

Credit Agricole CIB – UAE

Corporate Governance Statement
December-2022

TABLE OF CONTENTS

Contents	Pages
1 Overview	2
2 Organisational and Governance Structure	2
3 The Executive Committee	2
4 Remuneration	6
5 Related Party Disclosures	6
6 Assurance Statement by the Management	7

1. Overview

The Corporate Governance report provides details on our Executive Committee (CODIR), which is Board equivalent, management committees and outlines key aspects of our approach to corporate governance.

2. Organizational and Governance structure

Credit Agricole Corporate and Investment Bank UAE (CACIB UAE) is a branch of Credit Agricole Corporate and Investment Bank (“Head office”) incorporated in France. The ultimate parent of Credit Agricole Corporate and Investment Bank is Credit Agricole SA (CA SA), also incorporated in France.

The principal activity of Credit Agricole Corporate and Investment Bank in the UAE is commercial banking which is carried out from its branches in Dubai and Abu Dhabi (the “Branches”), under a banking license issued by the Central Bank of the UAE (“CBUAE”). The Dubai branch’s registered address is PO Box 9256, Dubai, United Arab Emirates. The Abu Dhabi branch’s registered address is PO Box 4725, Abu Dhabi, United Arab Emirates.

All the operating activities of the Branches are clearly defined and separately managed from the other businesses of the Head Office and accounting records are maintained on this basis. The assets of the Branches are used solely by the Branches and are registered in the name of the Branches. The liabilities relate to the activities of the Branches.

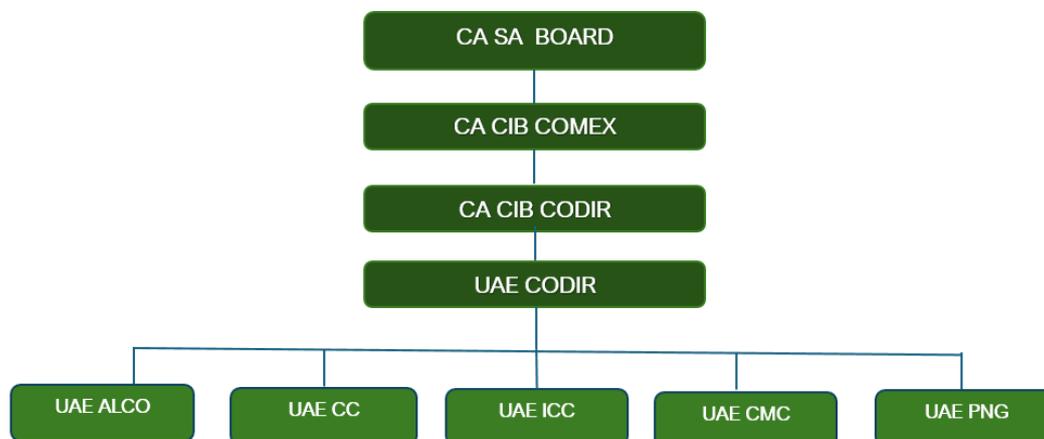
It is important to note whilst the reporting boundary is defined above, the assets and liabilities presented within the reporting boundary remain the assets and liabilities of the Head Office and are not legally separable from the Head Offices’ other assets and liabilities. As such legally, the assets of the reporting entity may be available to the other claims of the Head Office.

The purpose of the bank is to deploy its full expertise on the market and serve its clients with a fair value proposition through a transparent and valuable product offering and state of the art advisory services.

To ensure the excellence of its service, CACIB UAE has implemented the full set of policies, procedures, operations and control functions that the Group is using in the Head Office to ensure transparent and compliant market operations, for both our products and services, from their inception to final execution and distribution. A comprehensive monitoring of the local activities is performed at each level of the lines of defence and our operations are regularly assessed through internal audit controls.

Credit Agricole Group code of conduct, and its subsequent local adaptation, is regularly updated to ensure as well an optimal service for our clients in full respect of the regulation. We operate with a zero tolerance approach on any misconduct or unethical behaviour.

The Bank’s organisational and governance structure as at 31 December 2022 is as below:



3. The Executive Committee (CODIR)

The Executive Committee is an information sharing and decision making forum for senior managers of certain key functions of CA-CIB MEA.

The purpose of the CODIR is to:

- (i) follow up on actions from the previous CODIR meeting;
- (ii) provide a forum for the Senior Regional Officer (SRO) to discuss matters with the Members or share information on matters the SRO deems appropriate to bring to the attention of the attendees. The SRO may consult with the Members on matters before arriving at his decision; and
- (iii) consider and make decisions on questions and/or issues that do not fall under the scope of other Committees,

provided always that matters that remain the responsibility of other Committees mentioned in this Directive shall not be decided at the CODIR and shall instead be considered in the context of the appropriate Committee (e.g. credit files will be decided upon at Credit Committees).

The CODIR shall consist of the following Members:

- SRO, Chairman of the Committee
- Chief Operating Officer
- Head of Corporate Coverage or his representative
- Financial Institutions Group (FIG) Coverage representative
- Head of Human Resources
- Head of Global Markets Division
- General Counsel and Regional Head of Compliance
- Head of Corporate Planning

In addition to the above Members, the Chairman may decide to invite other heads of functions to attend meetings of the CODIR, as the Chairman may deem fit.

The Head of Corporate Planning shall act as the Secretary of the Committee.

The meetings of the CODIR shall be held every six weeks, or as and when required. Any Member may call a CODIR meeting at any time and the same shall be arranged, subject to the approval of the Chairman of the meeting. The Chairman may direct that a CODIR meeting is held outside the scheduled time period at his discretion. Attendance is mandatory. However, in exceptional cases only, if a Member of the CODIR is unable to attend a meeting, such a Member must designate a member of the relevant team to represent him/her at the meeting. Participation shall be monitored and each Member should attend at least 75% of the meetings per annum.

For the year 2022, 5 (five) CODIR took place with a participation rate of 92.5%. The proportion of female membership in the CODIR stood at 28.5%, with 2 female EXCO members out of 7 permanent members (excluding 1 FIG coverage, rotating).

The appointment of CODIR members, while remaining a prerogative of the Senior Regional Officer as Chairman of the Committee, must comply with the Group policies as well as with the local regulatory requirements. Our internal policies ensure that the profile of CODIR members is well diversified (in terms of gender, ethnicity, skills), highly educated, with a proven professional track record and clean reputation. CODIR members aim to define the long term strategy and success of the bank, the adherence to the Group values and the promotion of a performance and excellence culture.

Other Senior Management Committees

CA-CIB UAE presently has the following Committees:

- Asset and Liability Management Committee (ALM Committee)
- Credit Committee (CC)
- Internal Control Committee (ICC)
- Compliance Management Committee (CMC)
- Persona Non Grata (PNG) Appeal Committee

Asset and Liability Management Committee (ALM Committee)

The purpose of the ALM Committee is to define and monitor the asset and liability management (ALM) strategy of CA-CIB UAE.

The ALM Committee constitutes the decision making forum with regard to ALM within CA-CIB UAE. It has the following responsibilities:

- (i) organisation and monitoring of ALM function within the branch;
- (ii) approval of norms for financial management and ALM;
- (iii) validation of ALM methodologies and conventions;
- (iv) management and supervision of overall interest rate risk, foreign exchange risk and transformation risk;
- (v) authorisation of ALM limits;
- (vi) management of CA-CIB UAE working capital;
- (vii) setting internal rules for financial risks and balance sheet management; and
- (viii) application of prudential regulations.

In particular, the ALM Committee takes all decisions that it considers useful in the following areas:

- management of financial risks (interest rate, foreign exchange and liquidity); and
- balance sheet and prudential ratio management.

At CA-CIB UAE Finance department has the responsibility of implementing the decisions of the ALM Committee.

The ALM Committee shall consist of the following Members:

- SRO or his representative, the Deputy SCO, Chairman of the Committee
- CFO
- COO
- Head of Market Risk
- CRO
- Head of Treasury
- Head of Management Accounting and ALM
- Head of Global Market Division
- Head of Corporate Coverage
- FIG Coverage representative
- Head of ITB, or in the absence of the head of ITB, head of Transaction Banking
- Head of Treasury Paris
- ALM International Co-ordination (Representative of ALM, Paris)

The meetings of ALM Committee shall be held quarterly. The Secretary of the ALM Committee is the CFO.

Credit Committee (CC)

The CC meets to discuss credit files for approval, recommendation to higher approval bodies or ratification. The files are presented by the Front Office and RPC provides its opinion on such credit files incorporating the financial analysis, risks and mitigants. The approval or recommendation of the credit file will be subject to “no objection” or, at least, a non-blocking opinion from Compliance.

In addition to the credit file, the CC may also discuss other credit matters as and when required.

The Credit Committee shall consist of the following Members:

- SRO or his representative, the Deputy SCO, Chairman of the Committee
- COO
- CRO
- RPC UAE representative
- Head of Compliance UAE
- General Counsel and Regional Head of Compliance
- Head of Corporate Coverage
- Relationship Manager(s) and/or members of Corporate and FIG Coverage (as applicable)
- Heads of Business Lines such as Global Markets Division, CLF, ITB (as applicable)

The meetings of the CC shall be held as and when required. The Secretary of the CC is the CRO.

Internal Control Committee (ICC)

The role of the ICC is to ensure the overall supervision of the risks of CA-CIB UAE. ICC assists senior management to exercise supervision through the internal control function. The ICC monitors the resolution of material control weaknesses highlighted to it and ensures the maintenance of the common standards of best practice in internal control.

The following are some of the matters taken up by the ICC:

- (i) review of operational incidents;
- (ii) review of risk indicators;
- (iii) validation of the operational risk mapping;
- (iv) approval of the operational procedures; and
- (v) monitoring of the audit follow-up and important recommendations.

The ICC shall consist of the following Members:

- SRO or his representative, the Deputy SCO, Chairman of the Committee
- Deputy SCO and COO
- Head of Corporate Coverage
- FIG Coverage representative
- Head of Permanent Control
- Head of Compliance UAE
- Head of Market Risk
- CRO
- RPC UAE representative
- General Counsel and Regional Head of Compliance
- Head of Global Markets Division
- Head of Capital Markets Middle Office
- Audit Manager

In addition to the above Members, Regional Head of IGE, Deputy Regional Head of IGE, Head of Global Islamic Banking, Head of Legal and Permanent Control correspondent of the Bank's Head Office shall be permanent invitees to the meetings of the ICC. The Secretary of the ICC may also invite members of regional and Head Office audit teams to attend.

In accordance with applicable Head Office guidelines, ICC meetings shall be held at least three times a year. The Secretary of the ICC is the Head of Permanent Control.

Compliance Management Committee (CMC)

The objectives of the CMC are as follows:

- (i) to provide an update on the activities conducted by CACIB UAE, on the main events and regulatory developments impacting CACIB UAE risk profile and the actions undertaken to manage these risks. The CMC discusses the most significant topics.
- (ii) to oversee CACIB UAE compliance risk management framework and to take any decision required to ensure that CACIB UAE Compliance control system is effectively implemented across all functions and to provide adequate assurance as to non-compliance risks management.
- (iii) to ensure that the weaknesses identified through CACIB UAE compliance control system or by any other relevant function are promptly escalated and addressed.
- (iv) to provide an update on the main points of attention and actions undertaken by the relevant Business Lines and Coverage to fulfil their role and responsibilities as first line of defense and in managing compliance risks, as well as in contributing to the embedding of compliance culture.
- (v) to review the actions and initiatives of the Business Lines and Coverage to improve compliance controls and reduce non-compliance risks within their respective scope of activities.
- (vi) to monitor the implementation of the identified action plans for CACIB UAE compliance.

The first part of the CMC (Agenda A in plenary mode) is more specifically dedicated to Business Lines and Coverage with the second one (Agenda B for a more restrained audience) focused on Compliance and control functions.

The CMC shall consist of the following Members:

- SRO or his representative, the Deputy SCO, Chairman of the Committee
- Deputy SCO and COO
- Head of Corporate Coverage
- FIG Coverage representative
- CRO
- CFO
- General Counsel and Regional Head of Compliance
- Head of Legal
- Head of Compliance UAE
- Head of International Trade & Transactional Banking
- Head of Trade Finance
- Head of Mergers and Acquisitions
- Head of Corporate Loan Origination / Corporate and Leveraged Finance
- Head of Islamic Banking
- Head of Global Market Division

In addition to the above Members, Compliance Officer(s) (as applicable), Shari'ah Governance Officer, members of LGL team (as applicable), Head of Permanent Control and the internal Audit Manager shall be permanent invitees to the meetings of the CMC. The Chairman of the CMC may invite representatives from other functions to attend the CMC meeting on an ad hoc basis, for instance to present the actions undertaken or projects implemented which impacts compliance risk management of CACIB UAE.

The meetings of the CMC shall be held each quarter.

PNG Appeal Committee

The purpose of the PNG Appeal Committee is to treat any compliant/grievance filed by a staff on onshore Branch for his/her listing to the UAEPNG system by the Bank

The Appeal Committee shall consist of the following Members:

- SRO (Chairman)
- COO
- Representative from Human Resources department (acting as secretary of the committee)
- Representative from Legal department,
- Representative from Compliance Department

In addition to the above Members, other invitees including the Manager of the staff concerned may be invited to the meeting.

The Appeal Committee should also send the intimation of meeting to representatives of the Central Bank and the UBF (who may wish to participate as an observer).

HR is the designated department & integral for managing the appeals process and same should be conveyed to staff while making the decision so that appellant can appeal to HR.

Appeal Committee decisions should be by majority agreement and committee should be comprised on odd number of members.

To avoid any conflict of interest, no one who was involved in the Investigation or disciplinary action should be part of the Appeal Committee. Investigation team member/s can only be part of the committee to present facts of the case, evidences and to answer any queries/provide clarifications but they cannot be part of decision making process.

4. Remuneration

Credit Agricole CIB group has established a responsible compensation policy that aims to reflect its values while respecting the interests of all the stakeholders including employees, clients and shareholders. In light of the specific characteristics of its business lines, its legal entities, national and international legislation, Credit Agricole CIB has developed a remuneration policy which is internally consistent, gender neutral and externally competitive on its reference markets, to ensure the Bank can attract and retain the talent it needs. Benchmarking with other financial institutions is regularly carried out for this purpose.

The compensation policy of Credit Agricole CIB is elaborated within a highly regulated framework specific to the banking sector. As a fundamental principle, Credit Agricole CIB ensures compliance of its compensation policy with the current legal and regulatory environment at national, European and international levels.

Total Compensation

The total compensation of Credit Agricole CIB Group's employees is made up of the following components (where applicable):

- Fixed compensation;
- Annual individual variable compensation;
- Long-term variable compensation;
- Supplementary pension and health insurance plans;
- Benefits in kind

An employee may be eligible to all or some of these elements, depending on their responsibilities, skills, performance and location. Attribution of compensation elements is based on internal equity and on external market references, and also takes into account collective and individual qualitative and quantitative performance.

The bank has objective setting campaign every year where the qualitative and quantities objectives of the staff are specified clearly and agreed with the head of business lines. Then at the end of the year, the achievement of these objectives are assessed through a formal assessment method and then remuneration is then discussed and defined.

Bank has a formal appraisal process every year that specify the objectives which include risk elements for these roles and based on the assessment at the end of the year of whether these objectives have been met or no, remuneration can then be looked at. Additionally, we have 'Risky Behaviour' process through which we identify during the year risky behaviour as per the group criteria and mitigate accordingly.

5. Related Party Disclosures

Credit Agricole CIB, UAE onshore branches' related parties are the Credit Agricole CIB group companies.

A number of transactions are entered into with Head Office and branches abroad in the normal course of business. These include loans, deposits and foreign currency transactions.

In addition to that, CA CIB UAE Onshore branches have outsourcing arrangements with Head Office and branches abroad for services provided to the UAE Onshore branches and the transactions were carried out on commercial terms and conditions duly approved by the management of the Branches. Fees paid are tabulated below under "Operating expenses – Others"

CA CIB DIFC branch also provide services to the UAE Onshore branches under an internal service level agreement between the two entities with no fees charged for the services. The functions that are currently outsourced are Human Resources, Risk, Legal, Compliance, Finance, Administration, IT/BCP, Treasury, Global Markets (Fx and Middle Office), Corporate Middle office and Coverage.

CA CIB Dubai branch provides services to CA CIB DIFc Branch under an Internal service level agreement between the two entities with no fees charged for the services. However at the UAE Onshore branches level, a process has been implemented to re-allocate common expenses allocated by Head office, senior management cost and

global corporate banking operations from CACIB Dubai to the CACIB DIFC branch. The allocation is based on the proportion of average assets of both the branches.

The Related party disclosures have been presented in the audited Financial Statements for the year ending 2022.

	2022	2021
	AED'000	AED'000
Balances as at 31 December:		
Due from Head Office and branches abroad	9,201	8,147
Due to Head Office and branches abroad	143,280	110,109
	2022	2021
	AED'000	AED'000
Transactions during the year:		
Interest income	72	65
Interest expense	(1,210)	(100)
Fee income on correspondent banking services	289	235
Operating expenses - Head Office costs	(8,504)	(9,752)
Operating expenses – Others	(1,080)	(1,060)
Operating expenses – Recharge to DIFC branch	16,411	17,821

Forward foreign exchange contracts (FECs) comprise commitments to purchase and sale of foreign and domestic currencies on behalf of customers and in respect of the Branches' proprietary activities and undelivered spot transactions. The Fair Value (FV) hierarchy of the forward foreign exchange contracts are disclosed in note 3.5 of the audited financial statement of CACIB UAE branches as of December 31, 2022.

The Branches have entered into the following forward exchange transactions with Related parties:

	Assets	Liabilities	Contract
	AED'000	AED'000	Commitment
			AED'000
31 December 2022	-	1	19,087
31 December 2021	-	-	4,316

Remuneration to key management personnel

	2022	2021
Number of key management personnel	2	2
	2022	2021
	AED'000	AED'000
Salaries and other short term benefits	(4,697)	(4,875)
Employees' end of service benefits	(548)	(613)
Total compensation to key management personnel	(5,245)	(5,488)

The remuneration presented above relates to the 2 key Management staff of the branch in line with the published Audited Financial Statement 2022 and does not encompass the remuneration of the other senior management staff.

6. Assurance Statement By The Management

Compliance with CBUAE corporate Governance expectations

CBUAE Circular 83/2019 Standards states in article 13, paragraph 2: ' A Bank must publish an annual corporate governance-specific and comprehensive statement in a clearly identifiable section in its Annual Report'.

To comply with this requirement, CA CIB UAE has established a process to review and confirm that, in all material aspects, the internal policies established to ensure compliance with the Central Bank's Regulations and Standards on Corporate Governance, Risk Management, Internal Controls, Compliance, Internal Audit, External Audit, Financial Reporting and Outsourcing are periodically reviewed, and to the best of our knowledge, we have not identified any material gaps with the UAE regulation.

Attestation of compliance with the above is derived from:

Review of policies and procedures

Policies and procedures are reviewed on a regular basis to ensure that they remain up to date, accurate, relevant and that local policies exist to supplement global policies as and when required, to ensure compliance with local regulations.

Active risk management and three lines of defense

Risk management is the responsibility of each employee, and is implemented through a three lines of defense framework.

- The **first line of defense** comprises of business lines and support functions who perform day-to-day operational and/or support activities. Issues can be identified through their regular control testing and control monitoring.
- The **second line of defense** comprises of Risk & Permanent Control (RPC) and Compliance, which are control functions independent of the first line. They are responsible for either setting the corporate risk appetite or recommending the compliance risk tolerance limits, developing policies and procedures to evaluate whether risks are contained within the appropriate limits, carrying out a risk and control self-assessment exercise. Bank-wide risk assessments are subsequently yearly validated by executive management during the Bank's Internal Control Committee (ICC).

Any loss or incident are reported through an internal system (OLIMPIA) that capture and record these items. They are also discussed in ICC along with others subjects such as procedure updates, Key Risk Indicators (KRI), controls reports results and action plans on risk deficiencies identified including Audit recommendations issued if any.

- Audit operates as the independent **third line of defense**, does periodic controls and provides reports to the management.

The Risk Management strategies and Risk exposures have been elaborated in the 2022 Annual Audited Financial Statements. The 2022 Financial statements can be accessed on the CA CIB website using the following link:

<https://www.ca-cib.com/our-global-markets/middle-east-africa/united-arab-emirates>