

CBUAE Resilience Package: What It Means for Your Institution



The CBUAE’s five-pillar Resilience Package (17 March 2026) is a proactive intervention backed by the CBUAE’s AED 1 trillion asset base.[1] The toolkit is familiar: liquidity support, buffer release, classification flexibility, and a clear expectation that banks maintain lending. The operating context is unusual: conflict-related disruption has affected UAE infrastructure and operations.[2] For bank boards and Chief Risk Officers (CROs), the package provides essential relief but requires immediate decisions on six fronts.



Three Key Takeaways



1

The CBUAE has given banks meaningful flexibility; the question is how to use it.

The Countercyclical Capital Buffer release is consistent with the purpose of countercyclical buffers, while the temporary Capital Conservation Buffer and Liquidity Coverage Ratio and Net Stable Funding Ratio relief gives banks added flexibility. But drawing down is visible to rating agencies, funding counterparties, and depositors. Boards need a framework for how much to use, rather than a reactive approach.



2

IFRS 9 joint guidance may follow; banks must be defensible either way.

The CBUAE, DFSA and ADGM FSRA issued joint IFRS 9 guidance during COVID-19.[3] No equivalent joint IFRS 9 guidance has been announced to date in connection with the 17 March package. Banks are therefore making institution-specific Significant Increase in Credit Risk (SICR) judgments at this stage. CROs should ensure that the rationale, assumptions and supporting evidence for those judgments are documented contemporaneously.



3

The exit from temporary relief will be as consequential as the entry.

When the temporary classification flexibility ends, affected loans will need to be reassessed for staging. The provisioning catch-up could compress capital ratios materially. Internal Capital Adequacy Assessment Process (ICAAP) and recovery plans need to model this now.



Six Decisions for Bank Leadership

1

Buffer Utilisation

The CBUAE has released the CCyB and CCB and granted temporary LCR/NSFR relief. Banks that use the relief support clients and the national economy. Banks that draw down aggressively may be read as under pressure by rating agencies and wholesale counterparties. Banks that hold back entirely should be ready to explain that choice to supervisors.

Action: establish a board-approved framework for buffer utilisation, including thresholds, conditions, stakeholder communication, and a defined restoration path.

2

IFRS 9 Staging

No equivalent joint IFRS 9 guidance has been announced to date in connection with the 17 March package. Banks are therefore making institution-specific judgments on whether conflict-related arrears, covenant breaches or revenue declines constitute a Significant Increase in Credit Risk triggering Stage 2 migration. The CBUAE's COVID-era joint guidance with the DFSA and ADGM FSRA remains a useful reference point, and further guidance could still follow.[3]

Action: document staging rationale in detail now, including qualitative overlays and assumptions. Ensure positions are defensible and can be reconciled if joint guidance is later issued.

3

Continued Lending

Pillar V of the measures sends a clear signal: the CBUAE expects banks to maintain financing to customers and the national economy. The other four pillars ease regulatory and liquidity constraints on doing so. During COVID-19, the CBUAE published data on the scale and beneficiaries of TESS relief.[4]

Action: update credit risk appetite frameworks. Document the basis for individual lending decisions, distinguishing temporary conflict-related disruption from underlying credit deterioration.

4

Exit Planning

When LCR/NSFR relief is withdrawn, banks must be back in compliance. When the temporary classification flexibility ends, affected loans will need to be reassessed for staging. If a material proportion is assessed as having experienced a SICR, the provisioning catch-up will compress capital ratios.

Action: run ICAAP and recovery plan scenarios against 4-week, 8-week, and 12-week+ conflict durations, covering provisioning catch-up, buffer restoration, deposit outflow trajectories, and funding cost impact.

5

Deposit and Liquidity

The CBUAE's record reserves and early intervention are important confidence signals. At a system level, GCC banks hold ~US\$312bn in cash and central bank balances against S&P's US\$307bn stress-case outflow estimate, plus ~US\$630bn from portfolio liquidation at a 20% haircut. No significant outflows have been reported to date.[2]

Action: recognize that system-level adequacy is not bank-level adequacy. ALCOs should run granular deposit attrition analysis by segment: non-resident, institutional, and conflict-exposed sectors (aviation, logistics, tourism, real estate).

6

Operational Resilience

The CBUAE has stated that banking systems, payment systems and national financial infrastructure continue to operate with full efficiency and stability.[5] At the same time, recent reporting indicates disruption affecting aviation, logistics and digital infrastructure in the UAE.[2] S&P notes that some banks have backup facilities outside the region.[2]

Action: review BCPs, IT disaster recovery, and third-party concentration risk against the current threat environment. Banks without failover capability outside the region should escalate to the board.



What to Watch



- IFRS 9 joint guidance from CBUAE, DFSA and ADGM FSRA: would anchor system-wide staging consistency
- Classification-flexibility detail: scope, duration, eligibility; drives portfolio-level impact
- Deposit flows: next 2-4 weeks; non-resident and institutional segments
- Package expansion: zero-cost facility or reserve requirement cut would signal escalation
- Rating agency actions: S&P AA/A-1+ stable (6 March); outlook revision would affect system-wide cost of capital. [6]
- Post-conflict supervisory review - documentation now determines your position later



Key Contacts

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[1] Central Bank of the UAE, "CBUAE Board Reviews Strength and Resilience of the UAE's Financial System and Banking Sector and Approves a Proactive Financial Institution Resilience Package Backed by CBUAE's Assets of AED 1 Trillion," 18 March 2026 (package approved by the Board on 17 March 2026).

[2] Reuters, reports dated 1, 2, 16 and 17 March 2026 on attacks and disruption affecting UAE airports, ports, cloud infrastructure and bank operations; plus Reuters, "Gulf banks face \$307 billion deposit flight risk if war worsens, S&P says," 17 March 2026.

[3] Joint Guidance of the Central Bank of the UAE, Dubai Financial Services Authority and ADGM Financial Services Regulatory Authority on IFRS 9 Expected Credit Losses in the context of COVID-19, April 2020.

[4] Central Bank of the UAE COVID-19 support announcements and CBUAE Annual Report 2020 / Financial Stability Report 2020.

[5] Central Bank of the UAE, "The UAE Banking and Financial Sector is Resilient, Strong, Stable, and Well-Positioned to Navigate Regional Developments," 5 March 2026.

[6] S&P Global Ratings, "Research Update: United Arab Emirates Ratings Affirmed At 'AA/A-1+'; Outlook Stable," 6 March 2026.