

Pillar 3 Report  
09.30.2023

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# 1. Prudential indicators

## 1.1. Key metrics

Table 1 (EU KM1): Key metrics

In € thousands	09.30.2023 <sup>(3)</sup>	06.30.2023 <sup>(1)</sup>	03.31.2023 <sup>(2)</sup>	12.31.2022 <sup>(1)</sup>	09.30.2022 <sup>(2)</sup>
<b>Available own funds (amounts)</b>					
Common Equity Tier 1 (CET1) capital	8,302,954	8,341,574	8,176,700	7,507,619	6,917,852
Tier 1 capital	8,302,954	8,341,576	8,176,704	7,507,622	6,917,856
Total capital	9,892,518	9,955,973	9,811,081	9,164,288	8,604,636
<b>Risk-weighted exposure amounts</b>					
Total risk exposure amount	49,131,088	48,474,182	48,010,748	44,544,905	45,259,194
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
Common Equity Tier 1 ratio (%)	16.9%	17.2%	17.0%	16.9%	15.3%
Tier 1 ratio (%)	16.9%	17.2%	17.0%	16.9%	15.3%
Total capital ratio (%)	20.1%	20.5%	20.4%	20.6%	19.0%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.75%	2.75%	2.75%	2.75%	2.75%
of which: to be made up of CET1 capital (percentage points)	1.55%	1.55%	1.55%	1.55%	1.55%
of which: to be made up of Tier 1 capital (percentage points)	2.06%	2.06%	2.06%	2.06%	2.06%
Total SREP own funds requirements (%)	10.75%	10.75%	10.75%	10.75%	10.75%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
Institution specific countercyclical capital buffer (%)	0.5001%	0.4996%	0.0035%	0.0042%	0.0034%
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	3.0%	3.0%	2.5%	2.5%	2.5%
Overall capital requirements (%)	13.75%	13.75%	13.25%	13.25%	13.25%
CET1 available after meeting the total SREP own funds requirements (%) <sup>(4)</sup>	8.8%	9.1%	9.0%	8.8%	7.2%
<b>Leverage ratio</b>					
Total exposure measure	125,766,347	122,972,378	130,035,421	127,507,197	124,566,708
Leverage ratio (%)	6.6%	6.8%	6.3%	5.9%	5.6%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%	0%	0%
of which: to be made up of CET1 capital (percentage points)	0%	0%	0%	0%	0%
Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Liquidity Coverage Ratio <sup>(5)</sup></b>					
Total high-quality liquid assets (HQLA) (Weighted value -average)	19,539,055	19,504,930	24,175,682	25,558,305	21,200,507
Cash outflows - Total weighted value	15,333,273	15,494,028	16,597,395	17,690,200	16,988,188
Cash inflows - Total weighted value	2,122,843	1,926,815	1,550,543	1,423,710	3,238,356
Total net cash outflows (adjusted value)	13,210,430	13,567,214	15,046,852	16,266,490	13,749,832
Liquidity coverage ratio (%)	148%	144%	161%	157%	154%
<b>Net Stable Funding Ratio</b>					
Total available stable funding	86,833,862	86,135,986	84,490,469	82,887,310	88,531,041
Total required stable funding	78,330,450	77,238,951	75,286,804	72,966,679	79,907,821
NSFR ratio (%)	111%	112%	112%	114%	111%

(1) Integrating the interim result or annual result net of dividends

(2) Not integrating the interim result

(3) Integrating the interim result at 06.30.2023

(4) Taking into account possible AT1 deficits

(5) At the reporting date

## 1.2. Capital requirements

The capital requirements shown below and in the following sections are the minimum requirements, corresponding to a level of 8% of risk-weighted assets.

**Table 2 (EU OV1): Overview of total risk exposure amounts**

In € thousands	Total risk exposure amounts		Total own funds requirements
	09.30.2023	06.30.2023	09.30.2023
Credit risk (excluding CCR)	45,651,655	45,085,787	3,652,132
Of which the standardised approach	8,929,926	8,789,850	714,394
Of which the Foundation IRB (F-IRB) approach	8,739,105	8,856,222	699,128
Of which slotting approach	593,752	509,697	47,500
Of which equities under the simple riskweighted approach	12,511,308	12,207,734	1,000,905
Of which the Advanced IRB (A-IRB) approach	12,442,805	12,508,404	995,424
Counterparty credit risk - CCR	442,370	343,490	35,390
Of which the standardised approach	150,119	164,277	12,010
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	4,123	4,871	330
Of which credit valuation adjustment - CVA	64,778	65,782	5,182
Of which other CCR	223,351	108,560	17,868
Settlement risk	5	27	0
Securitisation exposures in the non-trading book (after the cap)	8,251	2,071	660
Of which SEC-IRBA approach	-	-	-
Of which SEC-ERBA (including IAA)	2,071	2,071	166
Of which SEC-SA approach	-	-	-
Of which 1250% / deduction	-	-	-
Position, foreign exchange and commodities risks (Market risk)	-	-	-
Of which the standardised approach	-	-	-
Of which IMA	-	-	-
Large exposures	-	-	-
Operational risk	3,028,807	3,042,807	242,305
Of which basic indicator approach	439,619	439,619	35,170
Of which standardised approach	171,634	171,634	13,731
Of which advanced measurement approach	2,417,554	2,431,554	193,404
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
<b>Total</b>	<b>49,131,088</b>	<b>48,474,181</b>	<b>3,930,487</b>

## 2. Credit risk - Change in RWA under the internal ratings-based approach

### Rating procedures and parameters

Rating algorithms and expert models have been developed to improve credit risk assessment within Crédit Mutuel and to comply with the regulatory requirements concerning internal ratings-based approaches.

The counterparty rating system is used throughout Crédit Mutuel.

The parameters used to calculate weighted risks (hereinafter “RWA”) are national and apply to all Crédit Mutuel entities.

### Additional quantitative information

**Table 3 (EU CR8): RWA flow statements of credit risk exposures under the IRB approach**

In € thousands	Risk weighted exposure amount
<b>Risk weighted exposure amount as at 06.30.2023</b>	<b>20,155,093</b>
Asset size (+/-)	-299,853
Asset quality (+/-)	422,273
Model updates (+/-)	-169,189
Methodology and policy (+/-)	-
Acquisitions and disposals (+/-)	-
Foreign exchange movements (+/-)	-
Other (+/-)	-
<b>Risk weighted exposure amount as at 09.30.2023</b>	<b>20,108,324</b>

### 3. Counterparty credit risk - Change in RWA under the internal model approach

Counterparty credit risk corresponds to the risk incurred on:

- derivative instruments in the banking book and the trading book;
- repo transactions in the banking book.

The outstandings in question are included in the credit risk management reports (in the same way as on-balance sheet and off-balance sheet outstandings). The sum of the exposures and risks for all outstandings (balance sheet, off-balance sheet, derivatives and repurchase agreements) gives an overall view of credit risks. For the Crédit Mutuel Arkéa group, counterparty credit risk is a small component of overall credit risk.

The Crédit Mutuel Arkéa group does not apply the IMM approach for counterparty credit risk. Consequently, the following table is not displayed in the Group's Pillar 3 report:

- EU CCR7: RWA flow statements of CCR exposures under the IMM.

## 4. Liquidity risk - LCR

Liquidity risk is the risk for the reporting company that it will not be able to meet its commitments or that it will not be able to unwind or offset a position due to its situation or the market situation within a certain period of time and at a reasonable cost. It arises from a maturity mismatch between jobs and resources.

It may result in an additional charge in the event of a rise in liquidity spreads; in its most extreme form, it could result in the institution's inability to honour its commitments.

The Group has historically been vigilant and prudent in the face of this risk.

Several liquidity ratios are particularly monitored as the LCR which is a liquidity ratio provided for by the CRD 4 and CRR texts. It measures the ratio between liquid assets and net cash outflows at 30 days under a stress scenario. The minimum required level has been set at 100% since 2018.

### Short-term liquidity ratio information

In accordance with the CRR, the Crédit Mutuel Arkéa group's Accounting Department produces, and submits monthly to the ECB, a report on its short-term liquidity coverage ratio (hereinafter "**LCR**").

The purpose of the LCR is to ensure the short-term resilience of banks in the face of severe liquidity stress. It verifies that the level of highly-liquid assets is sufficient to cover the net cash flows over the next 30 days, under stress assumptions involving, in particular, deposit flight and drawdowns of amounts under off-balance sheet agreements.

### *Explanations on the main drivers of LCR results, its changes over time and the evolution of the contribution of inputs to the LCR's calculation over time*

The minimum required level of the LCR was 100% in 2023. The Group met the regulatory requirement throughout the third quarter of 2023 with significant room for maneuver. The average LCR from October 2022 to September 2023 was 153%. At the end of September 2023, the Group's consolidated LCR ratio was 148%, an increase of 4 points compared with the end of June 2023.

The Crédit Mutuel Arkéa group's liquid assets totaled €19,539 million and consisted mainly of deposits at central banks. These represented 61% of liquid assets at the end of September 2023, down 7% compared with the end of June 2023.

Net cash outflows over 30 days amounted to €15,333 million, most of which corresponded to customer deposits. This represented a decrease of €161 million compared with the end of June 2023.

Net cash inflows over 30 days amounted to €2,123 million, most of which corresponded to customer loans and maturing debt securities. This represented an increase of €196 million compared with the end of June 2023.



**Table 4 (EU LIQ1): Quantitative information on the liquidity coverage ratio (LCR)**

In € thousands	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on	09.30.2023	06.30.2023	03.31.2023	12.31.2022	09.30.2023	06.30.2023	03.31.2023	12.31.2022
Number of data points used in the calculation of averages : 12								
<b>HIGH-QUALITY LIQUID ASSETS</b>								
Total high-quality liquid assets (HQLA)					<b>21,976,753</b>	21,760,165	21,468,013	20,943,022
<b>CASH - OUTFLOWS</b>								
Retail deposits and deposits from small business customers, of which:	<b>41,671,945</b>	41,783,910	42,891,899	43,970,261	<b>2,753,668</b>	2,773,927	2,844,651	3,004,442
Stable deposits	<b>29,547,387</b>	29,841,903	31,084,110	30,203,930	<b>1,477,369</b>	1,492,095	1,554,206	1,510,196
Less stable deposits	<b>11,379,795</b>	11,405,456	11,464,852	13,523,965	<b>1,264,939</b>	1,267,224	1,271,800	1,477,690
Unsecured wholesale funding	<b>22,273,305</b>	22,571,206	22,859,017	23,297,076	<b>11,084,601</b>	11,297,770	11,183,008	11,179,196
Operational deposits (all counterparties) and deposits in networks of cooperative banks	<b>2,193,086</b>	2,067,362	2,146,673	2,290,815	<b>226,254</b>	216,409	230,029	249,093
Non-operational deposits (all counterparties)	<b>19,403,148</b>	19,869,834	20,174,284	20,480,681	<b>10,181,274</b>	10,447,350	10,414,918	10,404,522
Unsecured debt	<b>677,072</b>	634,010	538,060	525,581	<b>677,072</b>	634,010	538,060	525,581
Secured wholesale funding					<b>76,767</b>	86,102	71,866	28,441
Additional requirements	<b>12,056,636</b>	12,294,302	12,243,876	12,003,824	<b>2,062,001</b>	2,051,539	1,986,502	1,876,114
Outflows related to derivative exposures and other collateral requirements	<b>372,907</b>	372,127	328,246	273,495	<b>372,907</b>	372,127	328,246	273,495
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	<b>11,683,729</b>	11,922,176	11,915,631	11,730,330	<b>1,689,095</b>	1,679,413	1,658,256	1,602,619
Other contractual funding obligations	<b>586,710</b>	487,616	492,149	459,179	<b>586,710</b>	487,616	492,149	459,179
Other contingent funding obligations	<b>633,388</b>	731,944	824,435	913,192	<b>77,591</b>	95,376	113,860	141,158
<b>TOTAL CASH OUTFLOWS</b>					<b>16,641,338</b>	16,792,330	16,692,036	16,688,530
<b>CASH - INFLOWS</b>								
Secured lending (e.g. reverse repos)	<b>484,572</b>	466,200	382,386	475,176	<b>178,831</b>	161,388	151,516	135,167
Inflows from fully performing exposures	<b>1,586,974</b>	1,628,349	1,760,990	1,869,958	<b>1,022,303</b>	1,082,157	1,237,164	1,375,292
Other cash inflows	<b>1,080,175</b>	1,330,109	1,281,677	1,261,366	<b>1,080,175</b>	1,330,109	1,281,677	1,261,366
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
(Excess inflows from a related specialised credit institution)					-	-	-	-
<b>TOTAL CASH INFLOWS</b>	<b>3,151,721</b>	3,424,658	3,425,053	3,606,500	<b>2,281,309</b>	2,573,654	2,670,356	2,771,825
Fully exempt inflows	<b>125,000</b>	166,667	83,333	83,333	<b>125,000</b>	166,667	83,333	83,333
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	<b>3,026,721</b>	3,257,991	3,341,720	3,523,167	<b>2,156,309</b>	2,406,988	2,587,023	2,688,491
<b>TOTAL ADJUSTED VALUE</b>								
LIQUIDITY BUFFER					<b>21,976,753</b>	21,760,165	21,468,013	20,943,022
<b>TOTAL NET CASH OUTFLOWS</b>					<b>14,360,029</b>	14,218,676	14,021,679	13,916,705
<b>LIQUIDITY COVERAGE RATIO</b>					<b>153%</b>	<b>153%</b>	<b>153%</b>	<b>151%</b>

The Crédit Mutuel Arkéa group calculates the LCR in accordance with Implementing Regulation (EU) 2021/637.

### Concentration of funding and liquidity sources

Crédit Mutuel Arkéa seeks to diversify its sources of funding and liquidity. It has therefore defined internal standards on :

- the loan-to-deposit ratio in order to check the balance of the commercial business and dependence on market refinancing;
- the level of dispersion of interbank refinancing in order to ensure control of its dependence on certain counterparties;



- refinancing volumes by maturity to avoid a concentration of the maturities of the refinancing lines.

At the same time, the Crédit Mutuel Arkéa group has developed a policy of diversifying its refinancing channels and has several types of issue vehicles, particularly in the medium to long term, with both unsecured and secured issuance programs.

The definition of the refinancing program takes into account these limits and the various possible issuance vehicles. When preparing for and carrying out issues in the markets, attention is also paid to the diversification of investors, both by type of investor (asset managers, banks, etc.) and by geographic area (France, Germany, Scandinavian countries, etc.).

### **Description of the composition of the institution's liquidity buffer**

Available liquidity reserves are a buffer in the event of a liquidity crisis.

They consist of cash that is available immediately (net of mandatory reserves) or in the short term (less than six months) and assets eligible for Central Bank refinancing available immediately or within three weeks (valued with the discount provided by the Central Bank). The level of liquidity reserves is set monthly by the Treasury, Refinancing and Foreign Exchange department and may, if necessary, be discounted on a daily basis.

The liquidity reserves are presented monthly to the Group Operational ALM Committee in order of asset liquidity, with a comparison with past months, and quarterly to the ALM and Capital Management Committee and the Board of Directors as part of the limit monitoring process.

At September 30, 2023, the liquidity reserves amounted to €31.1 billion, and represented 39% of Crédit Mutuel Arkéa's gross deposits. Central bank deposits have decreased by €1.5 billion since June 30, 2023, mainly due to the purchase of LCR securities.

#### **Liquidity reserves**

<i>In € billion</i>	<b>09.30.2023</b>	<b>06.30.2023</b>	<b>Evolution</b>
Central bank deposits	9.9	11.4	-1.5
LCR securities eligible for the 3G pool (after haircut)	7.3	6.1	1.2
Other assets eligible for the 3G pool (after haircut)	13.9	14.0	-0.1
<b>Total</b>	<b>31.1</b>	<b>31.5</b>	<b>-0.4</b>

Crédit Mutuel Arkéa strives to maintain liquidity reserves of more than nearly twice the amount of the net cash outflows of the LCR. This liquidity buffer allows it to cope with extreme crisis situations at all times and reflects the Group's commitment to prudent liquidity risk management.

### ***Exposure to derivatives and possible collateral calls***

The Crédit Mutuel Arkéa group uses derivatives mainly for the purpose of managing interest rate risk. They are subject to margin calls that are generally standardized and meet the requirements of the European Market Infrastructure Regulation (EMIR).

At September 30, 2023, the net position of collateral calls was not material and had a marginal impact on cash and liquid securities management.

In addition, the calculation of the LCR includes an additional cash outflow corresponding to additional collateral requirements that would result from an adverse market scenario; the amount was valued at close to €390 million at September 30, 2023, which is not material in view of the amount of liquid assets.

### ***Asymmetry of currencies in the LCR***

The LCR is calculated in euros only, as foreign currency positions are marginal (foreign currency positions are valued in euros as they are below the 5% representativeness threshold in the total consolidated banking balance sheet). This is due to the group's business model and geographic location.

## 5. Appendices

### 5.1. Declaration of the responsible person

#### Person responsible for the information contained in this document

Anne Le Goff, Associate Chief Executive Officer of Crédit Mutuel Arkéa

#### Declaration of the responsible person

I certify that the information contained in the Pillar 3 Report as of September 30, 2023 disclosing the information published under Part Eight of EU Regulation No. 575/2013 “CRR”, as amended by the EU Regulation No. 2019/876 “CRR2”, is, to the best of my knowledge, in accordance with the formal policies and internal processes, systems and controls.

Done at Le Relecq Kerhuon, November 15, 2023.

Anne Le Goff, Associate Chief Executive Officer of Crédit Mutuel Arkéa

### 5.2. List of tables

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