Credit Agricole CIB – UAE

Pillar 3 Market Disclosures
Quarter 1-2022

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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)
- performance of ICAAP stress tests aimed at stimulating capital destruction after 3 years of an adverse economic scenario
- a qualitative ICAAP that formalizes the major areas of risk assessment.

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:

		MAR-22 AED 000	DEC-21 AED 000
	Available capital (amounts)		
1	Common Equity Tier 1 (CET1)	370,837	371,787
1a	Fully loaded ECL accounting model	370,837	371,787
2	Tier 1	370,837	371,787
2a	Fully loaded ECL accounting model Tier 1	370,837	371,787
3	Total capital	370,837	371,787
3a	Fully loaded ECL accounting model total capital	370,837	371,787
	Risk-weighted assets (amounts)		
4	Total risk-weighted assets (RWA)	615,202	660,771
	Risk-based capital ratios as a percentage of RWA		
5	Common Equity Tier 1 ratio (%)	60.28%	56.27%
5a	Fully loaded ECL accounting model CET1 (%)	60.28%	56.27%
6	Tier 1 ratio (%)	60.28%	56.27%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	60.28%	56.27%
7	Total capital ratio (%)	60.28%	56.27%
7a	Fully loaded ECL accounting model total capital ratio (%)	60.28%	56.27%
	Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	49.78%	45.77%
	Leverage Ratio		
13	Total leverage ratio measure	1,564,786	1,571,452
14	Leverage ratio (%) (row 2/row 13)	23.70%	23.66%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	23.70%	23.66%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	23.70%	23.66%
	ELAR		
21	Total HQLA	445,474	437,457
22	Total liabilities	207,091	240,579
23	Eligible Liquid Assets Ratio (ELAR) (%)	215%	182%
	ASRR		
24	Total available stable funding	458,010	427,471
25	Total Advances	34,981	106,586
26	Advances to Stable Resources Ratio (%)	7.64%	24.93%

Narrative Commentary

The Capital Adequacy Ratio (CAR) of CA CIB UAE Branches is well above the minimum regulatory requirement of 13% (including capital conservation buffer).
QoQ Variance on Total Advances impacting Risk weighted asset and Advances to stable resources ratio is mainly due to decrease in utilizations under overdraft facilities.

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:

		RWA		Minimum capital requirements
		MAR-22 AED 000	DEC-21 AED 000	MAR-22 AED 000
1	Credit risk (excluding counterparty credit risk)	592,449	629,964	62,207
2	Of which: standardised approach (SA)	592,449	629,964	62,207
3	[redacted]			
4	[redacted]			
5	[redacted]			
6	Counterparty credit risk (CCR)	6	22	1
7	Of which: standardised approach for counterparty credit risk	6	22	1
8	[redacted]			
9	[redacted]			
10	[redacted]			
11	[redacted]			
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	628	630	66
21	Of which: standardised approach (SA)	628	630	66
22	[redacted]			
23	Operational risk	22,119	30,155	2,323
24	[redacted]			
25	[redacted]			
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**615,202**	**660,771**	**64,596**

Narrative Commentary

Exposure remains in line with normal business operating activity, Variation in Credit risk exposure is mainly due to decrease in overdraft utilization.

3 Leverage ratio

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

		MAR-22 AED 000	DEC-21 AED 000
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	591,149	615,822
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)**	591,149	615,822
	Derivative exposures		
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
9	Add-on amounts for PFE associated with *all* derivatives transactions	5.6	22.4
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)**	5.6	22.4
	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)**	-	-

		MAR-22 AED 000	DEC-21 AED 000
	Other off-balance sheet exposures		
19	Off-balance sheet exposure at gross notional amount	2,377,379	2,272,101
20	(Adjustments for conversion to credit equivalent amounts)	(1,403,748)	(1,316,494)
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)**	973,631	955,607
	Capital and total exposures		
23	**Tier 1 capital**	370,837	371,787
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	1,564,786	1,571,452
	Leverage ratio		
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	23.70%	23.66%
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**	-	-

Narrative Commentary

Exposure remain in line with normal business operating activity Variation in Credit risk exposure is mainly due to decrease in overdraft utilization and other off balance sheet exposures

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	445,474	
1.2	UAE Federal Government Bonds and Sukuks	-	
	Sub Total (1.1 to 1.2)	445,474	445,474
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**	**445,474**	**445,474**
2	Total liabilities		207,091
3	**Eligible Liquid Assets Ratio (ELAR)**		**2.15**

Data is based on average calculated over a period of 90 days starting 1st of January 2022 to end of March 2022.

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)	11
	1.2	Lending to non-banking financial institutions	-
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	21,055
	1.4	Interbank Placements	13,915
	1.5	**Total Advances**	34,981
2		**Calculation of Net Stable Ressources**	
	2.1	Total capital + general provisions	371,207
		Deduct:	
	2.1.1	Goodwill and other intangible assets	-
	2.1.2	Fixed Assets	1,038
	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**	1,038
	2.2	**Net Free Capital Funds**	370,169
	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	87,841
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
	2.3.7	**Total other stable resources**	87,841
	2.4	**Total Stable Resources (2.2+2.3.7)**	458,010
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	7.64