risks.

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Risks and Proposed Risk Appetites

Category	Risk	Risk Appetite
Strategic Risk	Resource Availability Risk	Medium
	Implementation Risk	Medium
Financial Risk	Credit Risk	High
	Currency Risk via Promissory Notes	High
	Currency Risk via Outgoing Loans	Low
	Interest Rate Risk via Outgoing Loans	High
	ALM/Liquidity Risk	Low
	Investment Risk	Low
Operational Risk	External Events Risk	High
	Model Risk	Medium
Legal, Compliance & Reputational Risk	Fraud Risk	Low
	Risk of Sexual Exploitation or Abuse	Low



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