Credit Agricole CIB – UAE
(Dubai and Abu Dhabi Branches)

Pillar 3 Market Disclosures
Quarter 3-2023

TABLE OF CONTENTS

1 Introduction

The Basel 3 agreements are structured around three pillars:

- **Pillar 1** determines the minimum capital adequacy requirements and ratio levels in accordance with current regulatory framework:
- **Pillar 2** supplements the regulatory approach with the quantification of a capital requirement covering the major risks to which the Bank is exposed, based on the methodologies specific to it;
- **Pillar 3** introduces new standards for financial disclosures to the market. These must detail the components of regulatory capital, the assessments of risks both with regard to the regulations applied and the activity during the period.

Credit Agricole CIB publishes the qualitative and quantitative information required for a large listed institution, included in the consolidation scope of the Credit Agricole S.A Group.

Solvency Management is primarily aimed at assessing the capital and ensuring it is sufficient to cover the risks to which Credit Agricole CIB is or may be exposed in light of its activities, to that end, Credit Agricole CIB group measures regulatory capital requirements (Pillar 1) and manages regulatory capital by relying on short and medium term forward looking measures, consistent with budget projections, based on a central economic scenario.

Credit Agricole S.A's subsidiaries under exclusive control and subject to compliance with capital requirements, including the Credit Agricole CIB Group are allocated capital at a consistent level, taking into account local regulatory requirements, the capital requirements needed to finance their development and a management buffer tailored to the volatility of their CET1 ratio.

In addition, the group has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) developed in accordance with the interpretation of the regulatory texts below. The ICAAP includes in particular:

- governance of capital management
- measurement of economic capital requirements based on risk identification process and a quantification of capital requirements using an internal approach (Pillar 2)
- a qualitative ICAAP that formalizes the major areas of risk assessment.

The Pillar 3 disclosures, based on a common framework, are an effective means of informing the market about the risks faced by a bank, which will allow market participants to assess key information on the scope of application, capital, risk exposure, risk assessment process and hence the capital adequacy of the bank.

Verification:

The Pillar 3 Disclosures have been prepared in accordance with the latest Capital Adequacy Standards issued by UAE Central bank. This report has been jointly compiled by Risk and Finance departments. Pillar 3 disclosures prepared at quarterly intervals have been independently reviewed by the internal audit department and approved by Bank's Senior Management in UAE.

Applicability of Pillar III disclosure templates:

The below set of disclosures though applicable for branches of a foreign banks, are currently not applicable for CACIB UAE Onshore Branches and hence, have not been included in these disclosures.

Table	Information Overview	Format	Disclosure Frequency
LIQ1	Liquidity Coverage Ratio	Fixed	Quarterly

2 Overview of Risk management, Key Prudential Metrics and RWA

2.1 Key metrics (KM1)

Key prudential regulatory metrics related to regulatory capital, leverage ratio and liquidity standards have been included in the following table:

		SEP-23 AED 000	JUN-23 AED 000	MAR-23 AED 000	DEC-22 AED 000	SEP-22 AED 000
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	372,896	372,896	372,896	371,580	371,221
1a	Fully loaded ECL accounting model	372,896	372,896	372,896	371,580	371,221
2	Tier 1	372,896	372,896	372,896	371,580	371,221
2a	Fully loaded ECL accounting model Tier 1	372,896	372,896	372,896	371,580	371,221
3	Total capital	372,896	372,896	372,896	371,580	371,221
3a	Fully loaded ECL accounting model total capital	372,896	372,896	372,896	371,580	371,221
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	731,649	730,378	804,558	683,065	624,450
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	50.97%	51.06%	46.35%	54.40%	59.45%
5a	Fully loaded ECL accounting model CET1 (%)	50.97%	51.06%	46.35%	54.40%	59.45%
6	Tier 1 ratio (%)	50.97%	51.06%	46.35%	54.40%	59.45%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	50.97%	51.06%	46.35%	54.40%	59.45%
7	Total capital ratio (%)	50.97%	51.06%	46.35%	54.40%	59.45%
7a	Fully loaded ECL accounting model total capital ratio (%)	50.97%	51.06%	46.35%	54.40%	59.45%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	40.47%	40.56%	35.85%	43.90%	48.95%
	Leverage Ratio					
13	Total leverage ratio measure	1,769,839	1,722,804	1,868,373	1,651,189	1,579,280
14	Leverage ratio (%) (row 2/row 13)	21.07%	21.64%	19.96%	22.50%	23.51%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	21.07%	21.64%	19.96%	22.50%	23.51%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	21.07%	21.64%	19.96%	22.50%	23.51%
	ELAR					
21	Total HQLA	473,804	388,672	441,350	441,968	447,074
22	Total liabilities	276,583	260,630	339,549	256,108	228,463
23	Eligible Liquid Assets Ratio (ELAR) (%)	171%	149%	130%	173%	196%
	ASRR					
24	Total available stable funding	528,295	428,373	476,501	399,751	421,215
25	Total Advances	96,685	119,278	184,836	133,056	130,183
26	Advances to Stable Resources Ratio (%)	18.30%	27.84%	38.79%	33.28%	30.91%

Narrative Commentary on QoQ Variance:

- **Total risk-weighted assets (RWA):**
  The QOQ RWA remains stable from last quarter, no major evolution in RWA (Q3: 731,649KAED vs Q2: 730,378KAED)

- **ELAR:** Minimum ELAR required to be maintained as per the guidelines of the Central Bank of UAE is >= 10%, Average ELAR QoQ has increased by 22% and stands at 171% as of Sep-23. QoQ variance is predominantly due to increase ODF (Overnight Deposit Faciltiy) balance with Central Bank and some small increase under short term deposits and current account balances.

- **ASRR:** Decrease in ratio is mainly due to maturity of few discounting utilizations under total advances and increase in current account balances & term deposits, leading to an increase in total available stable funding. Overall, ASRR ratio remains below the regulatory threshold (<100%) as of Sep 30, 2023.

- Line # 15-20 related to Liquidity Covarage Ratio and net stable funcding ratio has not been populated in 'KM1' return as it is not applicable to CACIB UAE branches

2.2 Overview of Risk Management, Key Prudential Metrics and RWA (OV1)

The overall solvency ratio, as presented in the prudential ratio table is equal to the ratio of the total capital to the sum of the credit, market and operational risk-weighted exposures.

The following table provides an overview of total Risk Weighted Assets:

		a	b	c
		RWA		Minimum capital requirements
		SEP-23 AED 000	JUN-23 AED 000	SEP-23 AED 000
1	Credit risk (excluding counterparty credit risk)	712,060	710,693	74,766
2	Of which: standardised approach (SA)	712,060	710,693	74,766
3	[redacted]			
4				
5				
6	Counterparty credit risk (CCR)	6	13	1
7	Of which: standardised approach for counterparty credit risk	6	13	1
8	[redacted]			
9				
10				
11				
12	Equity investments in funds - look-through approach			
13	Equity investments in funds - mandate-based approach			
14	Equity investments in funds - fall-back approach			
15	Settlement risk			
16	Securitisation exposures in the banking book			
17	[redacted]			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)			
19	Of which: securitisation standardised approach (SEC-SA)			
20	Market risk	544	633	57
21	Of which: standardised approach (SA)	544	633	57
22	[redacted]			
23	Operational risk	19,039	19,039	1,999
24	[redacted]			
25				
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**731,649**	**730,378**	**76,823**

Narrative Commentary on QoQ Variance:

Total risk-weighted assets (RWA): The QOQ RWA remains stable compared to last quarter.

3 Leverage ratio

Summary comparison of accounting assets vs leverage ratio exposure (LR2)

		a	b
		SEP-23 AED 000	JUN-23 AED 000
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	715,056	645,879
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework		
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)		
6	(Asset amounts deducted in determining Tier 1 capital)		
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	715,056	645,879
	Derivative exposures		
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	6	13
9	Add-on amounts for PFE associated with *all* derivatives transactions		
10	(Exempted CCP leg of client-cleared trade exposures)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivative exposures (sum of rows 8 to 12)**	6	13
	Securities financing transactions		
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	CCR exposure for SFT assets		
17	Agent transaction exposures		
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**		
	Other off-balance sheet exposures		
19	Off-balance sheet exposure at gross notional amount	2,515,705	2,597,738
20	(Adjustments for conversion to credit equivalent amounts)	(1,460,927)	(1,520,826)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)		
22	**Off-balance sheet items (sum of rows 19 to 21)**	1,054,778	1,076,912
	Capital and total exposures		
23	**Tier 1 capital**	372,896	372,896
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	1,769,839	1,722,804
	Leverage ratio		
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	21.07%	21.64%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)		
26	CBUAE minimum leverage ratio requirement	3%	3%
27	**Applicable leverage buffers**		

4 Liquidity

4.1 Eligible Liquid Assets Ratio (ELAR) (AED 000)

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	473,804	
1.2	UAE Federal Government Bonds and Sukuks		
	Sub Total (1.1 to 1.2)	473,804	473,804
1.3	UAE local governments publicly traded debt securities		
1.4	UAE Public sector publicly traded debt securities		
	Sub total (1.3 to 1.4)		
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks		
1.6	**Total**	**473,804**	**473,804**
2	Total liabilities		276,583
3	**Eligible Liquid Assets Ratio (ELAR)**		**1.7131**

Note: Data is based on a simple averages of daily observations over the Q32023 (i.e. starting from 1st of July 2023 to end of Sep 30, 2023) per regulatory guidelines.
Due to impact of error noted in the calculation of the ratio as of 31st August,average ELAR has been adjusted in the above table, though the overall monthend impact remains negligible.

4.2 Advances to Stables Resource Ratio (ASRR) (AED 000)

		Items	Amount
1		**Computation of Advances**	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	51,883
	1.2	Lending to non-banking financial institutions	
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	19,621
	1.4	Interbank Placements	25,181
	1.5	**Total Advances**	96,685
2		**Calculation of Net Stable Ressources**	
	2.1	Total capital + general provisions	383,468
		Deduct:	
	2.1.1	Goodwill and other intangible assets	
	2.1.2	Fixed Assets	1,301
	2.1.3	Funds allocated to branches abroad	
	2.1.5	Unquoted Investments	
	2.1.6	Investment in subsidiaries, associates and affiliates	
	2.1.7	**Total deduction**	1,301
	2.2	**Net Free Capital Funds**	382,167
	2.3	**Other stable resources:**	
	2.3.1	Funds from the head office	
	2.3.2	Interbank deposits with remaining life of more than 6 months	
	2.3.3	Refinancing of Housing Loans	
	2.3.4	Borrowing from non-Banking Financial Institutions	
	2.3.5	Customer Deposits	146,128
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	
	2.3.7	**Total other stable resources**	146,128
	2.4	**Total Stable Resources (2.2+2.3.7)**	528,295
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	18.30