

Pillar 3 Report  
12.31.2022

Crédit Mutuel  
**ARKEA**

# Contents

<b>1. Risk management objectives and policies</b>	<b>1</b>
1.1. Risk profiles	1
1.2. Risk governance	6
1.3. Risk appetite	9
<b>2. Scope of the regulatory framework</b>	<b>13</b>
<b>3. Capital</b>	<b>16</b>
3.1. Composition of the capital	16
3.2. Capital requirements	26
<b>4. Prudential indicators</b>	<b>27</b>
4.1. Key metrics	27
4.2. Supplementary supervision of financial conglomerates	29
4.3. Leverage ratio	31
<b>5. Capital adequacy</b>	<b>36</b>
<b>6. Credit risk</b>	<b>37</b>
6.1. Exposures	37
6.2. Credit quality of assets	38
6.3. Standardized approach	49
6.4. Internal ratings-based approach	51
<b>7. Counterparty credit risk</b>	<b>63</b>
<b>8. Credit risk mitigation techniques</b>	<b>69</b>
<b>9. Securitisation</b>	<b>74</b>
<b>10. Market risk</b>	<b>75</b>
<b>11. Interest rate risk in the banking book</b>	<b>76</b>
<b>12. Liquidity risk</b>	<b>80</b>
<b>13. Information on encumbered and unencumbered assets</b>	<b>90</b>
<b>14. Operational risk</b>	<b>92</b>
<b>15. ESG Risk</b>	<b>95</b>
15.1. Qualitative information on environmental risk	95
15.2. Qualitative information on social risk	113
15.3. Qualitative information on governance risk	125
<b>16. Corporate governance and compensation policy</b>	<b>140</b>
16.1. Diversity policy	140
16.2. Composition and role of the Compensation Committee	142
16.3. General principles of the compensation policy	143
16.4. Role of independent control functions	147
16.5. Compensation policy for the regulated staff	148
16.6. Communication	154

16.7. Quantitative information on compensation of effective managers and persons whose activities have a material impact on the company's risk profile	155
<b>17. Appendices</b>	<b>160</b>
17.1. Declaration of the responsible person	160
17.2. List of tables	161
17.3. Pillar 3 cross-reference table	162

# 1. Risk management objectives and policies

The Crédit Mutuel Arkéa group is a banking and insurance group. It comprises Crédit Mutuel Arkéa, the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest networks as well as specialized subsidiaries that cover all banking and financial business lines. These subsidiaries, created to expand the Crédit Mutuel Arkéa group's product and service offering, reflect the Group's desire to constantly improve its service to its members and customers – individuals, local professionals and businesses – and to contribute to the development of the regions by helping local authorities and institutions to finance their infrastructure.

In response to the challenges facing the banking profession today, the Crédit Mutuel Arkéa group continues to promote a corporate culture that constantly adapts to changes in the environment in which the activities that underpin its corporate purpose operate. The initiatives undertaken in recent years aim to support technological changes, the emergence of new players, changes in customer behavior and the integration of new non-financial factors such as ESG criteria and the fight against climate change.

The level of capital accumulated over the years reflects the recurring nature of the income and earnings generated by the Group's business model. It illustrates the confidence generated and sustained as part of the development strategy combined with a diversified and moderate risk profile.

The Pillar 3 report serves as a supplement to Crédit Mutuel Arkéa's 2022 Universal Registration Document (URD).

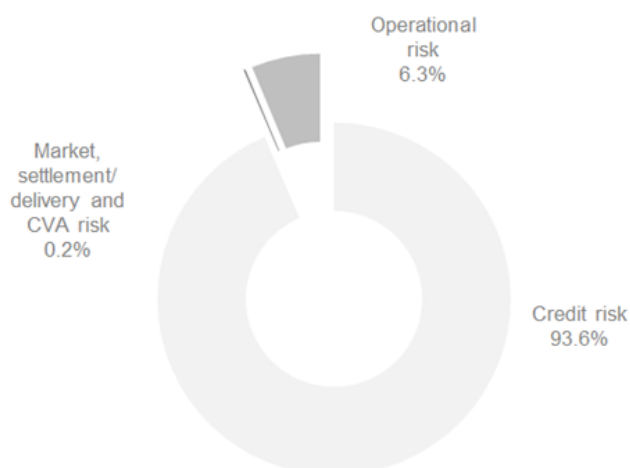
## 1.1. Risk profiles

Retail banking and insurance constitute the Crédit Mutuel Arkéa group's core business, as evidenced by the share of credit risk in the Group's total capital requirements (93.6% at end-2022) with a predominance of the retail customer.

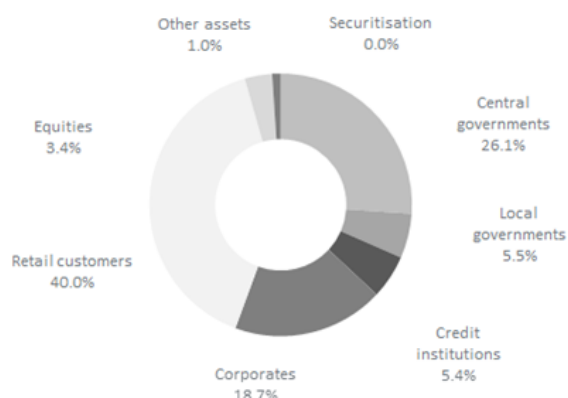
In € thousands	December 31, 2022	December 31, 2021
Total capital	9,164,288	9,107,886
Tier 1 capital	7,507,622	7,318,754
Common Equity Tier 1 (CET1) capital	7,507,619	7,307,529
Net income, group share, transferred to reserves	490,470	532,332



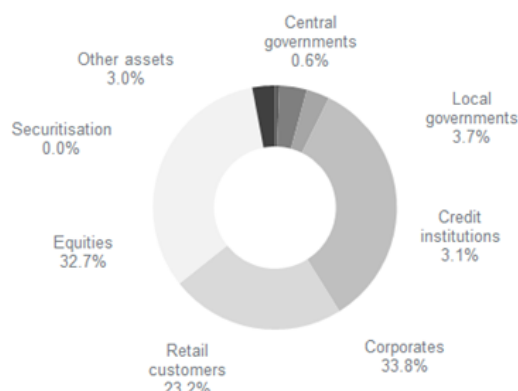
**Leverage ratio: 5.9%**  
**Overall solvency ratio: 20.6%**  
**CET1 ratio: 16.9%**  
**Financial conglomerate ratio: 180%**  
**LCR ratio: 157%**



**CREDIT RISK - EAD BY CATEGORY**



**CREDIT RISK - RWA BY CATEGORY**



This risk profile reflects the strategy and associated risk management implemented by the Crédit Mutuel Arkéa group. This management, which is under Crédit Mutuel Arkéa's control, is applied by each of the Group's entities.

To sustain its results, the Crédit Mutuel Arkéa group aims to achieve:

- high levels of security in terms of solvency and liquidity, which are closely monitored and are factors that instill trust in both customers and investors contributing to the Group's refinancing;
- sufficient resistance to multiple adverse stress scenarios (liquidity drying up, substantial distortion of the yield curve, deterioration of the market values of exposed assets, deterioration of the ability of issuers of the debt instruments held and of borrower clients to make repayments) or difficulties limited to certain business sectors or key players.

Achievement of these objectives relies mainly on:

- a solvency policy designed to maintain the Crédit Mutuel Arkéa group's financial solidity on a long-term basis, from a conglomerate perspective, and to ensure prudent management of solvency by Crédit Mutuel Arkéa's dedicated teams in order to meet Pillar 1 and Pillar 2 regulatory capital requirements on a long-term basis. Based on a prudential capital structure with a high proportion of reserves, this policy entails the definition of a safety margin enabling the Group to continue its development in the context of future regulatory changes and the levels expected by counterparties (rating agencies, investors). Internal capital allocation is managed in order to match the estimated risk level and the regulatory requirements of each entity within the conglomerate. These principles therefore also apply to the Group's insurance subsidiaries.
- a liquidity risk policy that is prudent since it is designed to contribute to the continuity of the Group's activities even over long periods of unfavorable developments. Crédit Mutuel Arkéa acts as a central source of refinancing and replacement for all entities within the Group's banking scope. Internal liquidity allocation is managed with a view to ensure that the subsidiaries have access at all times to liquidity (exclusively with Crédit Mutuel Arkéa) enabling them to comply with regulatory and internal rules.
- an interest rate risk policy in which Crédit Mutuel Arkéa manages the overall interest rate position within the consolidated banking scope. Crédit Mutuel Arkéa operates as a central interest rate management unit for all the Group's banking activities, including a refinancing unit, in a measured and controlled manner, which enables the Group to obtain the best conditions at the time, taking into account the business activity and the current and future interest rate environment. Internal transactions are managed to ensure that there is no interest rate risk for the local banks and banking subsidiaries. The operational implementation in the form of limits reflects the prudence of the policy implemented.
- a credit risk policy which, based on an internal rating system and a prudent hedging policy, ensures good control of risk and capital utilization:
  - the loan portfolio comprises a very diversified customer base in which individuals represent the largest share alongside local professionals (artisans, small businesses, farmers, etc.), non-profit organizations, SMEs and large companies, as well as local authorities and institutions. The lending policy is based on in-depth knowledge of the borrower, its business, the purpose for which the loan is to be used and the application of a tried-and-tested internal rating system, based mainly on statistical models approved by the supervisory authority, or an approval scoring system for consumer loans approved at the point of sale. When deciding whether or not to lend, more importance is placed on the customer's intrinsic ability to repay the loan than on the value of the collateral;
  - cash investments also reflect a higher quality credit risk, with a significant preponderance of investment grade outstandings. These cash amounts are invested mainly in instruments issued by French and European sovereigns or European financial counterparties, a large proportion of which are in the form of covered bonds.

- a prudent market risk policy, with no trading activity, as evidenced by a very low capital requirement limit, since transactions carried out on behalf of customers are systematically market-based.

Market risk exposure mainly concerns the portfolio dedicated to liquidity management, consisting of debt securities and therefore sensitive to spread and interest rate risks, it being specified that fixed-rate securities are systematically matched by the Group's central interest rate risk management unit managed by Crédit Mutuel Arkéa. Residual interest rate risk arises from adjustable rates. In addition, the foreign exchange risk remains negligible with a very low foreign exchange position thanks to the implementation of hedges, where appropriate.

The derivative market activities also give rise to credit valuation adjustment (CVA – Credit Valuation Adjustment) risks and risks relating to the financing of part of these instruments (FVA – Funding Valuation Adjustment).

- an insurance business management policy capable of supporting the Group's core business, based on profitability and solvency objectives, within a controlled risk framework:
  - described in the appetite frameworks specific to each company, defined in compliance with the Group's framework and under its control, this policy ensures that the risk levels incurred by the insurance business are compatible with the guidelines and policies set by the Crédit Mutuel Arkéa group;
  - it aims to ensure the proper delivery of services in accordance with the commitments made to policyholders;
  - it also specifies the principles relating to the management and control of underwriting and provisioning risks and the technical risks specific to these activities.
- an operational risk policy, the aim of which is to ensure that the processes of all of the Group's entities are and remain as reliable, secure and efficient as possible. This policy plays a part in increasing the satisfaction of members and customers and in ensuring the sound financial health of the Crédit Mutuel Arkéa group by minimizing the cost of incidents and the equity required to cover them.

In the area of IT risk (including cyber risks), the Group's appetite is illustrated by:

- the choice of complete control of its information system;
- strict data protection and security rules governed by dedicated policies;
- a commitment of permanent service availability;
- the priority given to technological innovation for the benefit of the Group's members and customers, entities, partners and employees.

In addition, the operational risk policy includes the preventive consideration of risk, including that relating to litigation (or legal risk, resulting from any imprecision, deficiency or insufficiency, real or assumed, which may be attributable to the reporting company in its operations) external fraud and cyber risk, from the design or significant development of any process, including when these are outsourced. The management of the outsourcing process, the implementation of which must make it possible to effectively control the services and remain a reference partner with the Group's suppliers, relies as far as possible on companies located in the regions in which the Group operates, consistent with its Raison d'être (purpose), making it possible to achieve the strategic objectives with a view to pooling and optimizing costs.

It is implemented by means of:

- coordinating the operational risk management systems, which notably includes the Emergency and Business Continuity Plan;
  - a self-assessment of the impacts in ordinary and exceptional circumstances supplemented by action plans intended to reduce the effects of the recurrence of such risks or to eliminate their causes, where this is possible and can be justified on economic grounds.
- a non-compliance risk prevention and control policy, formalized by the Group Compliance Charter, aimed at protecting the Group from any risk of sanctions, financial loss or reputational damage while also protecting the interests of customers.

Compliance risks are monitored in four major areas:

- financial security, including anti-money laundering and terrorist financing measures;
- business conduct and professional ethics;
- protection of customers' interests;
- fiscal transparency.

Personal data protection is also covered by a dedicated system and a specific organization.

In concrete terms, this policy entails:

- drawing up a non-compliance risk map;
  - overall coordination of the implementation of the system by the Compliance and Permanent Control Department to ensure consistent practices within the Group.
- a strategic risk management policy aimed at:
    - ensuring the relevance of the strategic objectives pursued by the Group in the development of its business model, in view of the endogenous and exogenous context;
    - to preserve and protect Crédit Mutuel Arkéa's strategic, financial and operational autonomy in the implementation of its strategic priorities;
    - ensuring over time that the actions and initiatives of the Group's entities comply with the strategic goals set out by the Board of Directors in the context of medium-term planning. The risk appetite shown by the Group in this regard is low insofar as the strategic goals defined by the Group stem directly from the company's Raison d'être (purpose).
  - a reputational risk management policy aimed at protecting the Group's reputation, by preventing the occurrence of such a risk but also by managing incidents according to a crisis management system that involves short-term and long-term communication and a return to normal status. In this respect, the Group shows a very low risk appetite, wishing to protect what constitutes one of its most valuable assets, any damage to which could impact its attractiveness, the level of customer confidence, or the ability of customers to recommend the Group.
  - an ESG risks management policy, aimed at gradually integrating these risks and the mechanisms for transmitting them to other types of risk (mainly credit risk) into existing systems, in line with the development of the regulatory framework. The implementation of this policy aims to ensure that risk-taking is consistent with the

commitments made in the Group's Raison d'être (purpose), climate change strategy and the status of "banque à mission" (bank with a mission), and to reduce the carbon foot print of the conglomerate's activities. The environmental risk management policy aims to take into account the impacts of climate risks, in particular by managing exposures by ESG rating, by sector (based on their sensitivity to physical risk and transition risk) and by geographic location.

- a model risk management policy aimed at gradually integrating monitoring of the models used by the Group and an assessment of the risk associated with its key models in order to minimize their materiality and control the associated level of capital.

## 1.2. Risk governance

Risk governance is based on the structure of the risk management function within the Group, the management body of Crédit Mutuel Arkéa and each of its entities.

The structure of the risk management function comprises various participants:

- the supervisory body: the Board of Directors of Crédit Mutuel Arkéa and the Risk and Internal Control Committee for the Group and the Board of Directors or Supervisory Board of each entity;
- the executive body: the Executive Committee and the Risk Monitoring Committee for the Group and the General Management/Executive Board/Management Committee as well as the Risk Monitoring Committee or its equivalent for each entity;
- the head of the risk management function: the Head of Risk Management for the Crédit Mutuel Arkéa parent company and the Group, and the manager designated for each entity;
- the correspondents for each type of risk: the persons designated for each entity.

### Supervisory bodies

Each entity's supervisory body, i.e. its Board of Directors or Supervisory Board, is involved in risk management. It approves the risk appetite framework and its quantified indicators. This involves setting the warning, appetite and tolerance thresholds and risk limits and monitoring ongoing compliance with them via the regular updates it receives from the executive body.

The risk management factors set by Crédit Mutuel Arkéa's Board of Directors apply to the entire Group. The risk management thresholds, limits and/or objectives set by the supervisory bodies of the subsidiaries are therefore compatible and consistent with the factors adopted by Crédit Mutuel Arkéa's Board of Directors.

The Risk and Internal Control Committee, an offshoot of Crédit Mutuel Arkéa's Board of Directors, is responsible for assisting the Board in managing the risks associated with Crédit Mutuel Arkéa's activities, in accordance with the administrative order of November 3, 2014, as amended by the administrative order of February 25, 2021 (hereinafter referred to as the "**administrative order of November 3, 2014**"). It is responsible for monitoring the effectiveness of the Group's internal control (permanent and periodic) and risk management systems. Its role involves "*assessing in particular the consistency of the risk measurement, monitoring and management systems and proposing, as necessary, additional action in that*

*regard*<sup>1</sup>.” The Risk and Internal Control Committee is presented with an overview of the Group's risk situation drawn up at the end of each quarter, supplemented by a trend. In addition to this, there is a presentation of the annual review of the risk appetite framework and of the system of limits, risk by risk, the results of ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process) processes and this document.

## **Executive bodies**

Each entity's executive bodies are responsible for managing the risks associated with their activities. Thus, Crédit Mutuel Arkéa's Executive Committee is responsible for the Group's risk management, for which it is accountable to Crédit Mutuel Arkéa's Board of Directors.

As such, it draws up the Group's risk appetite framework, which it then puts forward to the Board of Directors for approval. It also validates the management objectives put forward to it by the Group Risk Monitoring Committee before presenting them to Crédit Mutuel Arkéa's Board of Directors for adoption. It is regularly informed of the group's risk situation through risk overviews.

The effective managers of each Group entity have the same role and the same rights at their level, with the understanding that the risk management policy specific to each entity must be consistent with that of the Group. This applies particularly to the system of limits and the group procedures applied by each entity.

Under the delegation of authority by Crédit Mutuel Arkéa's Executive Committee, the Risk Monitoring Committee and dedicated ad hoc committees (the ALM and Capital Management Committee, the IT Governance Committee, the Counterparties Committee, etc.) are responsible for the overall monitoring of all risks associated with the Group's activities, including all of the following:

- the proposal of the risk appetite framework and associated management objectives and operational limits;
- approval of the management policy for each Crédit Mutuel Arkéa group risk;
- monitoring of the results of the implementation of these policies and, in particular, controlling compliance with the objectives, as well as the impacts on earnings and the regulatory ratios both in actual and forecast situations;
- reviewing of any measure necessary or useful in managing these risks.

These provisions also apply to the body that acts as the Risk Monitoring Committee for each entity. Depending on its size, each entity has a Risk Monitoring Committee or a committee covering both “permanent control” and “risk”.

Under this structure, ultimate responsibility for an entity's risks, whether or not its activities are outsourced, lies with said entity and, in particular, its effective managers. The latter must report on the entity's risk situation to their supervisory body on a regular basis.

## **Risk management function**

The head of the Group's risk management function is appointed by Crédit Mutuel Arkéa's Board of Directors on the recommendation of the Chief Executive Officer. This responsibility was entrusted to the Crédit Mutuel Arkéa group's Head of Risk Management.

---

<sup>1</sup> Extract from the Risk and Internal Control Committee's Operating Charter

Each Group entity also appoints a head of its risk management function in accordance with the same procedure: proposal by the General Management after obtaining the opinion of the Crédit Mutuel Arkéa group's Head of Risk Management, and approval by the supervisory body.

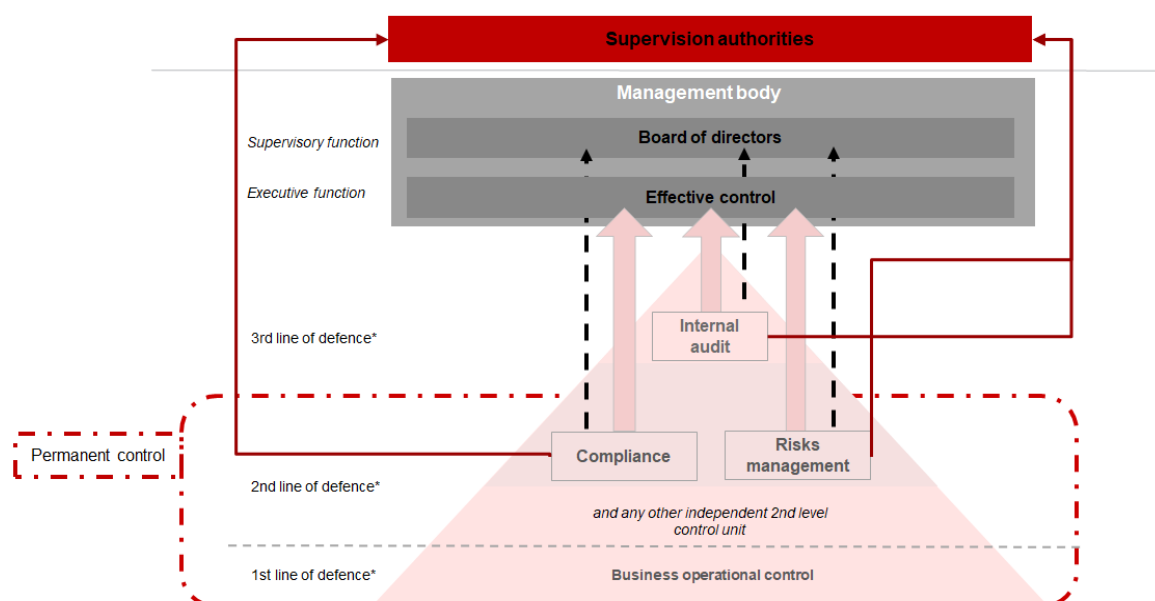
These risk management function heads are supported by a network of correspondents dedicated to monitoring each risk within each entity. For each type of risk identified within the Group, an advisor for the entire Group is appointed within the Crédit Mutuel Arkéa Risk Department. This adviser has as correspondents those persons appointed in all structures exposed to the same risk. These correspondents act as advisors to the risk management function within their entity, on the risks in which they have the relevant expertise. They are in charge of managing and controlling the risks for which they are responsible, jointly with the appointed head of the risk management function.

## Internal control

Internal control, which encompasses permanent control and periodic control, is a feature of the risk governance system. To that end, the Crédit Mutuel Arkéa group has, on the one hand, a permanent control function present in each entity and coordinated by the Crédit Mutuel Arkéa group's Compliance and Permanent Control Department and, on the other hand, a single Internal Audit and Periodic Control Department, operating directly in all Group entities.

Each of these functions reports to the executive bodies, which are the Compliance and Permanent Control Committee and the Periodic Control Committee, and to the supervisory body via the Risk and Internal Control Committee or directly to Crédit Mutuel Arkéa's Board of Directors.

The Crédit Mutuel Arkéa group's risk governance system benefits from a structure in which the risk management function, the compliance control function, the permanent control and the periodic control effectively complement each other, as shown in the diagram below:



\* Terminology "line of defence" originating from the Basel guidelines - taken over by the Order of 25 February 2021 amending the Order of 3 November 2014 under the terminology "level of control"



## 1.3. Risk appetite

The Crédit Mutuel Arkéa group, a cooperative and mutualist group, maintains a long-term development model that is modern, profitable and generally prudent. The level of capital accumulated over the years reflects the recurring nature of the income and earnings generated. It illustrates the confidence generated, which is based on a development strategy combined with a moderate risk profile, inherent in an effective appetite framework implemented over the long term.

The priority given to reasonable profitability and risk reinforces the level of trust needed to maintain a lasting commercial relationship with customers. This especially characterizes the Crédit Mutuel Arkéa group's cooperative and mutualist model, in which members, who are joint owners, are also customers, and favor the quality of a long-term relationship with their bank over the return offered by the share capital they hold. The return on share capital is considered part of an overall assessment in the medium or long term, with no immediate urgency. The Group can thus manage or even anticipate changes in its environment, while continuing to effectively control its risks.

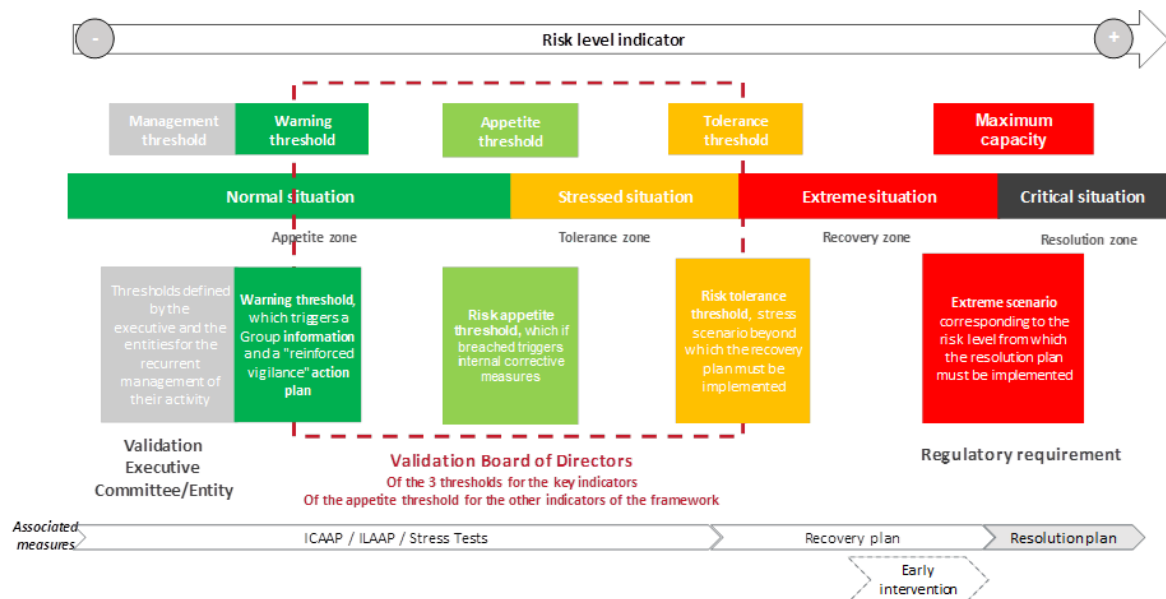
### Risk appetite framework

Risk appetite is defined as the level of each type of risk that an organization can tolerate and is prepared to take, in both a normal and impaired economic and financial environment, as part of a development strategy over a forecast horizon of at least three years. The aim of the Crédit Mutuel Arkéa group's risk appetite framework is to effectively govern and oversee risk management by implementing a consistent system.

The risk appetite framework architecture may be represented according to the different possible risk levels, formalized in the form of scenarios:

- the **normal situation** corresponds to a normal risk situation;
- the **stressed situation** corresponds to a situation of exceptional deterioration of one or more risks;
- the **extreme situation** corresponds to a risk situation requiring the implementation of the recovery plan;
- the **critical situation** corresponds to a situation in which resolution must be implemented by the Single Resolution Board (hereinafter the “**SRB**”), the European decision-making body for resolving failing financial institutions.





Based on this representation of possible risk situations, there are three thresholds that signify **four different risk areas**:

- **three thresholds corresponding to three levels of risk valuation:**
  - the **risk appetite threshold**, a level compliant with the Group's risk appetite policy, for the normal conduct of activity, and the maximum risk limit in a normal situation. This appetite threshold is supplemented beforehand by a warning threshold reflecting a level of vigilance above which Crédit Mutuel Arkéa's management body wishes to be more particularly informed;
  - the **risk tolerance threshold**, the level beyond which the recovery plan should be triggered (depending on the indicators concerned);
  - the **maximum absorbable risk capacity threshold**, a regulatory level that should trigger the resolution plan under the authority of the Single Resolution Mechanism;
- **four risk areas**, three of which are under the governance of Crédit Mutuel Arkéa:
  - the **risk appetite area**, which reflects the degree of prudence or appetite for the risk in question; operational limits are set, risk by risk, in the current situation, for which the limits may correspond to the appetite threshold or remain below that level (activity that is at an early stage or not yet mature, or risk requiring better control);
  - the **tolerance area**, which covers any exceptional deterioration in risk, taking into account rapid risk mitigation measures. It dictates the appetite threshold, with the tolerance threshold itself restricted by the dimension of the recovery zone;
  - the **recovery area**, zone for implementing the recovery options in the recovery plan, with an entry threshold or recovery threshold set according to the magnitude of the recovery options (to avoid exceeding the the maximum absorbable risk capacity and entering the resolution area);
  - the **resolution area**, the zone where the CRU implements the resolution plan since the regulatory thresholds for conducting business have been exceeded.

## Governance of the risk appetite framework

The risk appetite framework is reviewed at least once a year, as part of the Group's overall management process. The medium-term business and earnings forecast necessarily includes an assessment of future risk, under both normal and unfavorable conditions. The aim of this exercise is to ensure a development trajectory with the greatest chances of success in achieving the target risk/return ratio.

The risk appetite framework is therefore a key tool for managing the Group's business management function. Its annual review is an opportunity to:

- decide on the level of risk borne by the Group;
- measure the potential capacity for absorbing additional risk;
- project this level of risk according to assumptions concerning the development of the activities associated with the risk scenarios.

This iterative exercise is compared with the annual and medium-term plan, thereby ensuring the consistency of the commercial, financial and risk policies. Prepared jointly by the Crédit Mutuel Arkéa group's Finance and Risk Departments, notably, in collaboration with the management of the Group's entities, the risk appetite framework is presented to the Risk Monitoring Committee and then to Crédit Mutuel Arkéa's Executive Committee for approval, before being submitted to the Risk and Internal Control Committee and then to Crédit Mutuel Arkéa's Board of Directors for final adoption.

Its application is then monitored, the results of which are published in the quarterly risk management report and communicated to the Group's management body.

## Stress tests

The stress tests are an integral part of the risk management system implemented by the Group. They consist of simulating severe but plausible forward-looking scenarios (economic, financial, political and regulatory) in order to measure the bank's ability to withstand such situations.

In the context of both ICAAP exercise and the recovery plan, the Group strives to develop a comprehensive stress program. Based on its overall risk mapping and the identification of its main vulnerabilities, Crédit Mutuel has built a graduated stress program with three severity levels:

- stress tests used in economic approaches for assessing capital and liquidity requirements (ICAAP and ILAAP), calibrated on the basis of severe and plausible assumptions;
- stress tests developed as part of the recovery plan. These scenarios, which are very unlikely to occur, make it possible to test the effectiveness of the recovery options;
- stress tests to assess the Group's ability to assume risks (reverse stress test). The results show the Group's distance from a situation of recovery, or even resolution, in deteriorated and extreme economic conditions.

The stress test process includes specific stress tests by risk type, such as:

- credit stress tests used to determine changes in capital and cost of risk requirements entailing sensitivity scenarios based on an identified economic position;
- interest rate stress tests to measure the sensitivity of indicators such as net banking income to scenarios involving changes in the yield curve;
- liquidity stress tests to calculate the survival horizon in a stressed environment;

- market stress tests based on historical and hypothetical market activity scenarios;
- operational stress tests to calculate a potential loss level as part of the advanced measurement approach (AMA);
- climate stress tests to materialize the impact of the climate dimension on the measurement of credit risk in terms of provisions mobilized in the short, medium and long term (2050).

The Crédit Mutuel Arkéa group contributes to regulatory stress exercises coordinated by the supervisory authority and/or the European Banking Authority (hereinafter the “**EBA**”).

## 2. Scope of the regulatory framework

Pursuant to the provisions of EU Regulation No. 575/2013 for credit institutions and investment firms, as amended by EU Regulation No. 2019/876 of the European Parliament and of the Council of May 20, 2019 (hereinafter referred to as the "**CRR**"), the accounting and regulatory scopes consist of the same entities.

The consolidation method differs only for entities in the insurance sector and securitisation funds, which are consolidated in accordance with the regulatory framework using the equity method, regardless of the percentage of control.

**Table 1 (EU LI3): Outline of the differences in the scopes of consolidation (entity by entity)**

Name of the entity	Method of accounting consolidation	Method of prudential consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	
Arkéa	Full consolidation	X				Banking / Services
Arkéa Banking Services	Full consolidation	X				Banking / Banking services
Arkéa Banque Entreprises et Institutionnels	Full consolidation	X				Banking / Corporate banking
Arkéa Bourse Retail	Full consolidation	X				Banking / Holding
Arkéa Capital (Arkéa Capital Gestion)	Full consolidation	X				Insurance and asset management / Asset management
Arkéa Capital Investissement	Full consolidation	X				Banking / Private equity
Arkéa Capital Managers Holding SLP	Full consolidation	X				Banking / Private equity
Arkéa Capital Partenaire	Full consolidation	X				Banking / Private equity
Arkéa Crédit Bail	Full consolidation	X				Banking / Leasing and finance leasing
Arkéa Direct Bank	Full consolidation	X				Banking / Financial and stock market intermediation
Arkéa Foncière	Full consolidation	X				Banking / Real estate
Arkéa Home Loans SFH	Full consolidation	X				Banking / Refinancing entity
Arkéa Public Sector SCF	Full consolidation	X				Banking / Refinancing entity
Arkéa Real Estate	Full consolidation	X				Banking / Real estate
Arkéa REIM	Full consolidation	X				Banking / Real estate
Arkéa SCD	Full consolidation	X				Banking / Services
Bellatrix SAS	Equity method			X		Banking / Mutual banking
Caisse Centrale du Crédit Mutuel	Equity method			X		Banking / Mutual banking
Caisse de Bretagne de CMA	Full consolidation	X				Banking / Mutual banking
CFCAL Bank (Belgian branch of CFCAL Bank)	Full consolidation	X				Banking / Specialised networks banking
CFCAL Banque	Full consolidation	X				Banking / Specialised networks banking
Crédit Mutuel Arkea	Full consolidation	X				Banking / Mutual banking
FCT Collectivités	Equity method			X		Banking / Securitisation fund
Federal Equipements	Full consolidation	X				Banking / Services
Federal Finance	Full consolidation	X				Insurance and asset management / Private banking and asset management
Federal Finance Gestion	Full consolidation	X				Insurance and asset management / Asset management
Federal Service	Full consolidation	X				Banking / Services
Financo	Full consolidation	X				Banking / Specialised networks banking
GICM	Full consolidation	X				Banking / Services
Izimmio	Full consolidation	X				Banking / Real estate
Keytrade Bank (branch of Arkéa Direct Bank)	Full consolidation	X				Banking / Financial and stock market intermediation
La Compagnie Française des Successions	Equity method			X		Insurance and asset management / Asset management
Monext	Full consolidation	X				Banking / Services
Nextalk	Full consolidation	X				Banking / Services
Nouvelle vague	Full consolidation	X				Banking / Services
Novelia	Full consolidation	X				Insurance and asset management / Insurance brokerage
Procapital	Full consolidation	X				Banking / Financial and stock market intermediation
Pumpkin	Full consolidation	X				Banking / Services
Schelcher Prince Gestion	Full consolidation	X				Insurance and asset management / Asset management
SCI Interfédérale	Full consolidation	X				Banking / Real estate
Strateo (succursale d'Arkéa Direct Bank)	Full consolidation	X				Banking / Financial and stock market intermediation
Suravenir	Full consolidation			X		Insurance and asset management / Life insurance
Suravenir Assurances	Full consolidation			X		Insurance and asset management / Non-life insurance
Yomoni	Equity method			X		Insurance and asset management / Asset management

Entities accounted for by the equity method are risk-weighted.

**Table 2 (EU LI1): Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories**

As at 12.31.2022 In € thousands	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				Not subject to own funds requirements or subject to deduction from own funds
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	
Breakdown by asset classes according to the balance sheet in the published financial statements							
Cash, due from central banks	23,453,717	23,453,717	23,453,717	-	-	-	-
Financial assets at fair value through profit or loss	2,175,331	2,178,512	1,507,316	671,196	-	-	-
Derivatives used for hedging purposes	5,365,023	5,365,023	-	5,365,023	-	-	-
Financial assets at fair value through equity	7,322,719	7,322,719	7,322,719	-	-	-	-
Securities at amortized cost	569,489	569,489	569,489	-	-	-	-
Loans and receivables - credit institutions, at amortized cost	12,044,954	12,044,871	9,696,833	1,748,038	-	-	600,000
Loans and receivables - customers, at amortized cost	81,178,096	81,707,143	81,694,878	80,931	-	-	-68,666
Remeasurement adjustment on interest-rate risk hedged portfolios	-4,501,996	-4,501,996	-	-	-	-	-4,501,996
Placement of insurance activities	56,731,460	-	-	-	-	-	-
Current tax assets	175,125	173,677	173,677	-	-	-	-
Deferred tax assets	200,763	100,649	98,381	-	-	-	2,268
Accruals, prepayments and sundry assets	1,188,125	1,206,103	1,118,352	-	-	-	87,751
Non-current assets held for sale	-	-	-	-	-	-	-
Deferred profit-sharing	1,518,572	-	-	-	-	-	-
Investments in associates	218,139	2,504,292	2,502,245	-	-	-	2,047
Investment property	130,209	130,209	130,209	-	-	-	-
Property, plant and equipment	338,789	322,831	322,831	-	-	-	-
Intangible assets	540,283	534,456	159,576	-	-	-	374,883
Goodwill	484,610	484,610	-	-	-	-	484,610
<b>Total assets</b>	<b>189,133,408</b>	<b>133,596,305</b>	<b>128,750,223</b>	<b>7,865,188</b>	<b>-</b>	<b>-</b>	<b>-3,019,104</b>
Breakdown by liability classes according to the balance sheet in the published financial statements							
Due to central banks	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	2,049,947	2,053,128	-	830,675	-	-	1,222,453
Derivatives used for hedging purposes	4,525,378	4,525,378	-	4,525,378	-	-	-
Due to banks	14,021,591	14,026,268	-	1,945,722	-	-	12,080,546
Liabilities to customers	81,064,164	81,885,185	-	174,274	-	-	81,710,911
Debt securities	19,843,532	19,812,793	-	-	-	-	19,812,793
Remeasurement adjustment on interest-rate risk hedged portfolios	-2,011,826	-2,011,826	-	-	-	-	-2,011,826
Current tax liabilities	101,465	106,624	-	-	-	-	106,624
Deferred tax liabilities	84,128	46,732	46,501	-	-	-	231
Accruals, deferred income and sundry liabilities	2,137,849	1,994,502	-	-	-	-	1,994,502
Liabilities associated with non- current assets held for sale	-	-	-	-	-	-	-
Insurance companies' technical reserves	56,109,541	-	-	-	-	-	-
Provisions	299,195	250,355	-	-	-	-	250,355
Subordinated debt	2,182,014	2,182,014	-	-	-	-	2,182,014
Share capital and additional paid- in capital	2,725,133	2,725,133	-	-	-	-	2,725,133
Consolidated reserves	5,679,636	5,679,639	-	-	-	-	5,679,639
Gains and losses recognized directly in equity	-236,269	-236,269	-	-	-	-	-236,269
Net income for the year	550,712	550,712	-	-	-	-	550,712
Non-controlling interest	7,220	5,937	-	-	-	-	5,937
<b>Total liabilities</b>	<b>189,133,409</b>	<b>133,596,306</b>	<b>46,501</b>	<b>7,476,049</b>	<b>-</b>	<b>-</b>	<b>126,073,756</b>

The differences between the "Carrying values as reported in published financial statements" and "Carrying values under scope of prudential consolidation" columns result solely from differences in method between the statutory and regulatory scopes (see Table 1).

**Table 3 (EU LI2): Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

As at 12.31.2022 In € thousands	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	136,615,409	128,750,221	-	7,865,188	-
Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	7,522,550	46,501	-	7,476,049	-
Total net amount under the scope of prudential consolidation	129,092,858	128,703,719	-	389,139	-
Off-balance-sheet amounts	32,602,000	32,602,000	-	-	-
Differences in valuation on off-balance-sheet amounts	-24,599,287	-24,599,287	-	-	-
Differences in valuations	478,567	-	-	478,567	-
Differences due to different netting rules, other than those already included in row 2	2,881,009	-	-	2,866,522	14,487
Differences due to consideration of provisions	931,414	931,414	-	-	-
Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-	-
Differences due to credit conversion factors	-	-	-	-	-
Differences due to Securitisation with risk transfer	-	-	-	-	-
Other differences	-233,971	-233,971	-	-	-
Exposure amounts considered for regulatory purposes	141,152,591	137,403,876	-	3,734,228	14,487

**Table 4 (EU PV1): Prudent valuation adjustments (PVA)**

As at 12.31.2022 In € thousands	Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
Category level AVA										
Market price uncertainty	19,208	697	72	11,046	-	2,882	2,497	18,201	-	18,201
Close-out cost	4,426	1,027	7	-	-	-	-	2,730	-	2,730
Concentrated positions	62,890	-	-	-	-	-	-	62,890	-	62,890
Early termination	-	-	-	-	-	-	-	-	-	-
Model risk	178	-	-	-	-	629	-	404	-	404
Operational risk	1,898	-	-	-	-	-	-	1,898	-	1,898
Future administrative costs	-	-	-	-	-	-	-	-	-	-
Total Additional Valuation Adjustments (AVAs)								86,123	-	86,123

## 3. Capital

### 3.1. Composition of the capital

Regulatory capital has been determined in accordance with Part II of the CRR, and supplemented by technical standards (delegated and EU implementing regulations of the European Commission).

Capital includes:

- Tier 1 capital, comprising Common Equity Tier 1 (hereinafter “**CET1**”) capital net of deductions and Additional Tier 1 (hereinafter “**AT1**”) capital net of deductions;
- Tier 2 (hereinafter “**T2**”) capital net of deductions.

The Crédit Mutuel Arkéa group did not wish to opt for the transitional measures relating to IFRS 9 proposed by the regulations as part of the calculation of its prudential capital (EU Regulation 2020/873 of the European Parliament and of the Council of June 24, 2020 amending EU Regulations 575/2013 and 2019/876 as regards certain adjustments to be made in response to the COVID-19 pandemic (hereinafter “**the CRR “quick fix”**”) amending Article 473 bis of the CRR).

Similarly, the Group did not wish to opt for the implementation of a temporary filter on sovereign debt securities at fair value through equity (proposed by the CRR “quick fix” amending Article 468 of the CRR).

#### Tier 1 Capital

Common Equity Tier 1 (CET1) capital consists of equity instruments and associated share premiums, reserves (including those relating to accumulated other comprehensive income) and retained earnings. The instruments must be perpetual and comply with the conditions defined in the CRR (Articles 26 et seq.).

Additional Tier 1 (AT1) capital consists of perpetual debt instruments with no incentive or obligation around redemption (in particular step-ups in interest rates).

Article 92(1) of the CRR sets a minimum Common Equity Tier 1 ratio of 4.5% and a minimum Tier 1 ratio of 6%.

Common Equity Tier 1 Capital is determined on the basis of the Group’s reported capital, calculated on the prudential scope, after applying “prudential filters” and a certain number of regulatory adjustments (see table below providing a reconciliation of reported capital and prudential capital).

#### Prudential filters

Prudential filters related to unrealized gains and losses on cash flow hedges and issuer spread, additional value adjustments (AVA) due to prudent valuation requirements and fair value gains or losses from own credit risk related to derivative liabilities (debt valuation adjustments - DVA) are applied in accordance with the provisions of the CRR.



### ***Differences relating to the use of the equity method***

Differences relating to the equity accounting of associates are split between reserves and retained earnings, on the one hand, and estimated profit net of dividends, on the other, according to the capital categories in which they originate.

### ***Other regulatory adjustments***

The other adjustments to CET1 mainly involve:

- anticipating the distribution of dividends calculated in accordance with current prudential standards;
- the deduction of goodwill and other intangible assets net of deferred tax (application of the prudential restatement related to software as from the closing of December 31, 2020);
- deferred tax assets that rely on future profitability and do not arise from temporary differences net of related tax liabilities;
- the deduction of direct or indirect holdings of its own CET1 instruments;
- the deduction of irrevocable payment undertakings net of capital requirements.

In addition, direct and indirect holdings in CET1 instruments of financial sector entities are fully included in the capital threshold and are therefore not deducted from CET1.

### ***Tier 2 capital***

Tier 2 capital consists of subordinated debt instruments with a minimum maturity of 5 years. Incentives for early redemption are prohibited.

The amount of “eligible capital” is more limited. This concept is used to calculate thresholds for major risks and non-financial investments weighted at 1,250%. This is the sum of:

- Tier 1 capital; and
- Tier 2 capital, capped at 1/3 of Tier 1 capital.



**Table 5 (CCA): Main features of regulatory own funds instruments and eligible liabilities instruments**

**Main features of CET1 capital instruments**

As at 12.31.2022	A SHARES	NEW B SHARES
Issuer	CREDIT MUTUEL ARKEA (Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest)	CREDIT MUTUEL ARKEA (Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest)
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	96950041VJ1QP0B69503	96950041VJ1QP0B69503
Public or private placement	Public	Public
Governing law(s) of the instrument	Law no. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L. 512-1 of the French Monetary and Financial Code	Law no. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L. 512-1 of the French Monetary and Financial Code
Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A
<b>Regulatory treatment</b>		
Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
Post-transitional CRR rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated
Instrument type (types to be specified by each jurisdiction)	Shares - list published by the EBA (Article 26, paragraph 3 of the CRR)	Shares - list published by the EBA (Article 26, paragraph 3 of the CRR)
Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	27,007 K€	2,660,537 K€
Nominal amount of instrument	1 €	1 €
Issue price	1 €	1 €
Redemption price	1 €	1 €
Accounting classification	Shareholders' equity	Shareholders' equity
Original date of issuance	Variable	Variable
Perpetual or dated	Perpetual	Perpetual
Original maturity date	N/A	N/A
Issuer call subject to prior supervisory approval	N/A	N/A
Optional call date, contingent call dates and redemption amount	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A
<b>Coupons / dividends</b>		
Fixed or floating dividend/coupon	N/A	N/A
Coupon rate and any related index	N/A	N/A
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No
Noncumulative or cumulative	No	No
Convertible or non-convertible	Non-convertible	Non-convertible
If convertible, conversion trigger(s)	N/A	N/A
If convertible, fully or partially	N/A	N/A
If convertible, conversion rate	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A
If convertible, specify instrument type convertible into	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A
Write-down features	Yes	Yes
If write-down, write-down trigger(s)	By decision of the general shareholders' meeting or, in case of resolution, by decision of the Resolution College of the French Prudential Control and Resolution Authority ( <i>Autorité de contrôle prudentiel et de résolution - ACPR</i> ) pursuant to its powers under Article L. 613-31-16 of the French Monetary and Financial Code	By decision of the general shareholders' meeting or, in case of resolution, by decision of the Resolution College of the French Prudential Control and Resolution Authority ( <i>Autorité de contrôle prudentiel et de résolution - ACPR</i> ) pursuant to its powers under Article L. 613-31-16 of the French Monetary and Financial Code
If write-down, full or partial	Full or partial write-down	Full or partial write-down
If write-down, permanent or temporary	Permanent	Permanent
If temporary write-down, description of write-up	N/A	N/A
Type of subordination (only for eligible liabilities)	Contractual	Contractual
Ranking of the instrument in normal insolvency proceedings	Junior to all other debt Common Equity Tier 1 is junior to all deeply subordinated and subordinated debt	Junior to all other debt Common Equity Tier 1 is junior to all deeply subordinated and subordinated debt
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Junior to all other debt Common Equity Tier 1 is junior to all deeply subordinated and subordinated debt	Junior to all other debt Common Equity Tier 1 is junior to all deeply subordinated and subordinated debt
Non-compliant transitioned features	No	No
If yes, specify non-compliant features	N/A	N/A
Link to the full term and conditions of the instrument (signposting)	<a href="https://www.cm-ardea.com/banque/assurance/credit/mutuel/c_35_056/fr/parts-sociales">https://www.cm-ardea.com/banque/assurance/credit/mutuel/c_35_056/fr/parts-sociales</a>	<a href="https://www.cm-ardea.com/banque/assurance/credit/mutuel/c_35_056/fr/parts-sociales">https://www.cm-ardea.com/banque/assurance/credit/mutuel/c_35_056/fr/parts-sociales</a>

(1) Insert 'N/A' if the question is not applicable

## Main features of T2 capital instruments

As at 12.31.2022	Subordinated term notes	Subordinated term notes	Subordinated term notes
Issuer	CREDIT MUTUEL ARKEA	CREDIT MUTUEL ARKEA	CREDIT MUTUEL ARKEA
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	FR0013173028	FR0013236544	FR0013291556
Public or private placement	Public	Public	Public
Governing law(s) of the instrument	French law	French law	French law
Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A	N/A
<b>Regulatory treatment</b>			
Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
Post-transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated
Instrument type (types to be specified by each jurisdiction)	EMTN Program	EMTN Program	EMTN Program
Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	341,731 K€	500,000 K€	498,893 K€
Nominal amount of instrument	100,000 €	100,000 €	100,000 €
Issue price	99,966 €	99,605 €	99,637 €
Redemption price	N/A	N/A	N/A
Accounting classification	Subordinated debt	Subordinated debt	Subordinated debt
Original date of issuance	06/01/2016	02/09/2017	10/25/2017
Perpetual or dated	Dated	Dated	Dated
Original maturity date	06/01/2026	02/09/2029	10/25/2029
Issuer call subject to prior supervisory approval	N/A	N/A	Yes
Optional call date, contingent call dates and redemption amount	N/A	N/A	10/25/2024
Subsequent call dates, if applicable	N/A	N/A	N/A
<b>Coupons/ dividends</b>			
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
Coupon rate and any related index	3.25% p.a.	3.50% p.a.	1.875% p.a.
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	N/A
Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	N/A
Existence of step up or other incentive to redeem	No	No	No
Noncumulative or cumulative	N/A	N/A	N/A
Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
If convertible, conversion trigger(s)	N/A	N/A	N/A
If convertible, fully or partially	N/A	N/A	N/A
If convertible, conversion rate	N/A	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A	N/A
If convertible, specify instrument type convertible into	N/A	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
Write-down features	No	No	No
If write-down, write-down trigger(s)	N/A	N/A	N/A
If write-down, full or partial	N/A	N/A	N/A
If write-down, permanent or temporary	N/A	N/A	N/A
If temporary write-down, description of write-up	N/A	N/A	N/A
Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual
Ranking of the instrument in normal insolvency proceedings	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior
Non-compliant transitioned features	No	No	No
If yes, specify non-compliant features	N/A	N/A	N/A
Link to the full term and conditions of the instrument (signposting)	<a href="https://www.cm-arkea.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn">https://www.cm-arkea.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn</a>	<a href="https://www.cm-arkea.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn">https://www.cm-arkea.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn</a>	<a href="https://www.cm-arkea.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn">https://www.cm-arkea.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn</a>

(1) Insert 'N/A' if the question is not applicable

As at 12.31.2022	Subordinated term notes	Subordinated term notes	Subordinated term notes
Issuer	CREDIT MUTUEL ARKEA	CREDIT MUTUEL ARKEA	CREDIT MUTUEL ARKEA
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	FR0013398369	FR0013407418	FR0013407087
Public or private placement	Private	Public	Private
Governing law(s) of the instrument	French law	French law	French law
Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A	N/A
<b>Regulatory treatment</b>			
Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
Post-transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated
Instrument type (types to be specified by each jurisdiction)	EMTN Program	EMTN Program	EMTN Program
Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	25,000 K€	746,267 K€	29,649 K€
Nominal amount of instrument	100,000 €	100,000 €	100,000 €
Issue price	100,000 €	99,621 €	100,000 €
Redemption price	N/A	N/A	N/A
Accounting classification	Subordinated debt	Subordinated debt	Subordinated debt
Original date of issuance	01/28/2019	03/11/2019	03/14/2019
Perpetual or dated	Dated	Dated	Dated
Original maturity date	01/28/2031	03/11/2031	03/14/2031
Issuer call subject to prior supervisory approval	N/A	N/A	N/A
Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A	N/A
<b>Coupons / dividends</b>			
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
Coupon rate and any related index	3.81% p.a.	3.375% p.a.	3.40% p.a. until 03/14/2021, then 6 month
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	N/A
Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	N/A
Existence of step up or other incentive to redeem	No	No	No
Noncumulative or cumulative	N/A	N/A	N/A
Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
If convertible, conversion trigger(s)	N/A	N/A	N/A
If convertible, fully or partially	N/A	N/A	N/A
If convertible, conversion rate	N/A	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A	N/A
If convertible, specify instrument type convertible into	N/A	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
Write-down features	No	No	No
If write-down, write-down trigger(s)	N/A	N/A	N/A
If write-down, full or partial	N/A	N/A	N/A
If write-down, permanent or temporary	N/A	N/A	N/A
If temporary write-down, description of write-up	N/A	N/A	N/A
Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual
Ranking of the instrument in normal insolvency proceedings	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior
Non-compliant transitioned features	No	No	No
If yes, specify non-compliant features	N/A	N/A	N/A
Link to the full term and conditions of the instrument (signposting)	<a href="https://www.cm-arka.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn">https://www.cm-arka.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn</a>	<a href="https://www.cm-arka.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn">https://www.cm-arka.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn</a>	<a href="https://www.cm-arka.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn">https://www.cm-arka.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn</a>

(1) Insert 'N/A' if the question is not applicable

**Table 6 (EU CC1): Composition of regulatory own funds**

	Amounts as at 12.31.2022	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
In € thousands		
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
Capital instruments and the related share premium accounts	2,686,111	(h)
of which: Shares	2,680,673	
of which: Additional paid-in capital	5,438	
Retained earnings	5,451,921	(i) (j)
Accumulated other comprehensive income (and other reserves)	-8,559	(j)
Funds for general banking risk	-	
Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
Minority interests (amount allowed in consolidated CET1)	493	(k)
Independently reviewed interim profits net of any foreseeable charge or dividend	490,470	(l)
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>8,620,435</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>		
Additional value adjustments (negative amount)	-86,123	
Intangible assets (net of related tax liability) (negative amount)	-824,055	(d) (e) minus (f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-2,037	(b)
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-2	(j)
Negative amounts resulting from the calculation of expected loss amounts	-	
Any increase in equity that results from securitised assets (negative amount)	-	
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-10,465	(j)
Defined-benefit pension fund assets (negative amount)	-87,751	(c)
Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
of which: qualifying holdings outside the financial sector (negative amount)	-	
of which: securitisation positions (negative amount)	-	
of which: free deliveries (negative amount)	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
Amount exceeding the 17,65% threshold (negative amount)	-	
of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
of which: deferred tax assets arising from temporary differences	-	

	Amounts as at 12.31.2022	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
In € thousands		
Losses for the current financial year (negative amount)	-	
Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
Other regulatory adjustments	-102,383	(a)
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-1,112,816</b>	
<b>Common Equity Tier 1 (CET1) capital</b>	<b>7,507,619</b>	
<b>Additional Tier 1 (AT1) capital: instruments</b>		
Capital instruments and the related share premium accounts	-	
of which: classified as equity under applicable accounting standards	-	
of which: classified as liabilities under applicable accounting standards	-	
Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	3	(k)
of which: instruments issued by subsidiaries subject to phase out	-	
<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>3</b>	
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>		
Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
Other regulatory adjustments to AT1 capital	-	
<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>	
<b>Additional Tier 1 (AT1) capital</b>	<b>3</b>	
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>7,507,622</b>	
<b>Tier 2 (T2) capital: instruments</b>		
Capital instruments and the related share premium accounts	2,141,540	(g)
Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	



	Amounts as at 12.31.2022	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
In € thousands		
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	4	(k)
of which: instruments issued by subsidiaries subject to phase out	-	
Credit risk adjustments	115,121	
<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>2,256,666</b>	
<b>Tier 2 (T2) capital: regulatory adjustments</b>		
Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-600,000	(a)
Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
Other regulatory adjustments to T2 capital	-	
<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>-600,000</b>	
<b>Tier 2 (T2) capital</b>	<b>1,656,666</b>	
<b>Total capital (TC = T1 + T2)</b>	<b>9,164,288</b>	
<b>Total Risk exposure amount</b>	<b>44,544,905</b>	
<b>Capital ratios and requirements including buffers</b>		
Common Equity Tier 1 capital	16.85%	
Tier 1 capital	16.85%	
Total capital	20.57%	
Institution CET1 overall capital requirements	8.55%	
of which: capital conservation buffer requirement	2.50%	
of which: countercyclical capital buffer requirement	0.004%	
of which: systemic risk buffer requirement	0.00%	
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%	
of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.55%	
<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	<b>8.79%</b>	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	224,802	
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	480,521	
Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	83,584	

	Amounts as at 12.31.2022	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
In € thousands		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
Cap on inclusion of credit risk adjustments in T2 under standardised approach	95,263	
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	188,795	
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	115,121	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>		
Current cap on CET1 instruments subject to phase out arrangements	-	
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
Current cap on AT1 instruments subject to phase out arrangements	-	
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
Current cap on T2 instruments subject to phase out arrangements	-	
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

**Table 7 (EU CC2): Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
In € thousands	12.31.2022	12.31.2022	
<b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>			
Cash, due from central banks	23,453,717	23,453,717	
Financial assets at fair value through profit or loss	2,175,331	2,178,512	(m)
Derivatives used for hedging purposes	5,365,023	5,365,023	
Financial assets at fair value through equity	7,322,719	7,322,719	
Securities at amortized cost	569,489	569,489	
Loans and receivables - credit institutions, at amortized cost	12,044,954	12,044,871	
Loans and receivables - customers, at amortized cost	81,178,096	81,707,143	(a)
Remeasurement adjustment on interest-rate risk hedged portfolios	-4,501,996	-4,501,996	
Placement of insurance activities	56,731,460	-	
Current tax assets	175,125	173,677	
Deferred tax assets	200,763	100,649	(b)
Accruals, prepayments and sundry assets	1,188,125	1,206,103	(c)
Non-current assets held for sale	-	-	
Deferred profit-sharing	1,518,572	-	
Investments in associates	218,139	2,504,292	
Investment property	130,209	130,209	
Property, plant and equipment	338,789	322,831	
Intangible assets	540,283	534,456	(d)
Goodwill	484,610	484,610	(e)
<b>Total assets</b>	<b>189,133,408</b>	<b>133,596,305</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements</b>			
Due to central banks	-	-	
Financial liabilities at fair value through profit or loss	2,049,947	2,053,128	
Derivatives used for hedging purposes	4,525,378	4,525,378	
Due to banks	14,021,591	14,026,268	
Liabilities to customers	81,064,164	81,885,185	
Debt securities	19,843,532	19,812,793	
Remeasurement adjustment on interest-rate risk hedged portfolios	-2,011,828	-2,011,827	
Current tax liabilities	101,465	106,624	
Deferred tax liabilities	84,128	46,732	(f)
Accruals, deferred income and sundry liabilities	2,137,849	1,994,502	
Liabilities associated with non-current assets held for sale	-	-	
Insurance companies' technical reserves	56,109,541	-	
Provisions	299,195	250,355	
Subordinated debt	2,182,014	2,182,014	(g)
<b>Total liabilities</b>	<b>180,406,976</b>	<b>124,871,153</b>	
<b>Shareholders' Equity</b>			
Shareholders' equity, group share	8,719,212	8,719,215	
Share capital and additional paid-in capital	2,725,133	2,725,133	(h)
Consolidated reserves	5,679,636	5,679,639	(i)
Gains and losses recognized directly in equity	-236,269	-236,269	(j)
Net income for the year	550,712	550,712	(l)
Non-controlling interest	7,220	5,937	(k)
<b>Total shareholders' equity</b>	<b>8,726,432</b>	<b>8,725,152</b>	



## 3.2. 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 8 (EU OV1): Overview of risk weighted exposure amounts**

In € thousands	Total risk exposure amounts		Total own funds requirements
	12.31.2022	09.30.2022	12.31.2022
Credit risk (excluding CCR)	38,611,815	39,185,418	3,088,945
Of which the standardised approach	8,286,654	8,134,912	662,932
Of which the Foundation IRB (F-IRB) approach	6,609,134	7,304,309	528,731
Of which slotting approach	439,909	427,823	35,193
Of which equities under the simple riskweighted approach	11,176,209	11,043,024	894,097
Of which the Advanced IRB (A-IRB) approach	12,099,909	12,275,350	967,993
Counterparty credit risk - CCR	589,101	613,597	47,128
Of which the standardised approach	190,049	207,485	15,204
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	6,332	4,296	507
Of which credit valuation adjustment - CVA	72,106	55,936	5,769
Of which other CCR	320,613	345,880	25,649
Settlement risk	104	83	8
Securitisation exposures in the non-trading book (after the cap)	-	-	-
Of which SEC-IRBA approach	-	-	-
Of which SEC-ERBA (including IAA)	-	-	-
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	2,799,629	2,762,873	223,970
Of which basic indicator approach	403,656	403,656	32,292
Of which standardised approach	143,312	143,312	11,465
Of which advanced measurement approach	2,252,662	2,215,905	180,213
Amounts below the thresholds for deduction (subject to 250% risk weight)	2,544,256	2,697,223	203,540
<b>Total</b>	<b>44,544,905</b>	<b>45,259,194</b>	<b>3,563,592</b>

## 4. Prudential indicators

### 4.1. Key metrics

**Table 9 (EU KM1): Key metrics**

In € thousands	12.31.2022 <sup>(1)</sup>	09.30.2022 <sup>(2)</sup>	06.30.2022 <sup>(1)</sup>	03.31.2022 <sup>(2)</sup>	12.31.2021 <sup>(1)</sup>
<b>Available own funds (amounts)</b>					
Common Equity Tier 1 (CET1) capital	7,507,619	6,917,852	7,230,552	7,120,660	7,307,529
Tier 1 capital	7,507,622	6,917,856	7,230,556	7,120,665	7,318,754
Total capital	9,164,288	8,604,636	8,936,941	8,852,914	9,107,886
<b>Risk-weighted exposure amounts</b>					
Total risk exposure amount	44,544,905	45,259,194	43,924,479	44,054,927	43,076,633
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
Common Equity Tier 1 ratio (%)	16.9%	15.3%	16.5%	16.2%	17.0%
Tier 1 ratio (%)	16.9%	15.3%	16.5%	16.2%	17.0%
Total capital ratio (%)	20.6%	19.0%	20.3%	20.1%	21.1%
<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 (%)	0.0042%	0.0034%	0.0011%	0.0011%	0.0008%
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Overall capital requirements (%)	13.25%	13.25%	13.25%	13.25%	13.25%
CET1 available after meeting the total SREP own funds requirements (%) <sup>(3)</sup>	8.8%	7.2%	8.4%	8.1%	8.9%
<b>Leverage ratio</b>					
Total exposure measure	127,507,197	124,566,708	115,385,648	101,041,708	102,204,102
Leverage ratio (%)	5.9%	5.6%	6.3%	7.0%	7.2%
<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%	3.11%	3.11%
<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%	3.11%	3.11%
<b>Liquidity Coverage Ratio <sup>(4)</sup></b>					
Total high-quality liquid assets (HQLA) (Weighted value -average)	25,558,305	21,200,507	19,737,068	21,189,238	23,887,722
Cash outflows - Total weighted value	17,690,200	16,988,188	15,403,089	16,295,050	16,742,691
Cash inflows - Total weighted value	1,423,710	3,238,356	1,965,902	2,209,758	2,115,574
Total net cash outflows (adjusted value)	16,266,490	13,749,832	13,437,187	14,085,292	14,627,117
Liquidity coverage ratio (%)	157%	154%	147%	150%	163%
<b>Net Stable Funding Ratio</b>					
Total available stable funding	82,887,310	88,531,041	85,416,765	86,469,376	84,753,571
Total required stable funding	72,966,679	79,907,821	76,946,617	77,630,201	75,434,998
NSFR ratio (%)	114%	111%	111%	111%	112%

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

(2) Not integrating the interim result

(3) Taking into account possible AT1 deficits

(4) At the reporting date

The Crédit Mutuel Arkéa group has to comply with additional capital requirements, as follows:

- a conservation buffer which is mandatory for all establishments;
- a specific countercyclical capital buffer for each establishment. The countercyclical buffer, which is designed to protect banks from excessive growth in credit (in particular a deviation from the ratio of credit to gross domestic product), is imposed at the discretion of the designated authority of each jurisdiction, applicable to all exposures that establishments have in this jurisdiction. In France, the countercyclical buffer is set by the French financial stability authority (Haut Conseil de Stabilité Financière), hereinafter referred to as the “HCSF”. Since April 2020, the countercyclical buffer rate has been set at 0% of risk-weighted assets on French exposures. The mandatory recognition of countercyclical capital buffer rates implemented in other states was capped at 2.5%. Beyond this cap, rates require the explicit recognition of the HCSF. The countercyclical buffer rate specific to the Group is the weighted average of the countercyclical buffer rates that apply in the countries that correspond to the Group’s main credit exposures.

**Table 10 (EU CCyB1): Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer**

As at 12.31.2022 In € thousands	General credit exposures		General credit exposures - Market risk		Securitisation exposures	Total exposure value
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	
Breakdown by country:						
Norway	2,754	265,494	-	-	-	268,249
Luxembourg	6,034	111,583	-	-	-	117,617
Denmark	-	35,506	-	-	-	35,506
United-Kingdom	-	35,955	-	-	-	35,955
Sweden	-	173,672	-	-	-	173,672
Other countries	11,991,165	77,326,943	-	-	-	89,318,108
Total	11,999,954	77,949,152	-	-	-	89,949,106

As at 12.31.2022 In € thousands	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Breakdown by country:							
Norway	1,197	-	-	1,197	14,961	0.04%	2.00%
Luxembourg	8,040	-	-	8,040	100,500	0.26%	0.50%
Denmark	2,132	-	-	2,132	26,647	0.07%	2.00%
United-Kingdom	464	-	-	464	5,797	0.01%	1.00%
Sweden	1,767	-	-	1,767	22,081	0.06%	1.00%
Other countries	3,089,967	-	-	3,089,967	38,624,590	99.56%	0.00%
Total	3,103,566	-	-	3,103,566	38,794,576	-	-

**Table 11 (EU CCyB2): Amount of institution-specific countercyclical capital buffer**

In € thousands	12.31.2022
Total risk exposure amount	44,544,905
Institution specific countercyclical capital buffer rate (in %)	0.0042%
Institution specific countercyclical capital buffer requirement	1,853

## 4.2. Supplementary supervision of financial conglomerates

The Crédit Mutuel Arkéa group is one of the financial conglomerates supervised by the General Secretariat of the French Prudential Control and Resolution Authority (Secrétariat Général de l'Autorité de Contrôle Prudentiel et de Résolution). It operates as a financial conglomerate via Suravenir and Suravenir Assurances. These subsidiaries market a wide range of life insurance, personal insurance and property and liability insurance products.

As an exception to Articles 36 and 43 of the CRR and in accordance with the provisions of Article 49 of that regulation, the supervisor has authorized the Crédit Mutuel Arkéa group not to deduct holdings in the capital instruments of insurance sector entities from its Common Equity Tier 1 Capital and to adopt the so-called "weighted equity-accounted value" method, which consists in weighting instruments held in the Group's insurance subsidiaries on the denominator of the solvency ratio.

Consequently, and pursuant to the administrative order of November 3, 2014, the Crédit Mutuel Arkéa group is also subject to an additional capital adequacy requirement according to the so-called "accounting consolidation" procedures under IFRS.

Accordingly, in this context, insurance sector entities that are fully consolidated for accounting purposes are also fully consolidated for prudential purposes (using the equity method), in order to calculate the additional requirement.

The risk supervision measures relating to the conglomerate have been approved by Crédit Mutuel Arkéa's Board of Directors, the Risk Monitoring Committee and the ALM and Capital Management Committee.

This supervision is applied in three parts, to the conglomerate's scope:

- calculation of the supplementary capital adequacy requirement. As the ratio applicable to the conglomerate is one of the key solvency indicators, it is therefore the focus of particular attention:
  - an internal limit has been set which is governed by tolerance and warning thresholds;
  - a specific procedure has been established for any breaches of the limit set by the Board of Directors, which involves the General Management and Crédit Mutuel Arkéa's Board of Directors;
- control of the concentration of risks by beneficiary;
- control of intra-group transactions together with a breakdown of those transactions in excess of a threshold.

The first part relating to the calculation of the supplementary capital adequacy requirement makes it possible to verify every six months the coverage of solvency requirements relating to the banking sector and the insurance sector (Solvency II regulation) by the conglomerate's reported consolidated capital, including regulatory adjustments and transitional provisions set out in the CRR.

The minimum financial conglomerate ratio requirement is 100% and is calculated as follows:

Financial conglomerate ratio	=	$\frac{\text{The conglomerate's total capital}}{\text{Banking requirements} + \text{Insurance requirements}}$
------------------------------	---	---

As of December 31, 2022, the Crédit Mutuel Arkéa group had a coverage ratio of its conglomerate's capital requirements of 180%, after the integration of profit net of estimated dividends.

The second part, relating to control of the concentration of risks by beneficiary on a consolidated basis, makes it possible to report gross risks (aggregate exposure to a single beneficiary) in excess of 10% of the conglomerate's consolidated shareholders' equity or €300 million. A distinction is drawn between the banking and insurance sectors for each beneficiary.

The last part, relating to control of intra-group transactions, concerns a summary and a breakdown by type of transaction between the conglomerate's banking and insurance sectors for refinancing, off-balance sheet commitments and traded products.

**Table 12 (INS1) : Insurance participations**

As at 12.31.2022 In € thousands	Exposure value	Risk exposure amount
Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	2,284,400	8,452,278

**Table 13 (INS2) : Financial conglomerates information on own funds and capital adequacy ratio**

In € thousands	12.31.2022
Supplementary own fund requirements of the financial conglomerate (amount)	6,422,552
Capital adequacy ratio of the financial conglomerate (%)	180%

### 4.3. Leverage ratio

The procedures for monitoring the risk of excessive leverage have been approved by Crédit Mutuel Arkéa's Board of Directors and the ALM and Capital Management Committee. They are designed around the following:

- the leverage ratio, which is one of the key solvency indicators and is therefore the focus of particular attention;
- the setting of an internal limit, which is also governed by tolerance and warning thresholds;
- a specific procedure has been established for any breaches of the limit set by the Board of Directors, which involves the General Management and Crédit Mutuel Arkéa's Board of Directors.

The Basel III texts defined a ratio aimed at capping the leverage effect. The leverage ratio is intended both to calibrate the amount of Tier 1 capital (numerator of the ratio) and to control the Group's leverage exposure (denominator of the ratio) in order to achieve the ratio level targets set by the Group.

The leverage ratio is subject to a public disclosure requirement by banks and has been subject to a minimum requirement. The requirement was adjusted to 3.11% until the closing of March 31, 2022 in the context of the exercise of the option to exclude Central Banks exposures. This requirement is adjusted down to 3% as of the closing of June 30, 2022 following the end of this option.

The leverage ratio, as a proportion of Tier 1 capital, decreased compared with 2021 (-1.3 of a point) to 5.9% at the end of 2022.

In the numerator, Tier 1 capital increased by 3% (+€0.2 billion), to €7.5 billion. This increase was mainly due to the inclusion of the net profit for the year net of estimated dividends (+€0.5 billion), the net inflow of new B shares during the year (+€0.1 billion) and by the decrease in value of securities recognised at fair value through profit or loss (-€0.4 billion).

In the denominator, the amount of exposures increased by €25.3 billion (+25%) to €127 billion at December 31, 2022. This increase was mainly due to the end of the temporary deduction of exposures relating to the central bank since June 30, 2022 (impact +13.5 billion), the increase in Banque de France outstandings (+7.6 billion) and the change in commercial and portfolio activity.

**Table 14 (EU LR1 - LRSum) : Résumé du rapprochement entre actifs comptables et expositions aux fins du ratio de levier(EU LR1 - LRSum): Summary reconciliation of accounting assets and leverage ratio exposures**

As at 12.31.2022 In € thousands	Applicable amount
Total assets as per published financial statements	195,854,001
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-62,257,694
(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
Adjustment for eligible cash pooling transactions	-
Adjustment for derivative financial instruments	-5,220,053
Adjustment for securities financing transactions (SFTs)	1,505,564
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,553,136
(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-1,445,894
(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-8,508,595
Other adjustments	2,026,732
<b>Total exposure measure</b>	<b>127,507,197</b>



**Table 15 (EU LR2 - LRCom): Leverage ratio common disclosure**

In € thousands	CRR leverage ratio exposures	
	12.31.2022	06.30.2022
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
On-balance sheet items (excluding derivatives, SFTs, but including collateral)	128,174,600	119,173,473
Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
(General credit risk adjustments to on-balance sheet items)	-	-
(Asset amounts deducted in determining Tier 1 capital)	-	-
<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>128,174,600</b>	<b>119,173,473</b>
<b>Derivative exposures</b>		
Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	337,599	241,635
Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	478,567	407,688
Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
Exposure determined under Original Exposure Method	-	-
(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
Adjusted effective notional amount of written credit derivatives	-	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
<b>Total derivatives exposures</b>	<b>816,166</b>	<b>649,322</b>
<b>Securities financing transaction (SFT) exposures</b>		
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2,917,784	3,144,785
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
Counterparty credit risk exposure for SFT assets	-	-
Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
Agent transaction exposures	-	-
(Exempted CCP leg of client-cleared SFT exposure)	-	-
<b>Total securities financing transaction exposures</b>	<b>2,917,784</b>	<b>3,144,785</b>
<b>Other off-balance sheet exposures</b>		
Off-balance sheet exposures at gross notional amount	17,401,652	17,201,753
(Adjustments for conversion to credit equivalent amounts)	11,848,516	11,663,377
(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	N/A	N/A
<b>Off-balance sheet exposures</b>	<b>5,553,136</b>	<b>5,538,376</b>



In € thousands	CRR leverage ratio exposures	
	12.31.2022	06.30.2022
<b>Excluded exposures</b>		
(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-1,445,894	-4,928,336
(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-8,508,595	-8,191,972
(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
(Excluded guaranteed parts of exposures arising from export credits)	-	-
(Excluded excess collateral deposited at triparty agents)	-	-
(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
<b>(Total exempted exposures)</b>	<b>-9,954,489</b>	<b>-13,120,308</b>
<b>Capital and total exposure measure</b>		
<b>Tier 1 capital</b>	<b>7,507,622</b>	<b>7,230,556</b>
<b>Total exposure measure</b>	<b>127,507,197</b>	<b>115,385,648</b>
<b>Leverage ratio</b>		
Leverage ratio (%)	5.9%	6.3%
Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)		
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	N/A	N/A
Regulatory minimum leverage ratio requirement (%)		
Additional own funds requirements to address the risk of excessive leverage (%)		
of which: to be made up of CET1 capital		
Leverage ratio buffer requirement (%)		
Overall leverage ratio requirement (%)	N/A	N/A
<b>Choice on transitional arrangements and relevant exposures</b>		
Choice on transitional arrangements for the definition of the capital measure	N/A	N/A
<b>Disclosure of mean values</b>		
Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	3,154,029	3,146,628
Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	2,917,784	3,144,785
Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	127,743,442	115,387,492
Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	127,743,442	115,387,492
Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.9%	6.3%
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.9%	6.3%

**Table 16 (EU LR3 - LRSpl): Split-up of on balance sheet exposures (excluding derivatives, securities financing transactions and exempted exposures)**

As at 12.31.2022 In € thousands	CRR leverage ratio exposures
<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>118,220,111</b>
Trading book exposures	-
Banking book exposures, of which:	118,220,111
Covered bonds	2,299,734
Exposures treated as sovereigns	28,208,745
Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	6,789,254
Institutions	2,497,648
Secured by mortgages of immovable properties	33,450,220
Retail exposures	21,836,736
Corporates	16,983,626
Exposures in default	801,646
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	5,352,502

## 5. Capital adequacy

Pillar 2 of the Basel Accords requires banks to carry out their own assessment of their internal capital (also known as economic capital) and to use stress scenarios to assess their capital requirements in the event of an economic downturn. This pillar serves as a means of dialog between the bank and the supervisor on the adequacy of the institution's capital.

The Crédit Mutuel Arkéa group therefore has a system for measuring and monitoring its risks, including in particular an Internal Capital Adequacy Assessment Process (hereinafter “ICAAP”). This approach results in the signature of an annual capital adequacy statement by the Chairman and the Chief Executive Officer of Crédit Mutuel Arkéa.

The ICAAP approach is fully integrated into the risk governance framework. It entails the following stages, covering a forecast period of 3 years:

- identification of the significant risks incurred by the bank and the associated procedures, in direct collaboration with risk management and using a global Group risk map which is updated each year;
- an assessment of the capacity of these risks to be absorbed on an ongoing basis through Pillar 1 regulatory capital requirements;
- calculation of the level of additional economic capital to be allocated, for full coverage of the risks.

The difference between the economic capital requirement and the regulatory capital requirement constitutes a safety margin for the bank's solvency, in line with the risk appetite framework. The related amount depends on the Group's risk profile (in light of its current and future activities) and its degree of risk aversion.

The results of the ICAAP, which are regularly presented to the Group's management bodies, are used to demonstrate that the Group has an adequate level of capital to cover its risk exposure, in line with its risk appetite thresholds. The level of security with respect to solvency, measured by the ratio of surplus capital to the regulatory capital requirement and to the economic capital requirement, is high given the Crédit Mutuel Arkéa group's moderate risk profile and ample capital.

## 6. Credit risk

Credit risk is one of the Crédit Mutuel Arkéa group's main risks. Information on the structure and organization of the function responsible for credit risk management is provided in Crédit Mutuel Arkéa's 2022 Universal Registration Document, in the section entitled "Risks".

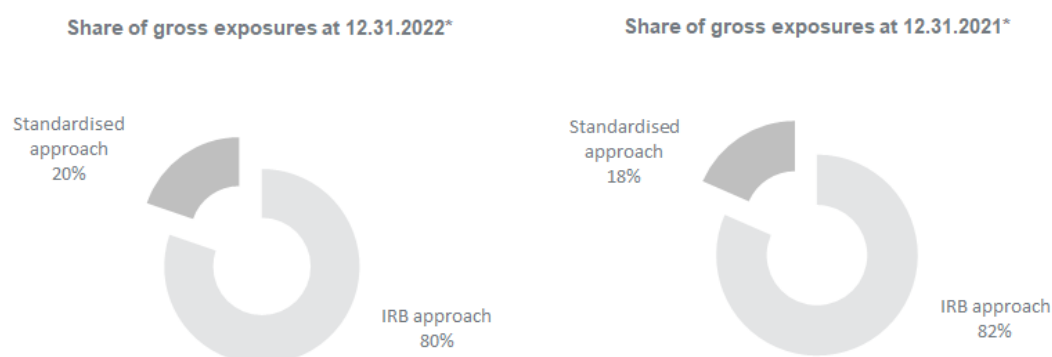
### 6.1. Exposures

The Group uses its internal ratings system to calculate its regulatory capital requirements in respect of credit risk, following the authorization issued by the regulatory authorities:

- using the advanced method, as from June 30, 2008, for the retail customer and the corporate portfolios, excluding large accounts;
- using the foundation method for large accounts and bank portfolios.

As part of the TRIM exercise (targeted review of internal models), the European Central Bank (hereinafter "**ECB**") confirmed the approvals obtained under the advanced internal ratings method for retail portfolios. As regards large accounts and banks, in application of the TRIM constraints imposing limitations on these portfolios, Crédit Mutuel has decided to switch to the foundation method at March 31, 2022, thus anticipating the "Basel 4" rules applicable as from January 1, 2025. All these portfolios are in the process of taking into account the relevant recommendations.

The percentage of exposures authorized under the advanced and foundation method was more than 80% as of December 31, 2022.



\*Based on the scope covering credit institutions, corporates and retail customers

Table 17 (EU CR1-A): Maturity of exposures

As at 12.31.2022 In € thousands	Net exposure value					Total
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
Loans and advances	3,447,917	13,495,829	13,410,987	62,818,715	187,763	93,361,211
Debt securities	-	2,802,177	3,084,585	1,681,491	-	7,568,253
<b>Total</b>	<b>3,447,917</b>	<b>16,298,006</b>	<b>16,495,573</b>	<b>64,500,206</b>	<b>187,763</b>	<b>100,929,464</b>

## 6.2. Credit quality of assets

### Non-performing exposures

A common definition of default has been adopted for all Credit Mutuel entities. Based on the alignment of the prudential treatment with the accounting treatment (CRC 2002-03), this definition matches the Basel concept of loans in default and the accounting concept of non-performing loans and loans in litigation. The computer software factors in contagion, which means downgrading can be extended to include related outstandings. The controls carried out by the internal audit and by the statutory auditors ensure the reliability of the procedures for identifying defaults used to calculate capital requirements.

Since November 2019, all Crédit Mutuel entities, including the Crédit Mutuel Arkéa group, have applied the definition of prudential default in accordance with the guidelines of the EBA and regulatory technical standards on the concepts of applicable materiality thresholds.

The main changes linked to the implementation of this definition are as follows:

- default analysis takes place at the borrower level and no longer at the contract level;
- the number of days past due/in arrears is assessed at the level of a borrower (obligor) or a group of borrowers (co-obligors) having a common commitment;
- default is triggered when 90 consecutive days past due/in arrears are observed at the level of a borrower/group of borrowers. Thus there are no non-payments over 90 days that are not impaired. The number of days is calculated when absolute (€100 Retail, €500 Corporate) and relative (more than 1% of balance sheet commitments overdue) materiality thresholds are crossed simultaneously. The counter is reset as soon as one of the two thresholds is crossed downwards;
- the scope of default contagion extends to all of the borrower's receivables and the individual commitments of borrowers participating in a joint credit obligation;
- the minimum probation period is three months before returning to performing status for non-restructured assets.

All Crédit Mutuel entities, including the Crédit Mutuel Arkéa group, have chosen to use the definition of default based on the two-step approach proposed by the EBA:

- submission of a self-assessment and an authorization request to the supervisor. The rollout agreement was obtained by Crédit Mutuel in October 2019;
- implementation of the definition of default in the systems, then recalibration of the models after a 12-month period of observation of new defaults.

The Crédit Mutuel entities believe the new definition of default, as required by the EBA, represents objective evidence of impairment in the accounting sense. The Group has therefore aligned the accounting (status/bucket 3) and prudential definitions of default.

Definitions and quantitative information concerning overdue payments are also provided in Crédit Mutuel Arkéa's 2022 Universal Registration Document, in the section entitled "Accounting principles and valuation methods".

## **Impairment provisions for credit risk**

The provisions introduced by the EBA Guidelines on credit risk management practices and the recognition of expected credit losses, which came into force on January 1, 2018 (IFRS 9), have resulted in the internal credit risk assessment methods being changed in order to comply with Articles 114 and 115 of the administrative order of November 3, 2014.

This approach is based on an expected loss impairment model and replaces the former approach (IAS 39) based on an incurred loss impairment model. Thus, the credit risk, and therefore any impairment provision, are recognized as soon as the loan is granted.

Each contract is subject to an “expected” credit loss calculation with risk parameters whose calculation methods and values are specific to the Crédit Mutuel Arkéa group. The calculation methods depend on the segmentation of the portfolios:

- HDP (High Default Portfolio): a portfolio with a high default rate (statistical modeling);
- LDP (Low Default Portfolio): a portfolio with a low default rate (expert modeling).

It should be noted that the Group does not apply the transitional provisions relating to IFRS 9 (the capital and capital and leverage ratios already reflect the total impact of IFRS 9).

## **Allocating loans to the various buckets on the grant date**

At the time loans are granted, they are allocated to one of the three risk categories, known as buckets, defined by IFRS 9:

- a contract (loan or securities) on a performing counterparty is allocated, at the time of approval, to bucket 1 regardless of its risk level (ratings from A+ to E+ inclusive), unless it is a loan identified as a restructured loan which will systematically be allocated to bucket 2;
- a contract (loan or securities) granted on a counterparty in default is allocated to bucket 3.

## **Allocation to the various buckets at each reporting date**

Changes in risk quality are analyzed at each reporting date. In this regard, the probability of default for each loan estimated on the initial recognition date is compared with its estimated probability of default on the reporting date.

Accordingly, at each quarter end and for each financial instrument, the allocation rule is as follows:

- in the case of a counterparty in default (see below for downgrading criteria), all the counterparty's contracts are allocated to bucket 3 (loans in default);
- in the case of a performing counterparty, absolute and relative criteria are reviewed. These criteria are as follows:

- absolute criteria: contractual payments more than 30 days past due, contract in default the previous month, securities rated as speculative grade, and concept of restructured loans (forbearance);
- relative criteria: comparison of the probabilities of default at the grant date and the probabilities of default at the reporting date for financial instruments with internal statistical models (High Default Portfolio) or comparison of the ratings at the grant date and the ratings at the reporting date (Low Default Portfolio).

An examination of these criteria determines whether the debt is maintained in its original bucket or transferred to another bucket (for example, transfer from bucket 1 to bucket 2 in the event of an increase in the risk, or return from bucket 2 to bucket 1 in the event of a reduction in the risk).

The methods used to calculate provisions differ according to the bucket to which the loan is allocated: the expected credit loss is assessed over a maximum period of one year in the case of loans in bucket 1, whereas it is calculated over the contract's residual life in the case of loans in bucket 2. For a given contract, the amount of the provision on bucket 2 is therefore greater than that of the provision on bucket 1.

These absolute and relative criteria are supplemented by consideration of forward-looking information to assess the future changes in the parameters making up the expected credit losses (ECL).

As regards downgrading to default, the Crédit Mutuel Arkéa group has opted for systematic downgrading in compliance with the accounting regulations on default (see CRC Regulation 2014-07 of November 26, 2014 on the accounting treatment of credit risk) and the Basel accords.

The criteria that result in a counterparty being downgraded to default are as follows:

- knowledge of collective proceedings (safeguard procedure, receivership or court-ordered liquidation);
- notification of the admissibility of over-indebtedness proceedings;
- knowledge of personal recovery proceedings in the case of retail customers;
- loan with amount(s) more than 90 days past due;
- current account(s) with an irregular debit balance for more than 90 days, with a materiality threshold of €150, with the understanding that after a period of 6 months the counterparty is downgraded to default regardless of the outstanding amount;
- out-of-court recovery that has become impossible;
- contagion of the default according to the rules used in the Basel regulations;
- doubt as to the ability of a debtor to honor all or part of its commitments, when its situation presents characteristics such that regardless of the existence of any unpaid debt, it can be concluded that there is a proven risk. This is particularly the case where the debtor's worsened financial situation gives rise to a risk of non-recovery;
- for loans considered to be restructured: payment arrears of more than 30 days or a new restructuring measure.

All receivables due from these counterparties are systematically allocated to bucket 3 and are the subject of a single provision allocated for loan impairment.

As of December 31, 2022, the breakdown of outstandings and provisions by bucket<sup>2</sup> was as follows:

In € thousands	Balance sheet provisionable outstandings	Provisions	In € thousands	Off-balance sheet provisionable outstandings	Provisions
Bucket 1	95,427,487	236,322	Bucket 1	16,160,071	21,006
Bucket 2	4,711,068	259,752	Bucket 2	744,707	6,510
Bucket 3	1,481,791	694,793	Bucket 3	86,996	19,062

<sup>2</sup> Bucket 3 includes POCI



## Consideration of the current macroeconomic context

The economic situation at the end of 2022 remains pessimistic: the economic crisis predicted following the COVID-19 pandemic has not been completely realized but is gradually being replaced by a more diffuse economic crisis driven by high inflation and tighter financing.

On this basis, and as part of the current review of the methodology for calculating expected losses, a prudent provisioning system for the portfolio is maintained:

- the credit risk identification models and processes, which make up the internal ratings system, remain efficient in the context of the conflict in Ukraine, and the general rise in prices and the rapid increase in interest rates. More generally, the direct consequences of the conflict in Ukraine did not have a significant impact on the cost of risk for the year given the very low level of the Group's direct or indirect exposure to Russian or Ukrainian counterparties;
- the Group has an early warning system that makes it possible to anticipate and detect early signs of client weakness;
- the parameters used to calculate expected losses, probability of default, loss given default and credit conversion factor, have been updated as at December 31, 2022, in accordance with the methodology in place;
- the weighting of the pessimistic forward looking scenario has increased from 75% to 80%, in line with the economic outlook and scenarios mentioned above. This increase results in an additional provision of €18.8 million at December 31, 2022. The increase in the weighting of the pessimistic scenario leads to a mechanical reduction in the weighting of the neutral scenario (19% compared with 24% in 2021), with the weighting of the favorable scenario remaining stable at 1%;
- The economic crisis caused by COVID-19 is becoming a more diffuse crisis and the sectors weakened by the pandemic are not all specifically affected by the economic consequences of the current environment. As such, the COVID-19 sectoral provision is reversed at December 31, 2022.

A sectoral provision of €14.5 million, intended to cover the fragility of the sectors affected by the future crisis, was set aside on 31 December 2022. This new provision impacts expected losses but does not impact the breakdown of outstandings by buckets. The sectors covered by this provision are manufacturing, construction, transport and storage, retail and clothing.

This sectoral provision supplements the sectoral provision for the agricultural sector, which is maintained at 31 December 2022 for an amount of €22 million.

## Forborne exposures

Exposures are restructured as a result of the debtor's financial difficulties. This involves the Group making concessions to the debtor (changes in the contract terms such as the rate or term, partial waiver, additional financing that would not have been granted in the absence of such difficulties, etc.). The Crédit Mutuel Arkéa group has the means in its IT systems to identify restructured exposures in its performing and non-performing portfolios, which are defined using the principles set out by the EBA on October 23, 2013. Restructuring results, as a minimum, in a transfer to bucket 2.

The following tables provide a breakdown of outstanding non-performing loans and loans in litigation and the related provisions at December 31, 2022 according to their business sector or counterparty type, their Basel treatment method and their geographic area.

**Table 18 (EU CQ1): Credit quality of forborne exposures**

As at 12.31.2022 In € thousands	Gross carrying amount/nominal amount of exposures with forbearance measures			
	Performing forborne	Non-performing forborne		
			Of which defaulted	Of which impaired
Cash balances at central banks and other demand deposits	-	-	-	-
Loans and advances	231,771	499,752	499,752	499,752
<i>Central banks</i>	-	-	-	-
<i>General governments</i>	-	-	-	-
<i>Credit institutions</i>	-	-	-	-
<i>Other financial corporations</i>	669	1,252	1,252	1,252
<i>Non-financial corporations</i>	162,080	306,065	306,065	306,065
<i>Households</i>	69,022	192,435	192,435	192,435
Debt Securities	-	-	-	-
Loan commitments given	-	-	-	-
<b>Total</b>	<b>231,771</b>	<b>499,752</b>	<b>499,752</b>	<b>499,752</b>

As at 12.31.2022 In € thousands	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
Cash balances at central banks and other demand deposits	-	-	-	-
Loans and advances	-20,081	-162,535	403,902	276,578
<i>Central banks</i>	-	-	-	-
<i>General governments</i>	-	-	-	-
<i>Credit institutions</i>	-	-	-	-
<i>Other financial corporations</i>	-557	-459	905	325
<i>Non-financial corporations</i>	-15,462	-97,628	266,455	189,806
<i>Households</i>	-4,062	-64,448	136,542	86,447
Debt Securities	-	-	-	-
Loan commitments given	-	-	-	-
<b>Total</b>	<b>-20,081</b>	<b>-162,535</b>	<b>403,902</b>	<b>276,578</b>

**Table 19 (EU CQ3): Credit quality of performing and non-performing exposures by past due days**

As at 12.31.2022 In € thousands	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days
Cash balances at central banks and other demand deposits	23,714,459	23,714,459	-	-	-	-
Loans and advances	93,068,064	92,702,868	365,196	1,481,791	550,948	167,318
Central banks	-	-	-	-	-	-
General governments	8,522,818	8,522,818	-	-	-	-
Credit institutions	11,649,790	11,649,787	3	-	-	-
Other financial corporations	1,741,503	1,741,132	371	10,554	5,089	333
Non-financial corporations	25,486,184	25,391,111	95,073	882,557	379,267	95,196
Of which SMEs	11,799,165	11,708,295	90,870	551,869	182,989	36,577
Households	45,667,769	45,398,020	269,749	588,680	166,592	71,789
Debt securities	7,572,205	7,572,205	-	-	-	-
Central banks	44,755	44,755	-	-	-	-
General governments	1,834,728	1,834,728	-	-	-	-
Credit institutions	4,670,742	4,670,742	-	-	-	-
Other financial corporations	137,536	137,536	-	-	-	-
Non-financial corporations	884,444	884,444	-	-	-	-
Off-balance-sheet exposures	32,544,121			86,996		
Central banks	13,741,672			-		
General governments	1,608,277			-		
Credit institutions	1,757,892			-		
Other financial corporations	1,733,520			1,766		
Non-financial corporations	9,967,996			64,127		
Households	3,734,764			21,103		
<b>Total</b>	<b>156,898,849</b>	<b>123,989,532</b>	<b>365,196</b>	<b>1,568,787</b>	<b>550,948</b>	<b>167,318</b>

As at 12.31.2022 In € thousands	Gross carrying amount/nominal amount					
	Non-performing exposures					
	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	-	-	-	-	-	-
Loans and advances	191,834	82,050	184,422	65,216	240,003	1,481,791
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	94	617	242	153	4,026	10,554
Non-financial corporations	74,630	37,366	121,956	36,443	137,699	882,557
Of which SMEs	47,102	33,784	87,444	34,955	129,018	551,869
Households	117,110	44,067	62,224	28,620	98,278	588,680
Debt securities	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-
Off-balance-sheet exposures						86,996
Central banks						-
General governments						-
Credit institutions						-
Other financial corporations						1,766
Non-financial corporations						64,127
Households						21,103
<b>Total</b>	<b>191,834</b>	<b>82,050</b>	<b>184,422</b>	<b>65,216</b>	<b>240,003</b>	<b>1,568,787</b>

**Table 20 (EU CQ4): Quality of non-performing exposures by geography**

As at 12.31.2022 In € thousands	Gross carrying/nominal amount			Accumulated impairment	Provisions on off- balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non- performing exposures
		Of which non-performing (*)	Of which defaulted	Of which subject to impairment (*)		
<b>On-balance-sheet exposures</b>	<b>102,122,060</b>		<b>1,481,791</b>		<b>-1,192,596</b>	<b>-</b>
France	95,697,010		1,473,606		-1,180,582	-
Germany	464,176		1		-740	-
Luxembourg	340,921		101		-632	-
Belgium	1,628,652		1,798		-2,721	-
United Kingdom	108,054		359		-433	-
Switzerland	47,511		271		-303	-
USA	216,498		2,992		-3,255	-
Spain	262,273		951		-1,185	-
Netherlands	542,837		822		-836	-
Canada	788,845		258		-355	-
Italy	366,731		2		-373	-
Singapore	7,262		-		-3	-
Australia	878		-		-1	-
Ireland	553,384		-		-151	-
Portugal	3,467		390		-394	-
Japan	665		-		-	-
Sweden	368,830		-		-130	-
Hong Kong	4,339		-		-5	-
Austria	117,462		-		-23	-
Monaco	5,738		-		-43	-
Russia	406		-		-	-
Ukraine	-		-		-	-
Belarus	-		-		-	-
Other countries	596,121		240		-431	-
<b>Off-balance-sheet exposures</b>	<b>32,631,117</b>		<b>86,996</b>		<b>46,578</b>	
France	32,495,096		86,996		46,534	
Germany	863		-		1	
Luxembourg	19,527		-		-	
Belgium	70,893		-		34	
United Kingdom	1,728		-		-	
Switzerland	17,048		-		7	
USA	4,084		-		1	
Spain	654		-		-	
Netherlands	389		-		-	
Canada	434		-		-	
Italy	131		-		-	
Singapore	1,143		-		1	
Australia	27		-		-	
Ireland	483		-		-	
Portugal	592		-		-	
Japan	12		-		-	
Sweden	14		-		-	
Hong Kong	215		-		-	
Austria	11		-		-	
Monaco	4,613		-		-	
Russia	4		-		-	
Ukraine	1		-		-	
Belarus	-		-		-	
Other countries	13,155		-		-	
<b>Total</b>	<b>134,753,177</b>		<b>1,568,787</b>		<b>-1,192,596</b>	<b>46,578</b>

(\*) The publication of these columns is subject to a threshold (NPL rate > 5%), in accordance with Article 8(3) of the Implementing Regulation (EU) 2021/637 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part 8 of the CRR.



**Table 21 (EU CQ5): Credit quality of loans and advances to non-financial corporations by industry**

As at 12.31.2022	Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing (*)	Of which loans and advances subject to impairment (*)		
			Of which defaulted		
In € thousands					
Agriculture, forestry and fishing	2,220,560		131,374		-118,464
Mining and quarrying	29,459		21		-178
Manufacturing	1,145,314		136,382		-63,175
Electricity, gas, steam and air conditioning supply	447,201		13,927		-17,876
Water supply	103,037		4,303		-3,691
Construction	1,504,232		48,872		-41,767
Wholesale and retail trade	2,634,054		121,452		-101,130
Transport and storage	576,525		27,672		-12,237
Accommodation and food service activities	618,859		44,335		-32,516
Information and communication	271,352		12,585		-7,485
Financial and insurance activities	2,194,176		47,320		-45,072
Real estate activities	9,676,479		139,329		-133,256
Professional, scientific and technical activities	2,923,495		55,618		-59,082
Administrative and support service activities	866,311		33,831		-25,768
Public administration and defense, compulsory social security	70,007		-		-
Education	143,859		1,333		-1,384
Human health services and social work activities	372,692		5,280		-6,887
Arts, entertainment and recreation	268,604		13,384		-8,520
Other services	302,525		45,539		-29,424
<b>Total</b>	<b>26,368,741</b>		<b>882,557</b>		<b>-707,912</b>

(\*) The publication of these columns is subject to a threshold (NPL rate > 5%), in accordance with Article 8(3) of the Implementing Regulation (EU) 2021/637 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part 8 of the CRR.

**Table 22 (EU CQ7): Collateral obtained by taking possession and execution processes**

As at 12.31.2022	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
In € thousands		
Property, plant and equipment (PP&E)	-	-
Other than PP&E	1,287	-406
Residential immovable property	1,287	-406
Commercial Immovable property	-	-
Movable property (auto, shipping, etc.)	-	-
Equity and debt instruments	-	-
Other collateral	-	-
<b>Total</b>	<b>1,287</b>	<b>-406</b>

**Table 23 (EU CR1): Performing and non-performing exposures and related provisions**

As at 12.31.2022	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
	In € thousands	Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 3
Cash balances at central banks and other demand deposits	23,714,459	23,714,459	-	-	-	-
Loans and advances	93,068,064	88,345,162	4,660,807	1,481,791	-	1,288,240
Central banks	-	-	-	-	-	-
General governments	8,522,818	8,503,222	19,596	-	-	-
Credit institutions	11,649,790	11,649,035	-	-	-	-
Other financial corporations	1,741,503	1,614,872	126,102	10,554	-	9,149
Non-financial corporations	25,486,184	23,235,032	2,202,683	882,557	-	710,347
Of which SMEs	11,799,165	10,476,055	1,301,707	551,869	-	461,932
Households	45,667,769	43,343,001	2,312,426	588,680	-	568,744
Debt securities	7,572,205	7,208,652	-	-	-	-
Central banks	44,755	44,755	-	-	-	-
General governments	1,834,728	1,834,728	-	-	-	-
Credit institutions	4,670,742	4,484,368	-	-	-	-
Other financial corporations	137,536	135,984	-	-	-	-
Non-financial corporations	884,444	708,817	-	-	-	-
Off-balance-sheet exposures	32,544,121	31,789,242	744,707	86,996	-	67,636
Central banks	13,741,672	13,741,672	-	-	-	-
General governments	1,608,277	1,608,277	-	-	-	-
Credit institutions	1,757,892	1,757,347	-	-	-	-
Other financial corporations	1,733,520	1,717,674	15,846	1,766	-	1,766
Non-financial corporations	9,967,996	9,351,331	607,856	64,127	-	45,413
Households	3,734,764	3,612,941	121,005	21,103	-	20,457
<b>Total</b>	<b>156,898,849</b>	<b>151,057,515</b>	<b>5,405,514</b>	<b>1,568,787</b>	<b>-</b>	<b>1,355,876</b>

As at 12.31.2022	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
	Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
	In € thousands	Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 3		
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	-492,122	-232,370	-256,868	-696,522	-	-623,652	53,540,777	600,682
Central banks	-	-	-	-	-	-	-	-
General governments	-7,590	-6,922	-668	-	-	-	1,472,429	-
Credit institutions	-6,659	-6,659	-	-	-	-	380,044	-
Other financial corporations	-15,722	-8,657	-7,061	-5,693	-	-4,445	982,061	4,587
Non-financial corporations	-278,013	-122,136	-153,565	-429,899	-	-369,325	18,098,980	357,612
Of which SMEs	-147,471	-59,008	-86,566	-313,526	-	-268,004	7,376,734	190,982
Households	-184,138	-87,996	-95,574	-260,930	-	-249,882	32,607,263	238,483
Debt securities	-3,952	-3,952	-	-	-	-	-	-
Central banks	-3	-3	-	-	-	-	-	-
General governments	-871	-871	-	-	-	-	-	-
Credit institutions	-1,306	-1,306	-	-	-	-	-	-
Other financial corporations	-1,021	-1,021	-	-	-	-	-	-
Non-financial corporations	-751	-751	-	-	-	-	-	-
Off-balance-sheet exposures	-27,516	-21,006	-6,429	-19,062	-	-15,959	3,769,982	8,351
Central banks	-	-	-	-	-	-	158,525	-
General governments	-807	-807	-	-	-	-	27,327	-
Credit institutions	-434	-434	-	-	-	-	510,935	-
Other financial corporations	-632	-495	-137	-274	-	-274	60,989	-
Non-financial corporations	-21,515	-15,872	-5,564	-14,737	-	-11,664	1,979,390	6,556
Households	-4,128	-3,398	-728	-4,051	-	-4,021	1,032,816	1,795
<b>Total</b>	<b>-523,590</b>	<b>-257,328</b>	<b>-263,297</b>	<b>-715,584</b>	<b>-</b>	<b>-639,611</b>	<b>57,310,759</b>	<b>609,033</b>

(\*) The Crédit Mutuel Arkéa group applies local law and losses are not recognised until all recovery rights have expired.

**Table 24 (EU CR2): Changes in the stock of non-performing loans and advances**

As at 12.31.2022 In € thousands	Gross carrying amount
Initial stock of non-performing loans and advances	1,451,107
Inflows to non-performing portfolios	537,820
Outflows from non-performing portfolios	-507,136
Outflows due to write-offs	-147,347
Outflow due to other situations	-359,789
<b>Final stock of non-performing loans and advances</b>	<b>1,481,791</b>

The NPL rate of the Crédit Mutuel Arkéa group at December 31, 2022 does not exceed the 5% threshold. Consequently, the following tables are not displayed in the Crédit Mutuel Arkéa group's Pillar 3 report:

- EU CQ2: Quality of forbearance;
- EU CQ6: Collateral valuation - loans and advances;
- EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown;
- EU CR2-A: Changes in the stock of non-performing loans and advances and related net accumulated recoveries.



**Exposures subject to measures put in place in response to the Covid-19 crisis (moratoria, government-guaranteed loans, other support measures)**

**Table 25 (template 1): Information on loans and advances subject to legislative and non-legislative moratoria**

As at 12.31.2022 In € thousands	Gross carrying amount						
	Performing				Non performing		
	Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit- impaired (Stage 2)			Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	
<b>Loans and advances subject to moratorium</b>	<b>2,640</b>	<b>2,640</b>	<b>260</b>	<b>596</b>	-	-	-
of which: Households	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-
of which: Non-financial corporations	2,640	2,640	260	596	-	-	-
of which: Small and Medium-sized Enterprises	2,640	2,640	260	596	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-

As at 12.31.2022 In € thousands	Accumulated impairment, accumulated negative changes in fair value due to credit risk						Gross carrying amount
	Performing				Non performing		Inflows to non-performing exposures
	Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit- impaired (Stage 2)			Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	
<b>Loans and advances subject to moratorium</b>	<b>-52</b>	<b>-52</b>	<b>-31</b>	<b>-41</b>	-	-	-
of which: Households	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-
of which: Non-financial corporations	-52	-52	-31	-41	-	-	-
of which: Small and Medium-sized Enterprises	-52	-52	-31	-41	-	-	-
of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-

**Table 26 (template 2): Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria**

As at 12.31.2022 In € thousands	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
<b>Loans and advances for which moratorium was offered</b>	<b>22,029</b>	<b>2,112,780</b>							
<b>Loans and advances subject to moratorium (granted)</b>	<b>22,029</b>	<b>2,112,780</b>	-	<b>2,110,141</b>	<b>1,796</b>	<b>6</b>	-	-	<b>838</b>
of which: Households		-	-	-	-	-	-	-	-
of which: Collateralised by residential immovable property		-	-	-	-	-	-	-	-
of which: Non-financial corporations		2,112,780	-	2,110,141	1,796	6	-	-	838
of which: Small and Medium-sized Enterprises		1,970,202	-	1,967,562	1,796	6	-	-	838
of which: Collateralised by commercial immovable property		6,014	-	6,014	-	-	-	-	-

**Table 27 (template 3): Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis**

As at 12.31.2022 In € thousands	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forbore	Public guarantees received	Inflows to non-performing exposures
<b>Newly originated loans and advances subject to public guarantee schemes</b>	<b>1,343,630</b>	<b>126,955</b>	<b>1,205,057</b>	<b>49,286</b>
of which: Households	-			-
of which: Collateralised by residential immovable property	-			-
of which: Non-financial corporations	1,343,630	126,955	1,205,057	49,286
of which: Small and Medium-sized Enterprises	1,039,952			23,969
of which: Collateralised by commercial immovable property	189			-

## 6.3. Standardized approach

Exposures dealt with under the standardized approach are set out in the following table.

The Crédit Mutuel Arkéa group uses assessments by rating agencies recognized by the supervisor (external credit assessment institutions - ECAI) to measure the risk on exposures dealt with using the standard method. The ratings of Standard & Poor's, Moody's and Fitch are mainly used for exposures to institutions, governments and central banks. The valuations of the Banque de France are mainly used for exposures to companies.

The cross-reference table used to link the credit quality steps to the external ratings taken into consideration is that defined in the regulations.

**Table 28 (EU CR5): Standardised approach**

As at 12.31.2022	Risk weight								
In € thousands									
Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%
Central governments or central banks	25,051,676	-	-	-	-	-	-	-	-
Regional government or local authorities	63,889	-	-	-	6,793,850	-	-	-	-
Public sector entities	10,780,821	-	-	-	580,224	-	-	-	-
Multilateral development banks	188,114	-	-	-	-	-	-	-	-
International organisations	44,752	-	-	-	-	-	-	-	-
Institutions	153,156	-	-	-	4,077	-	5,186	-	-
Corporates	-	-	-	-	14,869	-	32,324	-	-
Retail exposures	-	-	-	-	-	-	-	-	3,686,563
Exposures secured by mortgages on immovable property	-	-	-	-	-	6,234,023	-	-	739,827
Exposures in default	-	-	-	-	-	-	-	-	-
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	8,911	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>36,282,408</b>	<b>-</b>	<b>-</b>	<b>8,911</b>	<b>7,393,020</b>	<b>6,234,023</b>	<b>37,510</b>	<b>-</b>	<b>4,426,390</b>

As at 12.31.2022	Risk weight						Total	Of which unrated
In € thousands	100%	150%	250%	370%	1250%	Others		
Exposure classes								
Central governments or central banks	-	-	95,280	-	-	-	<b>25,146,957</b>	25,146,957
Regional government or local authorities	-	-	-	-	-	-	<b>6,857,739</b>	6,857,739
Public sector entities	-	-	-	-	-	-	<b>11,361,044</b>	11,361,044
Multilateral development banks	-	-	-	-	-	-	<b>188,114</b>	188,114
International organisations	-	-	-	-	-	-	<b>44,752</b>	44,752
Institutions	-	-	-	-	-	-	<b>162,420</b>	162,420
Corporates	176,724	2,124	-	-	-	-	<b>226,041</b>	226,041
Retail exposures	-	-	-	-	-	-	<b>3,686,563</b>	3,686,563
Exposures secured by mortgages on immovable property	-	-	-	-	-	-	<b>6,973,850</b>	6,973,850
Exposures in default	225,286	6,594	-	-	-	-	<b>231,879</b>	231,879
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	<b>8,911</b>	8,911
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
Units or shares in collective investment undertakings	-	-	-	-	578	8,170	<b>8,747</b>	8,747
Equity exposures	10,234	-	33,788	-	-	-	<b>44,022</b>	44,022
Other items	819,940	-	-	-	-	-	<b>819,940</b>	819,940
<b>TOTAL</b>	<b>1,232,184</b>	<b>8,717</b>	<b>129,069</b>	<b>-</b>	<b>578</b>	<b>8,170</b>	<b>55,760,979</b>	<b>55,760,979</b>

Exposures to central governments and central banks (sovereign) are weighted exclusively at 0%. The sovereign outstandings weighted at 250% correspond to deferred tax assets.

## 6.4. 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.

Confédération Nationale du Crédit Mutuel (hereinafter “**CNCM**”) is responsible for defining the rating methodologies for all portfolios. The Crédit Mutuel Arkéa group provides the CNCM with human resources dedicated to developing and maintaining statistical models. In addition, it is directly involved in developing and approving working group projects on specific issues, as well as in work related to data quality and application acceptance testing.

The counterparty rating system is used throughout Crédit Mutuel.

The **probability of default** (hereinafter “**PD**”) is the likelihood that a counterparty will default within a one-year period. The Crédit Mutuel Arkéa group's counterparties eligible for internal approaches are rated by a single system using:

- statistical algorithms or “mass ratings”, based on one or more models, factoring in a selection of variables which are representative and predictive of credit risk;
- rating grids developed by experts.

These models are used to differentiate and correctly classify risk. The scale reflects the manner in which the risk changes and is broken down into eleven positions including nine performing positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and two default positions (E and F).

In the so-called “mass” corporate and retail scopes, following the internal rating process, each borrower is allocated a rating. Based on this rating as well as other characteristics, performing borrowers are grouped into homogeneous risk classes, prior to the process of measuring the regulatory PD (probability of default) parameter. The grouping analyses are carried out on the segments defined for the purposes of modeling the algorithms. A risk class's probabilities of default are then estimated on the basis of the historical default rates observed on the exposures belonging to this class, based on a record of more than ten years of observations. Prudence margins are taken into account to factor in the uncertainty of estimates (e.g. relating to time volatility or data quality).

In the other scopes, too few transfers of customers to non-performing are available to ensure the relevance and reliability of statistical estimates. The probabilities of default associated with the internal ratings are calibrated on the basis of external data.

The **loss given default** (hereinafter “**LGD**”) is the ratio of the loss on an exposure in the event of a counterparty default to the amount of exposure at the time of default.

Internal models for estimating LGD have been developed by the Group and approved for the Bank, Corporate and Retail exposure classes.

In the “mass” Corporate and Retail scopes, LGD is calculated separately for each class defined according to the type of loan and the nature of the collateral. LGD is estimated based on the updated monthly collections observed for each class. Prudence margins are taken into account to factor in the uncertainty of estimates and the downturn nature of the

LGD. The calculations are based on an internal record of defaults and losses covering more than fifteen years.

The **credit conversion factor** (hereinafter “**CCF**”) corresponds to the ratio of the currently undrawn portion of a credit line that could be drawn and would therefore be exposed in the event of default to the portion of said credit line currently undrawn.

In the case of the corporate and retail customer portfolios, the CCFs are calculated in accordance with an internal method approved for financing commitments. In the case of guarantee commitments and the bank exposure class, regulatory values (foundation method) are applied.

In the Corporate and Retail scopes, the internal CCFs are estimated based on average historical CCFs weighted by the number of contracts, using a product-focused segmentation. They are calibrated on the basis of internal data.

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

## Model map

Modeled parameter	Exposure class	Portfolios	Number of models	Methodology
PD	Banks	Financial institutions	2 models: Banks and covered bonds	Expert-type models based on grids comprising qualitative and quantitative variables
	Corporates	Large Accounts (revenue >€500m)	6 models according to the type of counterparty and sector	Expert-type models based on grids comprising qualitative and quantitative variables
		"Mass" corporates (revenue <€500m)	3 models	Quantitative-type models with expert qualitative grids
		Acquisition financing, large corporates	1 model	Expert-type model based on a grid comprising qualitative and quantitative variables
		Acquisition financing, corporates	1 model	Quantitative-type models combined with expert qualitative grids
		Specialized financing	SF - assets: 6 models according to the type of asset,	Expert-type models based on grids comprising qualitative and quantitative variables
			SF - projects: 4 models according to the sector,	
			SF - real estate: 1 model	
		Other corporates	2 models: Real estate companies and insurance companies	Expert-type models based on grids comprising qualitative and quantitative variables
	Retail	Individuals	6 models according to the type of loan (real estate loan, overdraft, etc.)	Quantitative-type models
		Corporate bodies	4 models according to the type of customer	Quantitative-type models
		Sole traders	3 models according to the type of profession (retailers, artisans, etc.)	Quantitative-type models
		Farmers	6 models according to the account status and the type of activity (cyclical or not)	Quantitative-type models
		Non-profit organizations	1 model	Quantitative-type models
		Real estate trusts	1 model	Quantitative-type models
LGD	Banks	Financial institutions	1 model	Expert-type model depending on the counterparty and the contract, based on quantitative and qualitative information
	Corporates	Large corporates, Acquisition financing, Real estate companies and Insurance companies	1 model, with sector parameters	Expert-type model depending on the counterparty and the contract, based on quantitative and qualitative information
		"Mass" corporates	1 model applied to 8 segments according to the type of loan and the nature of the collateral	Quantitative-type models based on internal collection flows
	Retail		1 model applied to 10 segments according to the type of loan and the nature of the collateral	Quantitative-type models based on internal collection flows
CCF	Corporates	"Mass" corporates	1 model applied to 4 segments according to the type of loan	Quantitative model, CCFs calibrated using internal data
	Retail		1 model applied to 8 segments according to the type of loan	Quantitative model, CCFs calibrated using internal data

**Table 29 (EU CR6): IRB approach – Credit risk exposures by exposure class and PD range**

Advanced internal method

A-IR B	PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors (*)	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 12.31.2022 In € thousands													
<b>Corporates</b>													
	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	5,526,216	2,384,561	78%	6,626,753	0.63%	-	23%	2.5	2,280,997	34%	9,893	-
	0.75 to <2.50	4,374,314	1,740,719	77%	5,240,508	1.49%	-	23%	2.5	2,427,534	46%	18,388	-
	0.75 to <1.75	2,908,000	1,041,810	77%	3,457,095	1.21%	-	23%	2.5	1,482,100	43%	9,611	-
	1.75 to <2.5	1,466,314	698,909	77%	1,783,413	2.04%	-	24%	2.5	945,434	53%	8,776	-
	2.50 to <10.00	3,172,444	1,110,193	76%	3,819,209	4.11%	-	24%	2.5	2,396,024	63%	37,673	-
	2.5 to <5	2,549,990	972,835	76%	3,126,614	3.33%	-	23%	2.5	1,866,651	60%	24,303	-
	5 to <10	622,454	137,358	77%	692,595	7.63%	-	25%	2.5	529,373	76%	13,370	-
	10.00 to <100.00	320,568	42,439	78%	343,194	21.81%	-	23%	2.5	316,141	92%	17,576	-
	10 to <20	170,134	21,469	78%	181,834	14.06%	-	22%	2.5	135,614	75%	5,734	-
	20 to <30	16,806	2,913	90%	18,501	24.06%	-	35%	2.5	38,903	210%	1,579	-
	30.00 to <100.00	133,628	18,057	76%	142,859	31.40%	-	23%	2.5	141,624	99%	10,264	-
	100.00 (Default)	432,469	76,053	80%	486,294	100.00%	-	53%	2.5	240,681	49%	232,139	-
	<b>Sub-total (Corporates)</b>	<b>13,826,011</b>	<b>5,353,965</b>	<b>77%</b>	<b>16,515,957</b>	<b>5.08%</b>		<b>24%</b>	<b>2.5</b>	<b>7,661,377</b>	<b>46%</b>	<b>315,669</b>	<b>-414,830</b>
<b>Corporates - of which: SMEs</b>													
	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	3,508,192	1,284,625	78%	4,119,715	0.63%	-	23%	2.5	1,164,093	28%	5,997	-
	0.75 to <2.50	2,790,449	851,325	77%	3,270,941	1.48%	-	23%	2.5	1,246,970	38%	11,087	-
	0.75 to <1.75	1,883,367	483,508	77%	2,180,970	1.21%	-	22%	2.5	785,001	36%	5,916	-
	1.75 to <2.5	907,082	367,817	78%	1,089,971	2.02%	-	23%	2.5	461,968	42%	5,171	-
	2.50 to <10.00	1,962,261	587,631	76%	2,334,954	4.26%	-	23%	2.5	1,233,349	53%	23,821	-
	2.5 to <5	1,496,224	502,443	76%	1,822,057	3.33%	-	22%	2.5	867,037	48%	13,602	-
	5 to <10	466,037	85,187	77%	512,897	7.55%	-	26%	2.5	366,313	71%	10,219	-
	10.00 to <100.00	187,943	24,620	79%	201,493	18.89%	-	23%	2.5	155,491	77%	9,007	-
	10 to <20	137,772	14,667	82%	145,632	13.74%	-	22%	2.5	104,200	72%	4,472	-
	20 to <30	383	-	79%	383	24.06%	-	20%	2.5	299	78%	18	-
	30.00 to <100.00	49,788	9,953	75%	55,478	32.39%	-	25%	2.5	50,992	92%	4,517	-
	100.00 (Default)	246,443	18,836	78%	255,986	100.00%	-	50%	2.5	168,282	66%	111,215	-
	<b>Sub-total (Corporates - of which: SMEs)</b>	<b>8,695,288</b>	<b>2,767,037</b>	<b>77%</b>	<b>10,183,089</b>	<b>4.59%</b>		<b>24%</b>	<b>2.5</b>	<b>3,968,184</b>	<b>39%</b>	<b>161,126</b>	<b>-218,170</b>
<b>Corporates - of which: non-SMEs</b>													
	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	2,018,024	1,099,936	78%	2,507,038	0.64%	-	24%	2.5	1,116,904	45%	3,896	-
	0.75 to <2.50	1,583,864	889,394	77%	1,969,567	1.51%	-	24%	2.5	1,180,565	60%	7,301	-
	0.75 to <1.75	1,024,633	558,302	77%	1,276,125	1.21%	-	24%	2.5	697,099	55%	3,696	-
	1.75 to <2.5	559,232	331,092	78%	693,442	2.06%	-	25%	2.5	483,466	70%	3,605	-
	2.50 to <10.00	1,210,183	522,562	76%	1,484,255	3.88%	-	25%	2.5	1,162,674	78%	13,852	-
	2.5 to <5	1,053,766	470,392	76%	1,304,557	3.34%	-	25%	2.5	999,614	77%	10,700	-
	5 to <10	156,417	52,171	77%	179,698	7.84%	-	22%	2.5	163,060	91%	3,152	-
	10.00 to <100.00	132,625	17,819	79%	141,701	25.97%	-	24%	2.5	160,650	113%	8,569	-
	10 to <20	32,362	6,802	82%	36,202	15.35%	-	23%	2.5	31,414	87%	1,262	-
	20 to <30	16,422	2,913	79%	18,118	24.06%	-	36%	2.5	38,604	213%	1,561	-
	30.00 to <100.00	83,840	8,104	75%	87,381	30.77%	-	21%	2.5	90,632	104%	5,747	-
	100.00 (Default)	186,026	57,218	78%	230,308	100.00%	-	57%	2.5	72,399	31%	120,924	-
	<b>Sub-total (Corporates - of which: non-SMEs)</b>	<b>5,130,722</b>	<b>2,586,928</b>	<b>77%</b>	<b>6,332,869</b>	<b>5.85%</b>		<b>26%</b>	<b>2.5</b>	<b>3,693,193</b>	<b>58%</b>	<b>154,542</b>	<b>-196,660</b>



## A-IRB

As at  
12.31.2022  
In €  
thousands

PD range	On- balance sheet exposures	Off- balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors (*)	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust- ments and provisions
<b>Retail customers</b>												
0.00 to <0.15	21,536,305	1,702,081	69%	22,434,990	0.06%		14%	-	581,374	3%	2,085	-
0.00 to <0.10	21,218,527	1,422,813	68%	21,895,799	0.06%		14%	-	551,025	3%	1,963	-
0.10 to <0.15	317,778	279,269	70%	539,190	0.12%		20%	-	30,349	6%	122	-
0.15 to <0.25	5,037,465	415,418	62%	5,258,453	0.20%		14%	-	303,966	6%	1,498	-
0.25 to <0.50	6,371,672	513,502	62%	6,607,412	0.35%		17%	-	630,181	10%	3,966	-
0.50 to <0.75	1,930,674	257,375	65%	2,059,043	0.62%		19%	-	274,678	13%	2,459	-
0.75 to <2.50	4,700,252	682,476	64%	5,039,765	1.48%		17%	-	1,018,298	20%	13,035	-
0.75 to <1.75	2,876,666	385,123	62%	3,082,959	1.04%		18%	-	549,463	18%	5,815	-
1.75 to <2.5	1,823,586	297,353	65%	1,956,806	2.19%		17%	-	468,834	24%	7,220	-
2.50 to <10.00	1,990,887	335,765	66%	2,155,808	5.17%		19%	-	706,861	33%	21,042	-
2.5 to <5	1,020,002	146,240	65%	1,095,979	3.58%		18%	-	327,876	30%	7,122	-
5 to <10	970,884	189,525	66%	1,059,828	6.80%		19%	-	378,985	36%	13,920	-
10.00 to <100.00	515,786	37,048	70%	534,211	21.52%		19%	-	293,169	55%	22,257	-
10 to <20	198,325	20,473	68%	207,777	14.65%		21%	-	95,888	46%	6,220	-
20 to <30	220,854	10,947	72%	227,152	22.88%		18%	-	144,035	63%	9,366	-
30.00 to <100.00	96,606	5,627	71%	99,282	32.78%		20%	-	53,247	54%	6,672	-
100.00 (Default)	591,153	14,559	70%	598,040	100.00%		54%	-	207,706	35%	304,414	-
Sub-total (Retail customers)	42,674,193	3,958,224	66%	44,687,721	2.15%		16%	-	4,016,233	9%	370,755	-470,740
<b>Retail customers - of wich: secured by mortgages on immovable property</b>												
0.00 to <0.15	14,690,601	499,102	73%	14,886,748	0.06%		14%	-	355,166	2%	1,280	-
0.00 to <0.10	14,670,355	498,587	71%	14,866,300	0.06%		14%	-	354,338	2%	1,276	-
0.10 to <0.15	20,246	515	76%	20,448	0.12%		14%	-	828	4%	3	-
0.15 to <0.25	3,070,401	65,024	71%	3,095,956	0.20%		14%	-	174,687	6%	849	-
0.25 to <0.50	2,752,544	47,319	69%	2,771,220	0.36%		15%	-	257,706	9%	1,508	-
0.50 to <0.75	556,844	6,379	75%	559,388	0.63%		17%	-	71,166	13%	574	-
0.75 to <2.50	1,761,602	84,945	72%	1,795,015	1.35%		15%	-	390,657	22%	3,573	-
0.75 to <1.75	1,152,740	22,237	72%	1,161,507	0.94%		15%	-	202,556	17%	1,634	-
1.75 to <2.5	608,862	62,708	72%	633,508	2.11%		14%	-	188,101	30%	1,940	-
2.50 to <10.00	685,460	12,802	73%	690,505	4.89%		15%	-	324,141	47%	5,045	-
2.5 to <5	370,421	7,834	74%	373,511	3.45%		15%	-	149,409	40%	1,933	-
5 to <10	315,039	4,969	72%	316,995	6.58%		15%	-	174,732	55%	3,112	-
10.00 to <100.00	181,341	1,763	78%	182,038	21.63%		16%	-	150,872	83%	6,217	-
10 to <20	50,892	768	78%	51,198	14.89%		17%	-	39,949	78%	1,283	-
20 to <30	102,126	879	80%	102,472	21.76%		15%	-	87,364	85%	3,322	-
30.00 to <100.00	28,323	115	75%	28,368	33.35%		17%	-	23,560	83%	1,612	-
100.00 (Default)	233,609	1,194	79%	234,082	100.00%		54%	-	67,027	29%	122,243	-
Sub-total (Retail customers - of wich: secured by mortgages on immovable property)	23,932,402	718,528	74%	24,214,953	1.49%		15%	-	1,791,423	7%	141,289	-183,472
<b>Retail customers - of wich: secured by mortgages on immovable property - SMEs</b>												
0.00 to <0.15	-	-	-	-	-		-	-	-	-	-	-
0.00 to <0.10	-	-	-	-	-		-	-	-	-	-	-
0.10 to <0.15	-	-	-	-	-		-	-	-	-	-	-
0.15 to <0.25	622,742	5,486	70%	624,899	0.19%		14%	-	28,287	5%	165	-
0.25 to <0.50	703,463	6,923	70%	706,263	0.34%		19%	-	66,498	9%	455	-
0.50 to <0.75	536,864	5,235	74%	538,959	0.63%		17%	-	68,635	13%	558	-
0.75 to <2.50	435,612	3,790	71%	437,132	1.47%		17%	-	100,369	23%	1,111	-
0.75 to <1.75	323,285	3,337	70%	324,624	1.17%		17%	-	64,606	20%	649	-
1.75 to <2.5	112,328	454	73%	112,508	2.34%		18%	-	35,763	32%	462	-
2.50 to <10.00	200,545	2,337	70%	201,478	5.29%		18%	-	98,224	49%	1,859	-
2.5 to <5	100,026	1,332	73%	100,561	3.63%		18%	-	42,131	42%	656	-
5 to <10	100,519	1,005	68%	100,917	6.95%		17%	-	56,093	56%	1,203	-
10.00 to <100.00	80,378	414	75%	80,545	22.68%		18%	-	66,771	83%	3,301	-
10 to <20	39,231	302	76%	39,354	14.18%		18%	-	30,609	78%	1,000	-
20 to <30	14,509	23	75%	14,518	27.56%		20%	-	13,923	96%	796	-
30.00 to <100.00	26,639	89	74%	26,674	32.55%		17%	-	22,239	83%	1,504	-
100.00 (Default)	105,891	203	78%	105,974	100.00%		60%	-	35,575	34%	60,992	-
Sub-total (Retail customers - of wich: secured by mortgages on immovable property - SMEs)	2,685,496	24,389	73%	2,695,250	5.50%		19%	-	464,358	17%	68,442	-77,815

**A-IRB**

As at  
12.31.2022  
In €  
thousands

PD range	On- balance sheet exposures	Off- balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors (*)	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust- ments and provisions
<b>Retail customers - of wich: secured by mortgages on immovable property - Non-SMEs</b>												
0.00 to <0.15	14,690,601	499,102	73%	14,886,748	0.06%		14%	-	355,166	2%	1,280	-
0.00 to <0.10	14,670,355	498,587	71%	14,866,300	0.06%		14%	-	354,338	2%	1,276	-
0.10 to <0.15	20,246	515	76%	20,448	0.12%		14%	-	828	4%	3	-
0.15 to <0.25	2,447,658	59,538	72%	2,471,057	0.20%		14%	-	146,400	6%	684	-
0.25 to <0.50	2,049,081	40,396	68%	2,064,957	0.37%		14%	-	191,208	9%	1,053	-
0.50 to <0.75	19,980	1,144	77%	20,430	0.56%		14%	-	2,531	12%	16	-
0.75 to <2.50	1,325,990	81,155	73%	1,357,883	1.31%		14%	-	290,288	21%	2,463	-
0.75 to <1.75	829,455	18,901	75%	836,883	0.85%		14%	-	137,950	16%	985	-
1.75 to <2.5	496,534	62,254	72%	521,000	2.06%		14%	-	152,338	29%	1,478	-
2.50 to <10.00	484,915	10,466	76%	489,028	4.72%		14%	-	225,917	46%	3,186	-
2.5 to <5	270,395	6,502	75%	272,950	3.39%		14%	-	107,278	39%	1,277	-
5 to <10	214,520	3,964	78%	216,078	6.40%		14%	-	118,639	55%	1,909	-
10.00 to <100.00	100,963	1,348	82%	101,493	20.80%		14%	-	84,101	83%	2,916	-
10 to <20	11,661	466	80%	11,844	17.24%		14%	-	9,340	79%	282	-
20 to <30	87,618	857	85%	87,954	20.80%		14%	-	73,440	83%	2,526	-
30.00 to <100.00	1,684	26	80%	1,694	45.87%		14%	-	1,321	78%	107	-
100.00 (Def aut)	127,718	991	80%	128,108	100.00%		50%	-	31,452	25%	61,251	-
Sub-total (Retail customers - secured by mortgages on immovable property - Non-SMEs)	21,246,906	694,139	75%	21,519,703	0.98%		14%	-	1,327,065	6%	72,848	-105,657
<b>Retail customers - revolving</b>												
0.00 to <0.15	18,668	90,825	60%	36,923	0.08%		31%	-	642	2%	10	-
0.00 to <0.10	10,634	62,249	60%	23,146	0.07%		31%	-	347	1%	5	-
0.10 to <0.15	8,033	28,575	60%	13,777	0.11%		31%	-	294	2%	5	-
0.15 to <0.25	5,350	11,646	60%	7,691	0.20%		31%	-	270	4%	5	-
0.25 to <0.50	10,571	21,237	60%	14,839	0.31%		31%	-	742	5%	14	-
0.50 to <0.75	12,490	16,241	60%	15,754	0.54%		31%	-	1,224	8%	26	-
0.75 to <2.50	22,385	17,580	60%	25,918	1.58%		31%	-	4,512	17%	126	-
0.75 to <1.75	12,126	10,196	60%	14,175	1.09%		31%	-	1,889	13%	47	-
1.75 to <2.5	10,259	7,384	60%	11,743	2.17%		31%	-	2,623	22%	78	-
2.50 to <10.00	11,180	3,932	68%	11,971	4.80%		31%	-	4,589	38%	177	-
2.5 to <5	6,702	2,755	68%	7,256	3.76%		31%	-	2,385	33%	84	-
5 to <10	4,478	1,177	68%	4,715	6.40%		31%	-	2,204	47%	93	-
10.00 to <100.00	4,211	803	67%	4,373	17.03%		31%	-	3,416	78%	229	-
10 to <20	1,621	373	60%	1,697	10.72%		31%	-	1,074	63%	56	-
20 to <30	2,585	424	68%	2,670	20.97%		31%	-	2,336	87%	172	-
30.00 to <100.00	5	6	73%	6	45.87%		31%	-	6	99%	1	-
100.00 (Def aut)	3,094	34	68%	3,101	100.00%		70%	-	446	14%	2,145	-
Sub-total (Retail customers - revolving)	87,948	162,297	63%	120,570	4.15%		32%	-	15,841	13%	2,730	-3,817
<b>Retail customers - other</b>												
0.00 to <0.15	6,827,037	1,112,155	69%	7,511,319	0.07%		15%	-	225,566	3%	795	-
0.00 to <0.10	6,537,538	861,977	67%	7,006,354	0.07%		14%	-	196,340	3%	681	-
0.10 to <0.15	289,499	250,178	70%	504,965	0.12%		20%	-	29,226	6%	114	-
0.15 to <0.25	1,961,714	338,747	58%	2,154,806	0.20%		15%	-	129,009	6%	643	-
0.25 to <0.50	3,608,557	444,946	58%	3,821,353	0.35%		19%	-	371,733	10%	2,443	-
0.50 to <0.75	1,361,340	234,755	60%	1,483,901	0.62%		20%	-	202,288	14%	1,859	-
0.75 to <2.50	2,916,265	579,952	59%	3,218,831	1.56%		19%	-	623,128	19%	9,336	-
0.75 to <1.75	1,711,800	352,690	57%	1,907,276	1.11%		20%	-	345,018	18%	4,134	-
1.75 to <2.5	1,204,465	227,261	61%	1,311,555	2.22%		18%	-	278,110	21%	5,202	-
2.50 to <10.00	1,294,247	319,030	61%	1,453,332	5.30%		20%	-	378,131	26%	15,821	-
2.5 to <5	642,879	135,651	60%	715,213	3.65%		20%	-	176,082	25%	5,106	-
5 to <10	651,367	183,379	62%	738,119	6.90%		21%	-	202,049	27%	10,715	-
10.00 to <100.00	330,233	34,482	67%	347,800	21.51%		21%	-	138,880	40%	15,812	-
10 to <20	145,811	19,332	64%	154,883	14.62%		22%	-	54,865	35%	4,881	-
20 to <30	116,143	9,644	68%	122,009	23.86%		20%	-	54,335	45%	5,872	-
30.00 to <100.00	68,279	5,506	69%	70,908	32.55%		22%	-	29,681	42%	5,059	-
100.00 (Def aut)	354,450	13,331	66%	360,857	100.00%		53%	-	140,234	39%	180,026	-
Sub-total (Retail customers - other)	18,653,843	3,077,398	62%	20,352,199	2.92%		18%	-	2,208,969	11%	226,736	-283,451

**A-IRB**

As at  
12.31.2022  
In €  
thousands

PD range	On- balance sheet exposures	Off- balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors (*)	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust- ments and provisions
<b>Retail customers - other - SMEs</b>												
0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
0.15 to <0.25	628,859	92,804	51%	670,807	0.19%	-	16%	-	35,661	5%	210	-
0.25 to <0.50	1,903,670	298,937	52%	2,034,626	0.34%	-	22%	-	205,364	10%	1,502	-
0.50 to <0.75	1,139,801	159,031	54%	1,205,913	0.64%	-	20%	-	156,948	13%	1,552	-
0.75 to <2.50	1,942,473	277,069	53%	2,067,853	1.58%	-	21%	-	404,056	20%	6,593	-
0.75 to <1.75	1,173,466	196,164	51%	1,262,694	1.14%	-	22%	-	238,019	19%	3,108	-
1.75 to <2.5	769,007	80,904	55%	805,159	2.28%	-	19%	-	166,038	21%	3,485	-
2.50 to <10.00	940,205	187,590	53%	1,022,996	5.55%	-	22%	-	271,526	27%	12,553	-
2.5 to <5	427,961	92,386	53%	467,628	3.63%	-	22%	-	117,456	25%	3,690	-
5 to <10	512,244	95,204	53%	555,368	7.16%	-	22%	-	154,070	28%	8,863	-
10.00 to <100.00	235,661	24,829	57%	247,132	22.60%	-	22%	-	96,670	39%	12,403	-
10 to <20	120,609	14,667	55%	127,292	15.00%	-	22%	-	43,517	34%	4,163	-
20 to <30	47,401	4,667	59%	49,571	28.20%	-	23%	-	23,792	48%	3,233	-
30.00 to <100.00	67,650	5,495	56%	70,268	32.43%	-	22%	-	29,361	42%	5,007	-
100.00 (Default)	282,356	12,120	57%	287,967	100.00%	-	54%	-	121,848	42%	145,736	-
Sub-total (Retail customers - other - SMEs)	7,073,024	1,052,380	54%	7,537,294	5.96%	-	22%	-	1,292,073	17%	180,550	-217,578
<b>Retail customers - other - Non-SMEs</b>												
0.00 to <0.15	6,827,037	1,112,155	69%	7,511,319	0.07%	-	15%	-	225,566	3%	795	-
0.00 to <0.10	6,537,538	861,977	67%	7,006,354	0.07%	-	14%	-	196,340	3%	681	-
0.10 to <0.15	289,499	250,178	70%	504,965	0.12%	-	20%	-	29,226	6%	114	-
0.15 to <0.25	1,332,855	245,944	67%	1,483,999	0.20%	-	14%	-	93,348	6%	434	-
0.25 to <0.50	1,704,886	146,008	66%	1,786,727	0.36%	-	15%	-	166,369	9%	941	-
0.50 to <0.75	221,540	75,724	69%	277,988	0.54%	-	20%	-	45,340	16%	306	-
0.75 to <2.50	973,793	302,883	67%	1,150,979	1.52%	-	16%	-	219,072	19%	2,743	-
0.75 to <1.75	538,335	156,526	66%	644,582	1.04%	-	15%	-	106,999	17%	1,026	-
1.75 to <2.5	435,458	146,357	69%	506,396	2.13%	-	16%	-	112,072	22%	1,717	-
2.50 to <10.00	354,042	131,440	71%	430,336	4.72%	-	16%	-	106,605	25%	3,267	-
2.5 to <5	214,919	43,265	70%	247,585	3.69%	-	16%	-	58,627	24%	1,416	-
5 to <10	139,123	88,175	73%	182,750	6.12%	-	17%	-	47,978	26%	1,852	-
10.00 to <100.00	94,573	9,653	82%	100,669	18.84%	-	19%	-	42,211	42%	3,409	-
10 to <20	25,202	4,665	76%	27,591	12.84%	-	21%	-	11,347	41%	718	-
20 to <30	68,742	4,977	81%	72,438	20.89%	-	17%	-	30,543	42%	2,638	-
30.00 to <100.00	628	12	93%	640	45.87%	-	18%	-	320	50%	52	-
100.00 (Default)	72,094	1,211	78%	72,890	100.00%	-	49%	-	18,386	25%	34,290	-
Sub-total (Retail customers - other - Non-SMEs)	11,580,818	2,025,018	71%	12,814,905	1.14%	-	15%	-	916,896	7%	46,186	-65,873
<b>Total</b>	<b>56,500,204</b>	<b>9,312,188</b>	<b>69%</b>	<b>61,203,679</b>	<b>2.94%</b>	<b>-</b>	<b>18%</b>	<b>2.5</b>	<b>11,677,610</b>	<b>19%</b>	<b>686,424</b>	<b>-885,571</b>

(\*) Pursuant to Article 432(2) of the CRR, the Crédit Mutuel Arkéa group does not publish information relating to Article 452(g) of the CRR, which it considers sensitive.

## Internal foundation method

F-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors (*)	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
As at 12.31.2022 In € thousands													
<b>Credit institution</b>													
	0.00 to <0.15	5,929,869	22,031	88%	5,944,650	0.04%		32%	2.5	801,986	13%	698	-
	0.00 to <0.10	5,461,204	22,031	85%	5,475,985	0.03%		32%	2.5	635,615	12%	517	-
	0.10 to <0.15	468,664	-	100%	468,664	0.10%		38%	2.5	166,372	35%	180	-
	0.15 to <0.25	94,595	5,000	88%	98,345	0.22%		45%	2.5	55,069	56%	97	-
	0.25 to <0.50	13,114	-	100%	13,114	0.42%		45%	2.5	12,225	93%	25	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	675	-	100%	675	0.98%		45%	2.5	1	0%	3	-
	0.75 to <1.75	675	-	100%	675	0.98%		45%	2.5	1	0%	3	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	31	-	100%	31	2.67%		45%	2.5	0	0%	0	-
	2.5 to <5	31	-	100%	31	2.67%		45%	2.5	0	0%	0	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	35,505	-	100%	35,505	20.67%		11%	2.5	26,647	75%	826	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	35,505	-	100%	35,505	20.67%		11%	2.5	26,647	75%	826	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Sub-total (Credit institution)</b>	<b>6,073,789</b>	<b>27,031</b>	<b>90%</b>	<b>6,092,320</b>	<b>0.16%</b>		<b>32%</b>	<b>2.5</b>	<b>895,928</b>	<b>15%</b>	<b>1,649</b>	<b>-1,844</b>
<b>Corporates</b>													
	0.00 to <0.15	2,092,595	1,323,414	87%	2,842,695	0.09%		45%	2.5	857,337	30%	1,144	-
	0.00 to <0.10	1,337,657	691,534	86%	1,738,281	0.07%		45%	2.5	454,581	26%	545	-
	0.10 to <0.15	754,938	631,880	89%	1,104,413	0.12%		45%	2.5	402,756	36%	599	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	1,720,746	1,283,378	84%	2,458,451	0.33%		45%	2.5	1,518,901	62%	3,651	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	1,461,925	1,168,765	84%	2,142,756	1.12%		45%	2.5	2,104,899	98%	10,816	-
	0.75 to <1.75	1,461,925	1,168,765	84%	2,142,756	1.12%		45%	2.5	2,104,899	98%	10,816	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	521,769	261,043	83%	681,149	3.32%		45%	2.5	903,160	133%	10,176	-
	2.5 to <5	521,769	261,043	83%	681,149	3.32%		45%	2.5	903,160	133%	10,176	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	118,856	33,107	87%	144,732	15.86%		45%	2.5	328,909	227%	10,330	-
	10 to <20	118,856	33,107	87%	144,732	15.86%		45%	2.5	328,909	227%	10,330	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	77,198	4,195	95%	80,578	100.00%		45%	2.5	0	0%	33,065	-
	<b>Sub-total (Corporates)</b>	<b>5,993,089</b>	<b>4,073,902</b>	<b>85%</b>	<b>8,350,360</b>	<b>1.93%</b>		<b>45%</b>	<b>2.5</b>	<b>5,713,206</b>	<b>68%</b>	<b>69,182</b>	<b>-56,160</b>
<b>Corporates - of which: non-SMEs</b>													
	0.00 to <0.15	2,092,595	1,323,414	89%	2,842,695	0.09%		45%	2.5	857,337	30%	1,144	-
	0.00 to <0.10	1,337,657	691,534	88%	1,738,281	0.07%		45%	2.5	454,581	26%	545	-
	0.10 to <0.15	754,938	631,880	90%	1,104,413	0.12%		45%	2.5	402,756	36%	599	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	1,720,746	1,283,378	84%	2,458,451	0.33%		45%	2.5	1,518,901	62%	3,651	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	1,461,925	1,168,765	85%	2,142,756	1.12%		45%	2.5	2,104,899	98%	10,816	-
	0.75 to <1.75	1,461,925	1,168,765	85%	2,142,756	1.12%		45%	2.5	2,104,899	98%	10,816	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	521,769	261,043	85%	681,149	3.32%		45%	2.5	903,160	133%	10,176	-
	2.5 to <5	521,769	261,043	85%	681,149	3.32%		45%	2.5	903,160	133%	10,176	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	118,856	33,107	81%	144,732	15.86%		45%	2.5	328,909	227%	10,330	-
	10 to <20	118,856	33,107	81%	144,732	15.86%		45%	2.5	328,909	227%	10,330	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	77,198	4,195	92%	80,578	100.00%		45%	2.5	0	0%	33,065	-
	<b>Sub-total (Corporates - of which: non-SMEs)</b>	<b>5,993,089</b>	<b>4,073,902</b>	<b>86%</b>	<b>8,350,360</b>	<b>1.93%</b>		<b>45%</b>	<b>2.5</b>	<b>5,713,206</b>	<b>68%</b>	<b>69,182</b>	<b>-56,160</b>
<b>Total</b>		<b>12,066,879</b>	<b>4,100,933</b>	<b>87%</b>	<b>14,442,680</b>	<b>1.18%</b>		<b>40%</b>	<b>2.5</b>	<b>6,609,134</b>	<b>46%</b>	<b>70,831</b>	<b>-58,004</b>

(\*) Pursuant to Article 432(2) of the CRR, the Crédit Mutuel Arkéa group does not publish information relating to Article 452(g) of the CRR, which it considers sensitive.

**Table 30 (EU CR6-A): Scope of the use of IRB and SA approaches**

As at 12.31.2022 In € thousands	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
Central governments or central banks	-	43,885,619	100%	0%	-
Of which Regional governments or local authorities		7,109,823	100%	0%	-
Of which Public sector entities		11,395,974	100%	0%	-
Institutions	6,996,602	7,484,544	7%	93%	-
Corporates	25,709,239	25,944,379	1%	99%	-
Of which Corporates - Specialised lending, excluding slotting approach		-	-	-	-
Of which Corporates - Specialised lending under slotting approach		735,283	0%	100%	-
Retail	44,687,847	55,571,041	20%	80%	-
of which Retail – Secured by real estate SMEs		106,950	0%	100%	-
of which Retail – Secured by real estate non-SMEs		28,639,159	25%	75%	-
of which Retail – Qualifying revolving		168,537	28%	72%	-
of which Retail – Other SMEs		7,958,970	5%	95%	-
of which Retail – Other non-SMEs		16,109,125	20%	80%	-
Equity	4,625,738	4,678,508	1%	99%	-
Other non-credit obligation assets	635,001	1,454,940	56%	44%	-
<b>Total</b>	<b>82,654,428</b>	<b>139,019,031</b>	<b>41%</b>	<b>59%</b>	<b>-</b>

## Back-testing

The quality of the internal rating system is monitored based on procedures that detail the topics reviewed, the warning thresholds and the responsibilities of the participants. These documents are updated by the CNCM Risk Department if necessary as decisions are ratified.

Reporting on the monitoring of mass rating models involves three main areas of study: stability, performance and additional analyses. This reporting is carried out for each mass rating model on a quarterly basis and supplemented with half-yearly and annual controls and monitoring work, for which the levels of detail are higher (all of the elements making up each of the models are analyzed).

As regards the expert grids, the system includes a complete annual review based on performance tests (analysis of rating concentrations, transition matrices and consistency with the external rating system).

Default probabilities are monitored annually before any new estimates of the regulatory parameter. Depending on the portfolios, this is supplemented with interim monitoring on a half-yearly basis. The arrangements for monitoring loss given default (LGD) and the conversion factors (CCF) for off-balance sheet commitments are implemented annually. Their main objective is to validate the values taken by these parameters for each segment. In the case of LGD, this validation is carried out mainly by checking the robustness of the methods for calculating the prudential margins and by comparing the LGD estimators with the most recent data and actual figures. As regards the CCF, it is validated by reconciling the estimators with the most recent CCFs observed.

As the monitoring of parameters is subject to a national procedure, the quantitative elements relating to the back-testing of parameters and to changes in risk-weighted assets in the context of the internal ratings-based approach are presented in the national Pillar 3 report.



Consequently, the following tables are not displayed in the Crédit Mutuel Arkéa group's Pillar 3 report:

- EU CR9: IRB approach – Back-testing of PD per exposure class (fixed PD scale);
- EU CR9.1: IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR).

### Permanent and periodic control

The permanent control plan of the Crédit Mutuel Arkéa group's Basel regulatory framework comprises two levels:

- at CNCM level, the model validation function validates new models and significant adjustments made to existing models on the one hand, and carries out permanent monitoring of the internal rating system (particularly the parameters used to calculate regulatory capital requirements), on the other;
- at the Crédit Mutuel Arkéa group level, permanent control verifies the overall adoption of the internal rating system, the operational aspects related to the production and calculation of the ratings, the credit risk management procedures directly related to the internal rating system, and the quality of the data.

In terms of periodic control, the Crédit Mutuel Arkéa group's Internal Audit and Periodic Control Department operates according to a CNCM framework procedure that defines the types of assignments to be carried out on an ongoing basis on the Basel III credit risk framework as well as the division of responsibilities between the regional and national audit units.

### Additional quantitative information

**Table 31 (EU CR8): RWEA flow statements of credit risk exposures under the IRB approach**

In € thousands	Risk weighted exposure amount
<b>Risk weighted exposure amount as at 09.30.2022</b>	<b>19,591,354</b>
Asset size (+/-)	-749,759
Asset quality (+/-)	-114,936
Model updates (+/-)	-
Methodology and policy (+/-)	-
Acquisitions and disposals (+/-)	-
Foreign exchange movements (+/-)	-
Other (+/-)	-
<b>Risk weighted exposure amount as at 12.31.2022</b>	<b>18,726,658</b>

The risk-weighted assets (RWAs) of specialized financing exposures are obtained using the slotting criteria method.

The risk-weighted assets (RWAs) of equity exposures are obtained using the simple risk-weighted approach, which involves applying specific risk weightings to the carrying amounts of the exposures.

The Crédit Mutuel Arkéa group has no exposure to specialized lending such as object finance and commodities finance. Consequently, the following tables are not displayed in the Group's Pillar 3 report:

- EU CR10.3: Specialised lending - Object finance (Slotting approach);
- EU CR10.4: Specialised lending - Commodities finance (Slotting approach).

**Table 32 (EU CR10.1): Specialised lending - Project finance (Slotting approach)**

As at 12.31.2022 In € thousands							
Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	1,978	4,536	0.50	5,380	2,803	-
	Equal to or more than 2.5 years	104,507	39,346	0.70	134,016	97,751	536
Category 2	Less than 2.5 years	-	-	0.70	-	-	-
	Equal to or more than 2.5 years	-	-	0.90	-	-	-
Category 3	Less than 2.5 years	-	-	1.15	-	-	-
	Equal to or more than 2.5 years	-	-	1.15	-	-	-
Category 4	Less than 2.5 years	-	-	2.50	-	-	-
	Equal to or more than 2.5 years	-	-	2.50	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
<b>Total</b>	<b>Less than 2.5 years</b>	<b>1,978</b>	<b>4,536</b>		<b>5,380</b>	<b>2,803</b>	<b>-</b>
	<b>Equal to or more than 2.5 years</b>	<b>104,507</b>	<b>39,346</b>		<b>134,016</b>	<b>97,751</b>	<b>536</b>

**Table 33 (EU CR10.2): Specialised lending - Income-producing real estate and high volatility commercial real estate (Slotting approach)**

As at 12.31.2022 In € thousands							
Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	53,596	12,297	0.50	62,819	32,729	-
	Equal to or more than 2.5 years	69,029	13,941	0.70	79,484	57,976	318
Category 2	Less than 2.5 years	-	-	0.70	-	-	-
	Equal to or more than 2.5 years	-	-	0.90	-	-	-
Category 3	Less than 2.5 years	-	-	1.15	-	-	-
	Equal to or more than 2.5 years	-	-	1.15	-	-	-
Category 4	Less than 2.5 years	-	-	2.50	-	-	-
	Equal to or more than 2.5 years	-	-	2.50	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
<b>Total</b>	<b>Less than 2.5 years</b>	<b>53,596</b>	<b>12,297</b>		<b>62,819</b>	<b>32,729</b>	<b>-</b>
	<b>Equal to or more than 2.5 years</b>	<b>69,029</b>	<b>13,941</b>		<b>79,484</b>	<b>57,976</b>	<b>318</b>



**Table 34 (EU CR10.5): Equity exposures under the simple risk-weighted approach**

As at 12.31.2022 Categories In € thousands	On- balancesheet exposure	Off- balancesheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures	738,400	-	190%	738,400	1,402,960	5,907
Exchange-traded equity exposures	207,648	-	290%	207,648	602,179	1,661
Other equity exposures	2,473,352	5,316	370%	2,478,667	9,171,069	59,488
<b>Total</b>	<b>3,419,400</b>	<b>5,316</b>		<b>3,424,715</b>	<b>11,176,209</b>	<b>67,056</b>

## 7. Counterparty credit risk

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.

For the Crédit Mutuel Arkéa group, counterparty credit risk is a small component of overall credit risk.

The exposure value for counterparty credit risk for derivatives is calculated in accordance with Chapter 6 of the CRR, using the SA-CCR method. There are no specific provisions concerning the manner in which capital requirements are then determined: the weighting applied to the exposure at default (EAD) depends on the segmentation applicable to the instrument (in particular, in the internal ratings-based approach (IRBA), to determine the relevant probability of default and loss given default).

Risk mitigation techniques for repo transactions are taken into account in accordance with Chapter 4 of the CRR and are presented below in the section entitled “Credit risk mitigation techniques”. It presents the main categories of collateral taken into account by the institution.

It should be noted that if its credit rating is downgraded by three notches, the impact on the amount of collateral provided by the Group would not be significant, being limited to 2.5%.

The Crédit Mutuel Arkéa group has no exposure to credit derivatives and does not apply the IMM approach for counterparty credit risk. Consequently, the following tables are not displayed in the Group's Pillar 3 report:

- EU CCR6: Credit derivatives exposures;
- EU CCR7: RWEA flow statements of CCR exposures under the IMM.

**Table 35 (EU CCR1): Analysis of CCR exposure by approach**

As at 12.31.2022 In € thousands	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre- CRM	Exposure value post- CRM	Exposure value	RWEA
EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
SA-CCR (for derivatives)	241,142	341,833		1.4	816,166	816,166	816,166	190,049
IMM (for derivatives and SFTs)			-	-	-	-	-	-
Of which securities financing transactions netting sets			-		-	-	-	-
Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
Of which from contractual cross-product netting sets			-		-	-	-	-
Financial collateral simple method (for SFTs)					-	-	-	-
Financial collateral comprehensive method (for SFTs)					2,917,784	2,917,784	2,917,784	326,945
VaR for SFTs					-	-	-	-
<b>Total</b>					<b>3,733,950</b>	<b>3,733,950</b>	<b>3,733,950</b>	<b>516,994</b>

**Table 36 (EU CCR2): Transactions subject to own funds requirements for CVA risk**

As at 12.31.2022 In € thousands	Exposure value	RWEA
Total transactions subject to the Advanced method	-	-
(i) VaR component (including the 3× multiplier)		-
(ii) stressed VaR component (including the 3× multiplier)		-
Transactions subject to the Standardised method	105,359	72,106
Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>105,359</b>	<b>72,106</b>

**Table 37 (EU CCR3): Standardised approach - CCR exposures by regulatory exposure class and risk weights**

As at 12.31.2022	Risk weight												Total exposure value
In € thousands	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
Exposure classes													
Central governments or central banks	-		-	-	-	-	-	-	-	-	-	-	
Regional government or local authorities	-		-	-	-	252,084	-	-	-	-	-	252,084	
Public sector entities	34,863		-	-	-	67	-	-	-	-	-	34,929	
Multilateral development banks	-		-	-	-	-	-	-	-	-	-	-	
International organisations	-		-	-	-	-	-	-	-	-	-	-	
Institutions	-	316,611	-	-	-	-	-	-	-	-	-	316,611	
Corporates	-		-	-	-	-	-	-	-	-	-	-	
Retail	-		-	-	-	-	-	-	-	-	-	-	
Institutions and corporates with a short-term credit assessment	-		-	-	-	-	-	-	-	-	-	-	
Other items	-		-	-	-	-	-	-	-	-	-	-	
Total exposure value	34,863	316,611	-	-	252,150	-	-	-	-	-	-	603,624	

**Table 38 (EU CCR4): IRB approach - CCR exposures by exposure class and PD scale**

Advanced internal method

A-IRB								
In € thousands As at 12.31.2022	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors (*)	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
Corporates								
	0.00 to <0.15	-	-		-	-	-	-
	0.15 to <0.25	-	-		-	-	-	-
	0.25 to <0.50	-	-		-	-	-	-
	0.50 to <0.75	7,154	0.66%		45%	2.5	5,045	-
	0.75 to <2.50	16,456	1.37%		45%	2.5	12,751	-
	2.50 to <10.00	22,028	4.61%		45%	2.5	30,515	-
	10.00 to <100.00	1,389	24.95%		45%	2.5	3,145	-
	100.00 (Default)	2,913	100.00%		75%	2.5	-	-
Sub-total (Corporates)		49,940	9.10%		47%	2.5	51,456	103%
Corporates - of which: SMEs								
	0.00 to <0.15	-	-		-	-	-	-
	0.15 to <0.25	-	-		-	-	-	-
	0.25 to <0.50	-	-		-	-	-	-
	0.50 to <0.75	3,749	0.66%		45%	2.5	2,154	-
	0.75 to <2.50	14,769	1.38%		45%	2.5	10,920	-
	2.50 to <10.00	8,978	5.22%		45%	2.5	10,456	-
	10.00 to <100.00	537	26.50%		45%	2.5	933	-
	100.00 (Default)	365	100.00%		75%	2.5	-	-
Sub-total (Corporates - of which: SMEs)		28,398	4.24%		45%	2.5	24,463	86%
Corporates - of which: non-SMEs								
	0.00 to <0.15	-	-		-	-	-	-
	0.15 to <0.25	-	-		-	-	-	-
	0.25 to <0.50	-	-		-	-	-	-
	0.50 to <0.75	3,405	0.65%		45%	2.5	2,892	-
	0.75 to <2.50	1,687	1.25%		45%	2.5	1,831	-
	2.50 to <10.00	13,050	4.19%		45%	2.5	20,059	-
	10.00 to <100.00	852	23.97%		45%	2.5	2,211	-
	100.00 (Default)	2,548	100.00%		75%	2.5	-	-
Sub-total (Corporates - of which: non- SMEs)		21,542	15.51%		45%	2.5	26,993	125%

A-IRB								
In € thousands As at 12.31.2022	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors (*)	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
Retail customers								
	0.00 to <0.15	3	0.08%		45%	-	0.3	-
	0.15 to <0.25	-	-		-	-	-	-
	0.25 to <0.50	3	0.28%		45%	-	0.5	-
	0.50 to <0.75	96	0.66%		45%	-	30	-
	0.75 to <2.50	3	1.46%		45%	-	2	-
	2.50 to <10.00	14	7.69%		45%	-	9	-
	10.00 to <100.00	7	21.79%		45%	-	8	-
	100.00 (Default)	-	-		-	-	-	-
Sub-total (Retail customers)		126	2.61%		45%	-	50	39%
Retail customers - other								
	0.00 to <0.15	3	0.08%		45%	-	0.3	-
	0.15 to <0.25	-	-		-	-	-	-
	0.25 to <0.50	3	0.28%		45%	-	0.5	-
	0.50 to <0.75	96	0.66%		45%	-	30	-
	0.75 to <2.50	3	1.46%		45%	-	2	-
	2.50 to <10.00	14	7.69%		45%	-	9	-
	10.00 to <100.00	7	21.79%		45%	-	8	-
	100.00 (Default)	-	-		-	-	-	-
Sub-total (Retail customers - other)		126	2.61%		45%	-	50	39%
Retail customers - other - SMEs								
	0.00 to <0.15	-	-		-	-	-	-
	0.15 to <0.25	-	-		-	-	-	-
	0.25 to <0.50	3	0.28%		45%	-	0.5	-
	0.50 to <0.75	94	0.66%		45%	-	30	-
	0.75 to <2.50	2	0.92%		45%	-	0.7	-
	2.50 to <10.00	10	9.31%		45%	-	6	-
	10.00 to <100.00	-	-		-	-	-	-
	100.00 (Default)	-	-		-	-	-	-
Sub-total (Retail customers - other - SMEs)		108	1.42%		45%	-	37	34%
Retail customers - other - Non-SMEs								
	0.00 to <0.15	3	0.08%		45%	-	0.3	-
	0.15 to <0.25	-	-		-	-	-	-
	0.25 to <0.50	-	-		-	-	-	-
	0.50 to <0.75	2	0.54%		45%	-	0.6	-
	0.75 to <2.50	1	2.24%		45%	-	0.8	-
	2.50 to <10.00	5	4.28%		45%	-	3	-
	10.00 to <100.00	7	21.79%		45%	-	8	-
	100.00 (Default)	-	-		-	-	-	-
Sub-total (Retail customers - other - Non-SMEs)		18	9.99%		45%	-	13	72%
Total		50,065	9.09%		47%	2.5	51,506	103%

(\*) Pursuant to Article 432(2) of the CRR, the Crédit Mutuel Arkéa group does not publish information relating to Article 452(g) of the CRR, which it considers sensitive.

## Internal foundation method

F-IRB								
In € thousands As at 12.31.2022	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors (*)	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
Credit institution								
	0.00 to <0.15	4,902,496	0.04%		45%	2.5	83,820	-
	0.15 to <0.25	314,861	0.22%		45%	2.5	62,399	-
	0.25 to <0.50	722,537	0.42%		45%	2.5	221,004	-
	0.50 to <0.75	-	-		-	-	-	-
	0.75 to <2.50	451	0.98%		45%	2.5	584	-
	2.50 to <10.00	-	-		-	-	-	-
	10.00 to <100.00	-	-		-	-	-	-
	100.00 (Default)	-	-		-	-	-	-
Sub-total (Credit institution)		5,940,345	0.10%		45%	2.5	367,807	6%
Corporates								
	0.00 to <0.15	8,617	0.11%		45%	2.5	2,992	-
	0.15 to <0.25	-	-		-	-	-	-
	0.25 to <0.50	24,907	0.33%		45%	2.5	15,699	-
	0.50 to <0.75	-	-		-	-	-	-
	0.75 to <2.50	7,551	0.99%		45%	2.5	7,560	-
	2.50 to <10.00	9,087	3.32%		45%	2.5	13,264	-
	10.00 to <100.00	565	15.86%		45%	2.5	1,404	-
	100.00 (Default)	6,972	100.00%		45%	2.5	-	-
Sub-total (Corporates)		57,700	13.05%		45%	2.5	40,919	71%
Corporates - of which: non-SMEs								
	0,00 à <0,15	8,617	0.11%		45%	2.5	2,992	-
	0,15 à <0,25	-	-		-	-	-	-
	0,25 à <0,50	24,907	0.33%		45%	2.5	15,699	-
	0,50 à <0,75	-	-		-	-	-	-
	0,75 à <2,50	7,551	0.99%		45%	2.5	7,560	-
	2,50 à <10,00	9,087	3.32%		45%	2.5	13,264	-
	10,00 à <100,00	565	15.86%		45%	2.5	1,404	-
	100,00 (défaut)	6,972	100.00%		45%	2.5	-	-
Sub-total (Corporates - of which: non-SMEs)		57,700	13.05%		45%	2.5	40,919	71%
Total		5,998,045	0.22%		45%	2.5	408,726	7%

(\*) Pursuant to Article 432(2) of the CRR, the Crédit Mutuel Arkéa group does not publish information relating to Article 452(g) of the CRR, which it considers sensitive.



**Table 39 (EU CCR8): Exposures to CCPs**

As at 12.31.2022 In € thousands	Exposure value	RWEA
<b>Exposures to QCCPs (total)</b>		6,332
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	316,611	6,332
(i) OTC derivatives	316,611	6,332
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-
<b>Exposures to non-QCCPs (total)</b>		-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-

## 8. Credit risk mitigation techniques

Financial, personal and real collateral can be used directly to reduce the calculation of credit risk-related capital requirements that help to determine the calculation of the Group's solvency ratio. The use of collateral in risk mitigation techniques is, however, subject to compliance with eligibility conditions and minimum requirements imposed by regulations.

### **Netting and collateralization of repurchase agreements and over-the-counter derivatives**

When a master agreement is entered into with a counterparty, the signatory entity applies netting to the exposure on the counterparty.

With financial counterparties, the Crédit Mutuel Arkéa group supplements these agreements with collateralization contracts (credit support annexes). The operational management of these agreements takes place through the TriOptima platform.

Through regular margin calls, the residual net credit risk from over-the-counter derivatives and repurchase agreements is greatly reduced.

### **Description of the main categories of collateral taken into account by the institution**

Collateral is used in the calculation of weighted risks in different ways depending on the type of borrower, the calculation method used for the hedged exposure and the type of collateral.

For agreements involving mass-market customers (i.e. the "retail" portfolio and, in part, the "corporate" portfolio) that are handled using the advanced internal ratings-based approach (IRBA), collateral is taken into account in the calculation and segmentation of the loss given default (LGD) calculated statistically for all of the Group's non-performing loans and loans in litigation.

For agreements pertaining to the "institutions" portfolio and, in part, the "corporate" portfolio, personal collateral and financial collateral are used as risk mitigation techniques as defined by the regulations:

- personal collateral corresponds to the undertaking made by a third party to replace the primary debtor in the event of default by the latter;
- financial collateral is defined as a right of the institution to liquidate, retain or obtain the transfer or ownership of certain amounts or assets such as pledged cash deposits, debt securities, shares or convertible bonds, gold, UCITS shares, life insurance policies and instruments of any kind issued by a third party and repayable on demand.

### **Procedures applied for the measurement and management of instruments that constitute real collateral**

The procedures for measuring collateral vary according to the nature of the instrument that constitutes the real collateral. Generally, the studies carried out are based on statistical estimate methodologies that are directly integrated into the tools and based on external indexes to which discounts can be applied depending on the type of asset used as collateral. In the case of real estate collateral, the initial measurement is usually calculated based on the acquisition or construction value of the asset.

During the lifetime of the collateral, it is revalued periodically according to internal rules.

### Main categories of protection providers

Apart from intra-group collateral, the main categories of protection providers taken into account are home loan collateral companies.

**Table 40 (EU CR3): CRM techniques overview - Disclosure of the use of credit risk mitigation techniques**

As at 12.31.2022 In € thousands	Unsecured carrying amount	Secured carrying amount			
		Of which secured by collateral	Of which secured by financial guarantees		
				Of which secured by credit derivatives	
Loans and advances	62,934,211	54,141,459	39,534,339	14,607,120	-
Debt securities	7,568,253	-	-	-	-
Total	70,502,464	54,141,459	39,534,339	14,607,120	-
Of which non-performing exposures	184,587	600,682	580,024	20,658	-
Of which defaulted	184,587	600,682			

**Table 41 (EU CR4): Standardised approach - Credit risk exposure and CRM effects**

As at 12.31.2022 In € thousands	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance- sheet exposures	Off-balance- sheet exposures	On-balance- sheet exposures	Off-balance- sheet exposures	RWAs	RWAs density (%)
Central governments or central banks	25,146,957	22,993-	25,146,957	-	238,201	1%
Regional government or local authorities	6,789,254	1,037,411	6,789,254	68,485	1,358,770	20%
Public sector entities	11,337,517	575,939	11,337,517	23,528	116,045	1%
Multilateral development banks	188,114	-	188,114	-	-	-
International organisations	44,752	-	44,752	-	-	-
Institutions	162,420	-	162,420	-	3,408	2%
Corporates	166,830	129,398	166,830	59,211	183,404	81%
Retail	3,544,648	400,851	3,544,648	141,915	2,691,636	73%
Secured by mortgages on immovable property	6,948,905	135,496	6,948,905	24,945	2,736,778	39%
Exposures in default	231,866	1,318	231,866	14	235,176	101%
Exposures associated with particularly high risk	-	-	-	-	-	-
Covered bonds	8,911	-	8,911	-	891	10%
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investment undertakings	8,742	5	8,742	5	16,659	190%
Equity	44,022	-	44,022	-	94,705	215%
Other items	819,940	-	819,940	-	819,940	100%
<b>TOTAL</b>	<b>55,442,878</b>	<b>2,303,412</b>	<b>55,442,878</b>	<b>318,102</b>	<b>8,495,613</b>	<b>15%</b>

Outstandings measured using the standardized approach mainly concern:

- the categories comprising central and local governments and similar entities;
- mortgage lending by specialized subsidiaries.

This type of counterparty or lending benefits from preferential weighting. There is no additional impact from the use of risk mitigation (CRM) techniques.

**Table 42 (EU CR7-A): IRB approach - Disclosure of the extent of the use of CRM techniques**

Advanced internal method

A-IRB  As at 12.31.2022 In € thousands	Total exposures	Credit risk Mitigation techniques				
		Funded credit Protection (FCP)				
		Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)
Central governments and central banks	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	16,515,957	-	-	-	-	-
Of which Corporates – SMEs	10,183,089	-	-	-	-	-
Of which Corporates – Specialised lending	-	-	-	-	-	-
Of which Corporates – Other	6,332,869	-	-	-	-	-
Retail	44,687,721	-	-	-	-	-
Of which Retail – Immovable property SMEs	2,695,250	-	-	-	-	-
Of which Retail – Immovable property non-SMEs	21,519,703	-	-	-	-	-
Of which Retail – Qualifying revolving	120,570	-	-	-	-	-
Of which Retail – Other SMEs	7,537,294	-	-	-	-	-
Of which Retail – Other non-SMEs	12,814,905	-	-	-	-	-
<b>Total</b>	<b>61,203,679</b>	-	-	-	-	-

A-IRB  As at 12.31.2022 In € thousands	Credit risk Mitigation techniques					Credit risk Mitigation methods in the calculation of RWEAs	
	Funded credit Protection (FCP)				Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)
	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	
Central governments and central banks	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	7,661,377
Of which Corporates – SMEs	-	-	-	-	-	-	3,968,184
Of which Corporates – Specialised lending	-	-	-	-	-	-	-
Of which Corporates – Other	-	-	-	-	-	-	3,693,193
Retail	-	-	-	-	-	-	4,016,233
Of which Retail – Immovable property SMEs	-	-	-	-	-	-	464,358
Of which Retail – Immovable property non-SMEs	-	-	-	-	-	-	1,327,065
Of which Retail – Qualifying revolving	-	-	-	-	-	-	15,841
Of which Retail – Other SMEs	-	-	-	-	-	-	1,292,073
Of which Retail – Other non-SMEs	-	-	-	-	-	-	916,896
<b>Total</b>	-	-	-	-	-	-	<b>11,677,610</b>

## Internal foundation method

F-IRB	Total exposures	Credit risk Mitigation techniques				
		Funded credit Protection (FCP)				
		Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)
As at 12.31.2022						
In € thousands						
Central governments and central banks	-	-	-	-	-	-
Institutions	6,092,320	-	-	-	-	-
Corporates	9,085,643	-	-	-	-	-
Of which Corporates – SMEs	-	-	-	-	-	-
Of which Corporates – Specialised lending	735,283	-	-	-	-	-
Of which Corporates – Other	8,350,360	-	-	-	-	-
<b>Total</b>	<b>15,177,963</b>	-	-	-	-	-

F-IRB	Credit risk Mitigation techniques						Credit risk Mitigation methods in the calculation of RWEAs	
	Funded credit Protection (FCP)				Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
As at 12.31.2022								
In € thousands								
Central governments and central banks	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	895,928
Corporates	-	-	-	-	-	-	-	6,153,115
Of which Corporates – SMEs	-	-	-	-	-	-	-	-
Of which Corporates – Specialised lending	-	-	-	-	-	-	-	439,909
Of which Corporates – Other	-	-	-	-	-	-	-	5,713,206
<b>Total</b>	-	-	-	-	-	-	-	<b>7,049,043</b>

The Crédit Mutuel Arkéa group applies the advanced internal ratings-based method to most of its customer loans. As a result, collateral is mainly taken into account in the modeling of loss given default.

The Crédit Mutuel Arkéa group does not underwrite credit derivatives. Consequently, the following table is not displayed in the Group's Pillar 3 report:

- EU CR7 : IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques.

**Table 43 (EU CCR5): Composition of collateral for CCR exposures**

As at 12.31.2022	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
In € thousands								
Cash – domestic currency	513,176	483,265	263,570	102,756		48,874		12,329
Cash – other currencies								
Domestic sovereign debt						63,200		170,785
Other sovereign debt						361,939		326,534
Government agency debt								376,829
Corporate bonds						1,847,723		1,145,985
Equity securities								
Other collateral								
<b>Total</b>	<b>513,176</b>	<b>483,265</b>	<b>263,570</b>	<b>102,756</b>		<b>2,321,736</b>		<b>2,032,462</b>



## 9. Securitisation

At the end of December 2022, Crédit Mutuel Arkéa group is not exposed to any securitisation risk.

Consequently, the following tables are not displayed in the Group's Pillar 3 report:

- EU SEC1: Securitisation exposures in the non-trading book;
- EU SEC2: Securitisation exposures in the trading book;
- EU SEC3: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor;
- EU SEC4: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor;
- EU SEC5: Exposures securitised by the institution - exposures in default and specific credit risk adjustments.

## 10. Market risk

Information on the structure and organization of the function responsible for market risk management is provided in Crédit Mutuel Arkéa's 2022 Universal Registration Document, in the section entitled "Risks".

The Crédit Mutuel Arkéa group calculates its market risk capital requirements using the standardized approach.

At the end of December 2022, there is no market risk as the Crédit Mutuel Arkéa group has no portfolio in the trading book. Consequently, the following table is not displayed in the Group's Pillar 3 report:

- EU MR1: Market risk under the standardised approach.

## 11. Interest rate risk in the banking book

Information on the structure and organization of the function responsible for interest rate risk management is provided in Crédit Mutuel Arkéa's 2022 Universal Registration Document, in the section entitled "Risks".

### Definition of interest rate risk

Interest rate risk is then current or prospective risk, to which the bank's shareholders' capital and earnings are exposed as a result of unfavorable movements in interest rates. It can result from a difference in maturity between fixed-rate assets and liabilities, a difference in the reference index (basis risk) or the exercise of options (such as caps, floors or early repayment of loans).

### Assessment and monitoring

The system in place within Crédit Mutuel Arkéa concerning interest rate risk complies with the provisions of the administrative order of November 3, 2014, the EBA guidelines on the supervisory review and evaluation process (SREP) (EBA/GL/2014/13) and the EBA guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2018/02).

Interest rate risk is measured and monitored within the consolidated banking perimeter and for each component entity. All balance sheet and off-balance sheet items, especially financial instruments (swaps and options) and deferred transactions, are included in the measurement of this risk.

Interest rate risk management for the Group's banking perimeter is carried out by Crédit Mutuel's ALM Department.

Interest rate risk arises from the Group's business activity and results from differences in interest rates and reference index between assets and liabilities. Its analysis also takes into account outstanding products without contractual maturity and implicit options (options for early repayment of loans or term accounts, payment extensions, use of credit rights, etc.). The measure of interest rate risk on a static basis is based on three main indicators, calculated at least on a quarterly basis.

The **sensitivity of the net present value** (hereinafter "**NPV**") is an indicator provided by the Directive 2013/36/UE on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended by the Directive 2019/878 of the European parliament and of the Council of May 20, 2019 (hereinafter referred to as the "**CRD4**"). Expressed as a percentage of Tier 1 capital, it measures the variation in the present value of the balance sheet for the six scenarios of interest rate shocks in accordance with the EBA guidelines (+200 bp, -200 bp, steepener, flattener, increase in short rates, decrease in short rates), excluding equity, equity holdings and fixed assets. The CRD4 sets a maximum exposure threshold of -15% of Tier 1 capital.

At the end of 2022, the NPV sensitivities related to the Group's Tier 1 capital under the 6 EBA scenarios are as follows:

- parallel up (+200 bp): -5.7%;
- parallel down (-200 bp): +8.6%;
- steepener (short rates down, long rates up): +0.0%;
- flattener (short rates up, long rates down): -1.0%;
- short rate up: -2.6%;
- short rate down: +2.8%.

The NPV sensitivities respect the Group's management threshold. The maximum exposure is nearly +426 million euros in the scenario of a 200 bp increase in interest rate.

**Interest rate impasses on a static basis** consists in projecting outstandings at a known interest rate based on their contractual characteristics (maturity date and type of amortization) or by modeling their flow.

Flow modeling is necessary when the amortization profile is not known (products with no contractual maturity such as current accounts, passbooks or equity capital) or when implicit options are incorporated in customer products (early repayments on loans and term accounts, etc.). With the exception of reserves and participations that are disposed of by agreement, the modeling is essentially based on the analysis of past customer behavior. In the context of early repayments, it takes into account a possible correlation between market rates and early repayments rates.

At the end of 2022, the level of transformation into short-term rates (< 2 years) is between 1 and 3% of the size of the banking balance sheet, in particular in connection with the recent change in the formula for calculating TLTRO interest by the ECB (ECB decision of 23 November 2022). Beyond that, the interest rate position is reduced across all maturities, with an overall neutral exposure in the central scenario and in rate shock scenarios of +/- 100 bp. The levels of exposure on interest rate impasses respect the Group's management thresholds and reflect the Group's low risk appetite for interest rate risk.

The **sensitivity of the interest margin** measures the gain (or loss) of a change (up or down) in interest rates on the Group's interest margin. It is expressed as a percentage of the net banking and insurance income hereinafter "**NBI**"), according to different rate shocks. It is constructed from static rate impasses and the impact of option risks that are projected over five years on the contracts in stock.

In a scenario of a parallel shock of +/-100 bp on the interest rate curve, the sensitivity of the Crédit Mutuel Arkéa group's interest margin at the end of 2022 is between +1.9% and -1.8% of NBI over the first 5 years:

- for a 100 bp increase, the maximum adverse annual impact over the five first years is 1.8% of NBI;
- for a 100 bp decrease, the maximum adverse annual impact over the five first years is 0.1% of NBI.

Other static indicators are produced in order to monitor the basis risk and the risk related to the activation of explicit options on customer loans (capped interest rate).

In addition, dynamic indicators are also produced to determine the impact of future loan and deposit production (constant balance sheet and dynamic balance sheet) on the net interest

margin in the Group's central economic scenario and under different stressed rate environments.

### **Management and hedging of interest rate risk**

The management of the interest rate risk is centralized by Crédit Mutuel Arkea for all entities of the banking perimeter. The interest rate position of the banking entities is fully backed by the "central rate unit". It manages the Group position with markets hedges in accordance with the exposure target defined by the Group's Operational ALM Committee and in compliance with the framework set by ALM and Capital Management Committee and the Board of Directors.

When the risk arises from a difference in interest rates nature (between fixed-rate assets and variable-rate liabilities, for example), hedging is mainly executed through macro-hedging swaps.

In the case of an explicit optional risk, hedging must take the form of an option; the hedging of capped variable-rate loans is thus ensured by interest rate caps.

Macro-hedging transactions are generally justified in relation to Fair Value Hedge under IFRS on the basis of loan and deposit portfolios. Accounting documentation and effectiveness tests are produced at the inception of the hedge and updated half-yearly to ensure the effectiveness of the hedge and limit the impact on the Group's IFRS earnings.

In the current context of rising market rates, rising inflation and the corollary impact on monetary policy, the Group is maintaining a prudent policy and a level of interest-rate backing that is consistent with the appetite framework set by the Board of Directors. It thus remains structurally slightly exposed to interest rate risk in order to protect its margin and its value, which is corroborated by the level of the impasses, the interest margin sensitivity indicator and the NPV sensitivity indicator.

### **Description of the key modeling and parametric assumptions different from those used for disclosure of template EU IRRBB1**

The modeling assumptions are carried out through internally developed models.

Early repayments of housing, cash, equipment and consumer loans in euros by entities in the traditional network are estimated using behavioral models. The models concerned are as follows:

- early repayments of housing loans;
- early repayments of zero-interest loans;
- early repayments of loans related to CEL (home savings accounts) and PEL (home savings plans);
- early repayment of bridging loans;
- early repayment of consumer loans;
- early repayment of investment loans;
- early repayment of cash flow loans.

In accordance with authorities recommendations, Crédit Mutuel Arkéa group's interest rate risk exposure and sensitivity indicators measurement are carried out using three complementary approaches: static, dynamic on a constant balance sheet basis and dynamic

with future activity assumptions. Thus, flow conventions are applied, notably those applicable to the following aggregates:

- unmatured client resources;
- current accounts receivable;
- revolving loans;
- home savings plans;
- doubtful and unpaid loans;
- litigation;
- other balance sheet items.

The Crédit Mutuel Arkéa group does not use any other assumptions than those defined above to control the table IRRBB1.

### Average and longest repricing term on non-maturity deposits

The average Crédit Mutuel Arkéa group's demand deposits maturity calculation is carried out quarterly. On December 31, 2022, the average maturity of demand deposits in euros is 3.8 years, and therefore complies with the 5-year limit indicated in paragraph 115-o of the EBA guidelines.

The longest maturity of demand deposits for EUR and USD currencies is 5.6 years for the "transactional retail" category in USD.

**Table 44 (EU IRRBB1): Interest rate risks of non-trading book activities**

In € thousands	$\Delta$ EVE		$\Delta$ NII	
Period	12.31.2022	06.30.2022	12.31.2022	06.30.2022
Parallel up (+200 bps)	-425,723	-530,899	-115,419	157,281
Parallel down (-200 bps)	321,108	828,793	93,061	-121,271
Steepener	1,307	-9,603		
Flattener	-75,813	169,116		
Short rate up	-192,196	-25,967		
Short rate down	105,771	358,315		
Period	12.31.2022		06.30.2022	
Tier 1 capital	7,507,622		7,230,556	



## 12. Liquidity risk

Information on the structure and organization of the function responsible for liquidity risk management is provided in Crédit Mutuel Arkéa's 2022 Universal Registration Document, in the section entitled "Risks".

Liquidity risk is the risk that an entity will not be able to meet its obligations or to unwind or offset a position because of its situation or the market situation within a specified period of time and at a reasonable cost. It arises from a maturity mismatch between the sources and uses of funds.

It may result in an additional financial expense in the event of an increase in liquidity spreads; in the most extreme form, it could result in the institution's inability to honor its commitments.

The Group has historically been vigilant and prudent in managing this risk.

A number of regulatory liquidity ratios are closely monitored, including:

- the LCR (Liquidity Coverage Ratio), which is provided for by the CRD 4 and CRR regulations. It measures the ratio between liquid assets and net cash outflows at 30 days under a stress scenario. The minimum required level has been 100% since 2018;
- the NSFR (Net Stable Funding Ratio), which is also a liquidity ratio provided for by the CRD 4 and CRR regulations. It verifies the coverage of stable uses by stable resources. The minimum required level has been 100% since June 2021.

In addition to regulatory liquidity indicators, CM Arkéa has an advanced internal system for monitoring and controlling liquidity risk, which is overseen and managed by the ALM Department.

### Strategy and processes implemented

The main objective of the Crédit Mutuel Arkéa group's treasury and refinancing management strategy is to ensure that liquidity risk management complies with the Group's ALM and capital management policy. This policy, defined by Crédit Mutuel Arkéa's Executive Management and Board of Directors, has historically been vigilant and prudent in the face of this risk.

The general liquidity risk appetite is defined using the principles approved by Crédit Mutuel Arkéa's Board of Directors, which are summarized below:

- manage liquidity within the Group's consolidated banking scope;
- ensure prudent management of liquidity risk by dedicated teams within Crédit Mutuel Arkéa that act as the Group's central liquidity unit (the central liquidity unit being the Group's only issuer in the markets) in order to contribute to the Group's business continuity even during long periods of adverse activity trends;
- manage the Crédit Mutuel Arkéa group's balance sheet structure in order to help control liquidity risk;
- manage the internal allocation to provide subsidiaries with access to liquidity at all times (Crédit Mutuel Arkéa being their sole counterparty for managing their cash needs or surpluses) to enable them to comply with regulatory and internal rules.

These principles translate into limits and management thresholds applicable to a series of indicators that are monitored at least quarterly (which incorporate various assumptions based on the Group's business model).

Certain key indicators are the subject of particular attention: the loan-to-deposit ratio, the LCR, the NSFR, the survival horizon (with a stress in the financial markets scenario and a stress in the markets scenario coupled with customer deposit flights) and the level of use of the increased overall collateral management pool (3G pool) (allowing access to the ECB's monetary policy operations).

The Group implemented a policy aimed at reducing its level of dependence on the financial markets and increasing its reserves of liquid assets. The loan-to-deposit ratio was 102% at the end of 2022. The liquidity reserves (made up of available cash, securities that are LCR-eligible and assets that are ECB-eligible immediately or in the short term) represent more than twice the requirements in connection with the LCR, at €33 billion.

The monitoring and management system is supplemented by other indicators that cover the various aspects of liquidity risk: liquidity gaps in central and stress scenarios, asset mobilization ratio (based on the reporting of encumbered assets), liquidity reserves, dispersion of sources of refinancing, refinancing volumes by maturity, etc.

At the end of 2022, the Group management thresholds and limits set by the management body (Executive Management and Board of Directors) were complied with in full for all the key liquidity indicators in the risk appetite framework.

### **Structure and organization of the function responsible for liquidity risk management**

Three levels of management bodies are responsible for liquidity management.

Group-wide ALM principles and limits are set annually by Crédit Mutuel Arkéa's Board of Directors. The Board is regularly informed of the results of the policy implemented and monitors compliance with the limits on a quarterly basis. The subsidiaries' limits are adopted by their respective supervisory bodies in accordance with the framework defined at Group level.

The ALM and Capital Management Committee is responsible for the Group's strategic management. Chaired by the Group's Chief Executive Officer, its members include the effective managers and the central managers in collaboration with the ALM Department. This committee, which is an "ad hoc committee" within the meaning of Article 228 of the administrative order of November 3, 2014 on internal control, meets at least four times a year (it met seven times in 2022).

As regards liquidity, the role of the ALM and Capital Management Committee is to:

- define the general liquidity risk management policy and propose a body of principles and limits to Crédit Mutuel Arkéa's Board of Directors;
- monitor the liquidity exposure of the Group and of its components. If necessary, it may ask a unit to adjust its exposure;
- validate the process for measuring and monitoring related risks;
- steer the entities' commercial policies on savings collection and loan sales by setting the internal capital transfer rules.

The Operational ALM committees of the Group and the subsidiaries are responsible for the day-to-day ALM of the corresponding entity, by delegation of authority and based on guidelines defined by the Group ALM and Capital Management Committee. The Group's Operational ALM Committee meets monthly. Chaired by the group's Head of Finance and Global Performance, its role is to:

- monitor cash and liquidity reserves;

- manage the Group's refinancing and liquidity hedges, in particular by defining the program for raising funds on the markets for all maturities;
- monitor risk indicators and compliance with management limits and rules.
- monitor and manage the Group's overall interest rate risk exposure.

The main operational structures are:

- the ALM Department, which reports to the Financial Steering Department, produces the ALM indicators and the reports required for the supervision and decisions of the ALM and Capital Management Committee and of the Group Operational ALM Committee (the department head being a member of these committees), in collaboration, if necessary, with the Financial Markets Department. It monitors the implementation of the decisions of the two aforementioned committees. It also manages the Group's main receivables assignment channels;
- the Financial Markets Department, which negotiates and arranges transactions (refinancing, investment and treasury) within the framework determined by the ALM and Capital Management Committee and the Group Operational ALM Committee;
- the Back Office Department, which manages intra-day cash, in conjunction with the Financial Markets Department.

### **Description of the degree of centralization of liquidity management and interaction among Group units**

As indicated in the "Strategy and processes implemented" section, Crédit Mutuel Arkéa acts as a central liquidity unit :

- Crédit Mutuel Arkéa borrows and lends on the markets while taking into account the projected needs or surpluses of the entities included in the banking scope. Transactions are carried out in euros;
- entities with cash requirements are refinanced exclusively by Crédit Mutuel Arkéa, while banking entities with cash surpluses invest them exclusively with Crédit Mutuel Arkéa. Transactions are carried out based on applicable arm's length terms.

In addition to the vital importance of liquidity risk management by specialized teams within Crédit Mutuel Arkéa, this structure makes it possible to pool the needs of all the banking entities and to achieve the critical mass needed to access markets under competitive conditions as regards price and volume.

Since the Group's liquidity management is centralized by Crédit Mutuel Arkéa, the supervisor has granted the Group's main banking subsidiaries an exemption from the individual monitoring of the LCR.

### **Policies for hedging and mitigating liquidity risk, and strategies and processes put in place to monitor the ongoing effectiveness of such hedges and mitigation techniques**

Liquidity risk exposure monitoring consists of a range of indicators covering the various facets of liquidity risk. A body of internal standards is defined and validated annually, and is monitored regularly (at least once every quarter); if necessary, if a standard appears inappropriate in light of cyclical or structural changes, it may be amended by a decision or proposal of the ALM and Capital Management Committee and the Board of Directors.

The Group's market refinancing program is defined annually by taking into account the impact of the projected commercial activity on the main liquidity indicators and in accordance with the Group system of multi-year projections with which it is in line. It aims to ensure long-term compliance (three to four years) with internal standards. It can be updated every quarter based on actual and projected trends in commercial activity and the financial market environment (see section 4.5.3 of the 2022 Universal Registration Document on liquidity risk for more details).

### Explanation of how stress testing is used

In addition to monitoring and managing liquidity risk under normal circumstances (structural scenario), Crédit Mutuel Arkéa also performs simulations in a liquidity crisis situation (stress scenario).

In a static view, the liquidity stress scenario is a single scenario combining a crisis in the financial markets and in customer deposits (simultaneously). The crisis assumptions used are in line with those defined for calculating the LCR, which means that a positive or zero gap in a liquidity crisis scenario is consistent with an LCR that is greater than or equal to 100% over the long term (for items already on the balance sheet).

The crisis in the markets can be global (systemic) or related only to the Group's creditworthiness (idiosyncratic); it results in liquidity spread tensions or even the inability to obtain refinancing from other banks, with the result that only highly liquid securities (in terms of the LCR) do not require a liquidity matching rule. In addition, refinancing agreements, for which the Group has made a liquidity commitment, are considered to be used over their term (based on the weighting used for the LCR).

The modeling of customer deposit stress involves mainly three types of assumptions:

- customer deposit flight: deposits are segmented according to the type of deposit (demand or term deposits, with and without prior notice) and the type of customer (with a segmentation and flight rates consistent with the LCR assumptions);
- drawdown of amounts under off-balance sheet agreements (overdraft, revolving);
- level of early loan repayments that include only the structural part (i.e. not correlated to the interest rate environment).

In a dynamic view, the aim of the financial autonomy indicator is to estimate the number of days the Group can survive if the financial markets close. It is obtained by comparing the forecast cash position with the assets eligible for Central Bank refinancing :

- forecast cash position: this is determined based on a gap in a dynamic environment, i.e. by including future customer activity;
- assets eligible for Central Bank refinancing: assets are valued based on their availability in accordance with the definition of the Group's liquidity reserves made up of the available 3G pool and the liquidity potential (ECB-eligible assets available within a short period of time).

This indicator models two scenarios :

- the central scenario concerns only stress in the markets (global stress);
- the alternative scenario includes stress in the markets coupled with customer deposit stress (global and idiosyncratic stress): deposits are therefore subject to a dual run-off assumption (at one month and six months) in accordance with the run-off assumptions of the LCR and NSFR regulatory liquidity ratios.

## Scope and nature of liquidity risk reporting and assessment systems, and statement by the management body

The monitoring of exposure and limits is the subject of regular (quarterly at a minimum) reports to the above-mentioned bodies, as well as to the Risk and Internal Control Committee and the Risk Monitoring Committee.

The reports are tailored to the recipients concerned on the basis of their role in the management and monitoring of liquidity risk.

In addition, each year the management body (made up of Crédit Mutuel Arkéa's Board of Directors and Executive Management) approves a statement on liquidity risk. This statement, which is sent to the ECB, covers the main aspects of liquidity risk management: organization, the measurement and monitoring system, the Group's risk appetite, management procedures (both in normal and stress situations), the levels of the main indicators, the refinancing strategy, etc. The statement in respect of 2022 ended as follows :

*"In light of the above factors and the fact that 2022 was marked by geopolitical tensions, the return of inflation, the end of the ECB's accommodative monetary policy and, more generally, a rapidly changing macroeconomic environment, Crédit Mutuel Arkéa's Board of Directors and Executive Committee are satisfied with the robustness and agility of the liquidity mechanism.*

*They confirm that the Group's liquidity situation reflects the implementation of a prudent policy, both in normal and stressed situations, and that it effectively corresponds to its liquidity risk appetite.*

*As such, the survival indicator calculated by the Crédit Mutuel Arkéa group is significantly higher than its twelve-month internal limit, including by taking into account stress assumptions related to customer deposits and the financial markets.*

*The projections for the coming years confirm the robustness of the liquidity management mechanism in a context marked by the end of the ECB's accommodative monetary policy.*

*In summary, the Group has substantial room for maneuver and liquidity reserves enabling it to cope with changes in the economic and financial environment, including in the event of significantly adverse developments.*

*The centralized structure of liquidity management and the associated governance are appropriate to the vital nature of liquidity risk management.*

*The management system is appropriate and documented; it covers the various aspects of liquidity risk and is tailored to the Crédit Mutuel Arkéa group's risk profile.*

*Regular reporting by the group's various bodies is in line with expectations. Regulatory ratios and internal indicators are continuously monitored. Their high levels demonstrate sound and prudent management.*

*In accordance with its principles of good management and the expectations of the ECB, Crédit Mutuel Arkéa's Board of Directors and Executive Committee are committed to promoting the ILAAP approach by continuing to monitor on an ongoing basis the adequacy of the Group's liquidity and financing in light of its risk appetite."*

## 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 2022. The Group met the regulatory requirement throughout 2022 with significant room for maneuver. The average LCR in 2022 was 151%. At the end of December 2022, the LCR was 157%, a 3% increase compared with the end of September 2022.

The Crédit Mutuel Arkéa group's liquid assets totaled €25.558 billion and consisted mainly of deposits at central banks. These represented 91% of liquid assets at the end of December 2022, up 4% compared with the end of September 2022.

Net cash outflows over 30 days amounted to €17.690 billion, most of which corresponded to customer deposits. This represented an increase of €702 million compared with the end of September 2022.

Net cash inflows over 30 days amounted to €1.424 billion, most of which corresponded to customer loans. This represented a decrease of €1.815 billion compared with the end of September 2022.



**Table 45 (EU LIQ1): Quantitative information on the liquidity coverage ratio (LCR)**

In € thousands	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on	12.31.2022	09.30.2022	06.30.2022	03.31.2022	12.31.2022	09.30.2022	06.30.2022	03.31.2022
Number of data points used in the calculation of averages : 12								
<b>HIGH-QUALITY LIQUID ASSETS</b>								
Total high-quality liquid assets (HQLA)					20,943,022	20,763,208	21,503,927	21,462,443
<b>CASH - OUTFLOWS</b>								
Retail deposits and deposits from small business customers, of which:	43,970,261	44,942,437	45,323,673	44,539,074	3,004,442	3,152,951	3,267,748	3,306,653
Stable deposits	30,203,930	29,308,266	27,808,921	25,363,224	1,510,196	1,465,413	1,390,446	1,268,161
Less stable deposits	13,523,965	15,426,894	17,318,822	18,974,843	1,477,690	1,665,341	1,851,470	2,014,684
Unsecured wholesale funding	23,297,076	23,245,061	23,461,525	23,146,096	11,179,196	10,826,224	10,702,227	10,762,087
Operational deposits (all counterparties) and deposits in networks of cooperative banks	2,290,815	2,453,207	2,617,861	2,346,013	249,093	273,721	299,017	294,189
Non-operational deposits (all counterparties)	20,480,681	20,256,748	20,228,281	20,188,044	10,404,522	10,017,397	9,787,826	9,855,859
Unsecured debt	525,581	535,106	615,384	612,039	525,581	535,106	615,384	612,039
Secured wholesale funding					28,441	28,717	48,092	47,807
Additional requirements	12,003,824	11,544,366	10,956,828	10,492,730	1,876,114	1,715,493	1,558,142	1,473,482
Outflows related to derivative exposures and other collateral requirements	273,495	205,522	137,846	113,405	273,495	205,522	137,846	113,405
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	11,730,330	11,338,844	10,818,982	10,379,324	1,602,619	1,509,970	1,420,296	1,360,077
Other contractual funding obligations	459,179	522,641	600,553	642,314	459,179	522,641	600,553	642,314
Other contingent funding obligations	913,192	980,381	963,898	959,875	141,158	162,823	166,094	166,677
TOTAL CASH OUTFLOWS					16,688,530	16,408,849	16,342,856	16,399,020
<b>CASH - INFLOWS</b>								
Secured lending (e.g. reverse repos)	475,176	410,100	471,421	503,787	135,167	109,366	113,276	114,091
Inflows from fully performing exposures	1,869,958	2,056,619	2,164,366	2,267,916	1,375,292	1,577,783	1,695,190	1,765,564
Other cash inflows	1,261,366	1,143,086	759,516	783,474	1,261,366	1,143,086	759,516	783,474
(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)					-	-	-	-
TOTAL CASH INFLOWS	3,606,500	3,609,806	3,395,303	3,555,178	2,771,825	2,830,235	2,567,982	2,663,128
Fully exempt inflows	83,333	41,667	-	-	83,333	41,667	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	3,523,167	3,568,139	3,395,303	3,555,178	2,688,491	2,788,568	2,567,982	2,663,128
<b>TOTAL ADJUSTED VALUE</b>								
LIQUIDITY BUFFER					20,943,022	20,763,208	21,503,927	21,462,443
TOTAL NET CASH OUTFLOWS					13,916,705	13,578,614	13,774,874	13,735,891
LIQUIDITY COVERAGE RATIO					150.56%	153%	156%	156%

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 December 31, 2022, the liquidity reserves amounted to €33.3 billion, an increase of €3.9 billion since December 31, 2021.

#### **Liquidity reserves**

<i>In € billion</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Central bank deposits	23.4	18.8
LCR securities eligible for the 3G pool (after haircut)	2.2	4.7
Other assets eligible for the 3G pool (after haircut)	7.7	6.2
<b>Total</b>	<b>33.33</b>	<b>29.7</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. On December 31, 2022, the liquidity reserves represented 40% of Crédit Mutuel Arkéa's gross deposits.

### **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 the end of 2022, 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 €380 million at December 31, 2022, 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.

### **Information on net stable funding ratio**

In addition to the LCR, European regulations provide for a long-term structural liquidity ratio called the “**NSFR**” (net stable funding ratio). The NSFR is designed to encourage credit institutions to have a permanent structure of stable resources, enabling them to continue operating over a period of one year in an environment of prolonged stress. The minimum required level of the NSFR has been 100% since June 2021 under the CRR.

The Group met the regulatory requirement throughout 2022 with significant room for maneuver. The average NSFR in 2022 was 112%. At the end of December 2022, the NSFR was 114%, a 3% increase compared with June 30, 2022.

The amount of weighted liabilities available at one year was €82.887 billion, most of which corresponded to customer deposits and issues (negotiable medium-term notes, negotiable certificates of deposit, etc.). This represented a decrease of €2.529 billion compared with the end of June 2022.

The amount of weighted assets to be financed over one year was €72.967 billion, most of which corresponded to loans to non-financial customers. This represented a decrease of €3.980 billion compared with the end of June 2022.

**Table 46 (EU LIQ2): Net stable funding ratio (NSFR)**

As at 12.31.2022 In € thousands	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
Capital items and instruments	8,235,334	-	-	2,256,666	10,492,000
Own funds	8,235,334	-	-	2,256,666	10,492,000
Other capital instruments		-	-	-	-
Retail deposits		41,340,172	-	-	38,641,110
Stable deposits		28,699,110	-	-	27,264,154
Less stable deposits		12,641,062	-	-	11,376,956
Wholesale funding:		46,381,350	2,875,829	20,048,161	33,754,200
Operational deposits		2,082,201	-	-	1,041,100
Other wholesale funding		44,299,149	2,875,829	20,048,161	32,713,099
Interdependent liabilities		8,385,043	-	-	-
Other liabilities:	44,428	4,397,095	-	-	-
NSFR derivative liabilities	44,428				
All other liabilities and capital instruments not included in the above categories		4,397,095	-	-	-
Total available stable funding (ASF)					82,887,310
Required stable funding (RSF) Items					
Total high-quality liquid assets (HQLA)					447,800
Assets encumbered for a residual maturity of one year or more in a cover pool		511,185	524,167	11,514,030	10,666,975
Deposits held at other financial institutions for operational purposes		-	-	-	-
Performing loans and securities:		12,510,033	4,396,506	59,662,204	54,519,751
Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		245,064	-	-	-
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,377,124	708,823	1,739,220	2,258,518
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		8,291,421	3,180,542	49,149,319	50,787,726
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		978,329	848,698	23,514,299	16,710,493
Performing residential mortgages, of which:		344,914	340,594	7,941,863	-
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		1,251,509	166,546	831,803	1,473,507
Interdependent assets		8,385,043	-	-	-
Other assets:		1,102,780	-	6,433,816	6,673,068
Physical traded commodities				-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		263,570	-	-	224,035
NSFR derivative assets		-			-
NSFR derivative liabilities before deduction of variation margin posted		114,573			5,729
All other assets not included in the above categories		724,637	-	6,433,816	6,443,305
Off-balance sheet items		12,414,257	84,325	34,156	659,085
Total RSF					72,966,679
Net Stable Funding Ratio (%)					114%

## 13. Information on encumbered and unencumbered assets

Pursuant to Article 430(1)(g) of the CRR, the Crédit Mutuel Arkéa group reports to the competent authorities the amount of encumbered and unencumbered assets at its disposal and their main characteristics. These assets may be used as collateral to obtain other financing on the secondary markets or from the central bank, and therefore constitute additional sources of liquidity.

An asset is considered to be “encumbered” if it is used as collateral, or may be used contractually, to secure, collateralize or enhance a transaction from which it cannot be separated. By contrast, an asset is “unencumbered” if it is free from any legal, regulatory, contractual or other limitations, the possibility of liquidation, sale, transmission or disposal.

For example, the definition of encumbered assets includes the following types of contracts:

- secured financial transactions, including repurchase agreements, securities lending and other forms of loans;
- collateralization agreements;
- collateralized financial guarantees;
- collateral placed in clearing systems, clearing houses or other institutions as a condition for accessing the service. This includes initial margins and funds against insolvency risk;
- facilities given to central banks. Assets already in position should not be considered encumbered, unless the central bank does not authorize the withdrawal of these assets without prior agreement;
- underlying assets of securitisation entities when these assets have not been derecognized by the entity. The assets underlying the securities held are not considered encumbered, unless these securities are used to pledge or guarantee a transaction in any way;
- baskets of collateral created to issue covered bonds. These assets are recognized as encumbered assets except in certain situations where the entity holds these covered bonds (self-issued bonds).

Assets placed in financing mechanisms that are unused and can easily be withdrawn are not considered to be encumbered.

In the case of the Crédit Mutuel Arkéa group, the main sources of charges on assets are:

- repurchase agreements;
- receivables used as collateral for covered bond issuance;
- receivables used as collateral for borrowings from the central bank;
- receivables used as collateral for borrowings from refinancing institutions.

The median ratio of encumbered assets to total regulated assets was 19.87% at December 31, 2022.



**Table 47 (EU AE1): Encumbered and unencumbered assets**

As at 12.31.2022 In € thousands	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
<b>Assets of the disclosing institution</b>	<b>26,544,487</b>	<b>4,625,564</b>			<b>104,833,119</b>	<b>850,751</b>		
Equity instruments	-	-	-	-	1,585,292	-	1,585,292	-
Debt securities	8,293,698	4,625,564	8,293,698	4,625,564	1,388,634	850,751	1,389,939	392,443
of which: covered bonds	2,334,014	2,014,847	2,334,014	2,014,847	-	-	-	-
of which: securitisations	-	-	-	-	-	-	-	-
of which: issued by general governments	1,902,774	1,547,467	1,902,774	1,547,467	178,104	121,788	228,104	70,519
of which: issued by financial corporations	5,263,281	2,576,028	5,263,281	2,576,028	639,291	527,145	639,120	231,262
of which: issued by non-financial corporations	981,227	468,247	981,227	468,247	395,848	51,473	482,472	23,551
Other assets	<b>18,875,068</b>				<b>101,600,192</b>	-		

median values of end-of-quarter data for the past year

**Table 48 (EU AE2): Collateral received and own debt securities issued**

As at 12.31.2022 In € thousands	Fair value of encumbered collateral received or own debt securities issued	Unencumbered	
		Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA	of which EHQLA and HQLA
<b>Collateral received by the disclosing institution</b>	-	-	2,237,936
Loans on demand	-	-	-
Equity instruments	-	-	-
Debt securities	-	-	1,768,906
of which: covered bonds	-	-	576,926
of which: securitisations	-	-	-
of which: issued by general governments	-	-	225,267
of which: issued by financial corporations	-	-	880,356
of which: issued by non-financial corporations	-	-	-
Loans and advances other than loans on demand	-	-	-
Other collateral received	-	-	822,642
<b>Own debt securities issued other than own covered bonds or securitisations</b>	-	-	-
<b>Own covered bonds and securitisations issued and not yet pledged</b>			-
<b>Total collateral received and own debt securities issued</b>	<b>27,168,766</b>	<b>4,960,873</b>	

median values of end-of-quarter data for the past year

**Table 49 (EU AE3): Sources of encumbrance**

As at 12.31.2022 In € thousands	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
Carrying amount of selected financial liabilities	22,969,221	27,168,766

median values of end-of-quarter data for the past year

## 14. Operational risk

Information on the structure and organization of the function responsible for operational risk management is provided in Crédit Mutuel Arkéa's 2022 Universal Registration Document, in the section entitled "Risks".

### Description of the advanced measurement approach (AMA)

As part of the implementation of the operational risk advanced measurement approach (hereinafter "**AMA**") for measuring capital requirements in respect of operational risks, a dedicated department of the CNCM Risk Department is responsible for operational risk. The Crédit Mutuel Arkéa group is fully committed to this approach.

It involves measuring and controlling operational risks based on the risk mapping carried out for each business line, purpose, type of risk and risk context. This work is carried out in close collaboration with the subsidiaries and operational departments, in accordance with the day-to-day risk management measures. These mappings serve as a standardized framework for analysis of the proven loss experience and potential risks.

For "serious" risks, they result in modeling drawn from the work of experts which is reconciled with probability-based estimates based on different scenarios.

For "frequency" risks, the models rely on the national database of internal incidents. Data is entered into this application by the Crédit Mutuel Arkéa group in accordance with a national collection procedure which defines a uniform threshold of €1,000 above which each incident must be input. To ensure data collection is exhaustive, the national system also provides a framework for reconciliations of the incident database and the accounting information.

Subscription to an external database completes the analysis. It contributes to the enhancement of mapping and, more generally, the operational risk measurement system. The use of this database and the procedures for taking this data into account are the subject of a CNCM procedure.

The Group's general management and reporting system incorporates the requirements of the administrative order of November 3, 2014 relating to internal control. The effective managers are informed of operational risk exposures and losses on a regular basis and at least four times a year.

The procedures implemented within the Crédit Mutuel Arkéa group in terms of governance, incident collection and risk management and measurement systems enable it to take appropriate corrective measures. These procedures are subject to regular controls.

### Authorized use of the AMA method

The French Prudential Control and Resolution Authority (hereinafter the "ACPR") has authorized Crédit Mutuel to use the advanced measurement approach to calculate its capital adequacy requirement as from April 1, 2010. This provision applies to the Crédit Mutuel Arkéa group, with the exception of those entities that have been included in the calculation scope since that date.



The Group's capital adequacy requirement calculated using the AMA method is determined by dividing between the regional groups the requirement calculated at the level of CNCM.

### **Operational risk mitigation and hedging policy**

Operational risk mitigation techniques include:

- preventive measures identified during the mapping process and implemented directly by operational staff;
- safeguard initiatives, which focus primarily on the widespread implementation of emergency and business continuity plans (EBCP);
- insurance programs.

Each of the Crédit Mutuel Arkéa group's key or important activities has its own emergency and business continuity plan, which is organized on the basis of three phases:

- emergency assistance: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating under adverse conditions;
- business continuity: this involves resuming activities under adverse conditions in accordance with procedures defined before the crisis;
- return to normal.

### **Use of insurance techniques**

The ACPR has authorized Crédit Mutuel to take into account the impact of insurance as a mitigating factor when calculating the capital adequacy requirement using the AMA method for operational risk.

The principles applied for financing operational risks within the Crédit Mutuel Arkéa group depend on the frequency and severity of each potential risk. They consist of:

- setting aside funds for frequent risks through the operating account;
- insuring insurable serious risks via external insurers or reinsurers;
- developing self-insurance for amounts below insurance companies' excesses;
- allocating prudential capital reserves or provisions financed by assets that can be mobilized for serious non-insurable risks.

The Crédit Mutuel Arkéa group's insurance programs comply with the provisions of Article 323 of the CRR concerning the deduction of insurance under the AMA.

The insurance coverage used in the deduction process covers damage to real and personal property (multi-risk), specific banking risks and fraud, professional third-party liability and cyber-risks.

**Table 50 (EU OR1): Operational risk own funds requirements and risk-weighted exposure amounts**

As at 12.31.2022 In € thousands	Relevant indicator			Own funds requirements	Risk exposure amount
	Year-3	Year-2	Last year		
Banking activities subject to basic indicator approach (BIA)	187,786	239,500	218,563	32,292	403,656
Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	80,775	89,849	107,646	11,465	143,312
Subject to TSA:	80,775	89,849	107,646		
Subject to ASA:	-	-	-		
Banking activities subject to advanced measurement approaches AMA	1,353,119	1,375,540	1,764,330	180,213	2,252,662

## 15. ESG Risk

### 15.1. Qualitative information on environmental risk

#### **Strategy and processes**

- a) The institution's business strategy to integrate environmental factors and risks, taking into account their impact on the institution's business environment, business model, strategy and financial planning***

#### **1/ Business strategy**

Through its cooperative and collaborative model, Crédit Mutuel Arkéa strives to combine the needs of its members and customers with the challenges of the moment in an effort to achieve overall financial, environmental and societal performance. Crédit Mutuel Arkéa pursues a responsible development strategy and is a banking and financial partner in a world that serves the regions and their stakeholders in a long term perspective.

By adopting its "Raison d'être" in 2020 and then the status of "entreprise à mission" at its Shareholders' Meeting on May 10, 2022, Crédit Mutuel Arkéa confirmed its commitment to serve the regions and future transitions.

Crédit Mutuel Arkéa's mission is centered around five commitments that form the basis of the Transitions 2024 Medium-Term Plan.

One of these commitments focuses on environmental issues :

"Support each of our stakeholders in their environmental transition."

#### **2/ Adjustment of the business model**

In keeping with its "Raison d'être", Crédit Mutuel Arkéa's business model is constantly being adjusted to take into account major social and environmental issues, with the aim of making Crédit Mutuel Arkéa the agile financial partner of future transitions in support of the regions and their stakeholders.

The update of Crédit Mutuel Arkéa's business model has required changes to the governance bodies, including greater involvement in integrating environmental factors in the Group's strategy. At its entities and subsidiaries, this update takes the form of action plans, Transitions 2024 medium-term plan and sustainable finance action plans, with the specific characteristics of each business line also taken into account.

Adjustment of the business model is reflected in a number of commitments made pursuant to the Group's climate strategy, such as adopting sector policies, increasing the share of green activities and mobilizing savings in support of the environmental transition. It is also illustrated by updates to the Group's risk management system to incorporate environmental risks and regulatory requirements and/or new industry standards (TCFD, TNFD, etc.).

It is important to note that the Crédit Mutuel Arkéa group's climate-related objectives do not represent all the environmental issues considered as important (such as biodiversity conservation , oceans protection , etc.). These topics are themselves linked to the social issues in which the Crédit Mutuel Arkéa intends to play a committed role.

### 3/ Business environment

Crédit Mutuel Arkéa contributes to the development and standardization of industry practices in an effort to promote the financial sector's awareness of sustainability issues.

In 2021, it joined several recognized initiatives :

- Principles for Responsible Banking
- Finance for Biodiversity Pledge
- CDP (formerly Carbon Disclosure Project)
- Task Force on Climate-related Financial Disclosures (TCFD)

In 2022, Crédit Mutuel Arkéa also became involved in the Net Zero Banking Alliance (NZBA).

By supporting these initiatives, Crédit Mutuel Arkéa encourages all companies to be more transparent about the actions they take and to adjust their business model to integrate environmental issues. This commitment to transparency is also reflected in Crédit Mutuel Arkéa's practices, as illustrated in its TCFD report published each year.

***b) Objectives, targets and limits to assess and address environmental risk in the short-, medium- and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information about the design of the strategy and processes***

### 1/ Definition process

Crédit Mutuel Arkéa's governance and executive bodies are fully involved in defining the objectives, targets and limits for assessing and managing environmental risks. Two committees in particular are involved in defining the strategy and setting objectives :

#### **The Strategy and Societal Responsibility Committee (CSRS)**

This committee is in charge of guiding Crédit Mutuel Arkéa's strategic planning and helping the Board of Directors with its work. Its role consists in:

- monitoring the progress of the Group's strategic plan;
- ensuring that sustainable finance is fully integrated in the Group's strategy;

#### **The Sustainable Finance Executive Management Committee**

Created in September 2021, this committee provides an overview of sustainable finance. Its role consists in :

- proposing strategic policies and commitments related to sustainable finance to the Executive Committee and Board of Directors, in line with Crédit Mutuel Arkéa's "raison d'être", as well as the related framework policies;
- setting the timetable for implementation of these policies at all the Group's business lines and processes and ensure their proper integration;
- overseeing and reporting on the progress of their implementation to the Executive Committee and Board of Directors every six months.

This committee was integrated into the General Management Committee at the end of 2022 in order to have more departments involved in sustainable finance.

In addition to the governance bodies, the Group's various operational functions take sustainability issues, including the environment, into account in their operations. The main functions that are currently active in this area and coordinate this process are :

- the Sustainable Finance function

Created in early 2021, this function consists in the entities' Sustainable Finance managers and the central Sustainable Finance team. It proposes framework policies related to sustainable finance and implements the associated action plans.

The entities' Sustainable Finance managers play a key role in disseminating the Group's ESG ambition : they coordinate the implementation of the actions laid out in the sustainable finance roadmap and climate strategy that apply to their entity. The central Sustainable Finance team, which includes 10 people, reports to Crédit Mutuel Arkéa's General Secretariat Department.

- Crédit Mutuel Arkéa's Risk Management Function (FGR) and Risk Department

Within the "risk management function", each FGR manager at Crédit Mutuel Arkéa's entities and subsidiaries is made aware of environmental risks on a regular basis and plays his or her role in integrating environmental risks. The role and responsibilities of these entities are detailed in section f).

The Sustainable Finance function and the Risk function have each drawn up their own roadmap to integrate ESG issues and risks. Regular analyses are carried out to assess the progress of the various projects.

## 2/ Current objectives and limits

Crédit Mutuel Arkéa has adopted two policies for sectors that are key to the transition to a low-carbon economy, in accordance with the goals of the Paris Agreement:

- a policy on financing and investments in thermal coal was implemented in 2019 at the Group level. In early 2021, the Group decided to completely phase out thermal coal by the end of 2027.
- a policy on financing and investments related to oil and gas has been in effect since early 2022. The Group is committed to phasing out companies engaged in unconventional fossil fuels (UFF) by the end of 2030. To define this policy, the Group has taken into account the goals of the Paris Agreement, the recommendations of the International Energy Agency and the recommendations of the Scientific and Expert Committee on unconventional hydrocarbons.

These sectoral policies are available on the “Responsible Development” page of the Group’s website.

As part of its direct environmental trajectory (related to its internal operations), Crédit Mutuel Arkéa has also pledged to reduce its greenhouse gas emissions by 16% by 2024 (compared with 2019). This trajectory will result in a reduction in travel-related expenses and energy costs.

### 3/ Projects

Crédit Mutuel Arkéa joined the Finance For Biodiversity Pledge initiative in 2021 with the goal of increasing awareness of biodiversity-related issues at its business lines. By 2024, it will publish an annual report presenting an assessment of the impacts of financing/investment activities on biodiversity and its objectives.

In accordance with its climate strategy, Crédit Mutuel Arkéa has pledged to take a low-carbon trajectory towards alignment with the goals of the Paris Agreement by 2030. Measurement of this alignment using a dynamic management indicator should enable the Group to assess the effectiveness of its decisions, in terms of helping business sectors with their climate transition, green financing and sector policies. The Group’s support of the NZBA initiative is in line with this commitment.

## ***c) Current investment activities and (future) investment targets towards environmental objectives and EU taxonomy-aligned activities***

### 1/ Green-share strategy

Crédit Mutuel Arkéa wishes to increase its positive environmental impact in order to contribute to the low-carbon transition. To this end, it has pledged to measure and increase the share of its green activities in its investment and financing operations.

Since 2021, Crédit Mutuel Arkéa has measured its Green Asset Ratio in connection with the implementation of the European Taxonomy.

Article 8 of the delegated act of the EU Taxonomy Regulation - Publication on a regulatory basis	Ratios	
	2022	2021
1. Taxonomy-eligible activities to Green Asset Ratio (GAR) assets	42%	32%
2. Non-eligible activities to Green Asset Ratio (GAR) assets	20%	32%
3. Exposures to sovereigns, Central Banks and supra-national issuers to total assets	26%	15%
4. Exposure to hedging derivatives (excluding trading book) to total assets	4%	1%
5. Exposures to entities not subject to the NFRD to total assets	22%	24%
6. Trading book to total assets	0%	0%
7. On-demand interbank loans to total assets	0%	0%
8. Total Green Asset Ratio (GAR) in €m	100,029	107,900
9. Total Assets in €m	136,640	127,706

### 2/ Green savings

Crédit Mutuel Arkéa has pledged to mobilize savings in support of the energy and green transition by developing “green” and innovative products. Shared definitions within the Group were created in 2022.

### 3/ Opportunities

Crédit Mutuel Arkéa has identified a number of opportunities linked to financing and investments in activities related to environmental goals (in addition to European taxonomy alignment) :

- increase financing to support customers' and prospects' energy transition;
- develop new financing solutions and products to help customers (individuals, companies, institutions) with their climate and environmental transition;
- devise financial solutions to support adaptation to global warming;
- create value by helping the portfolio companies have more awareness of climate issues;
- increase inflows from savings products that promote the climate and environmental transition.

These opportunities related to environmental goals are monitored by the Sustainable Finance function, with specific projects and indicators.

### 4/ Investment in green activities

In addition, Crédit Mutuel Arkéa supports the development of EU taxonomy-aligned activities through its subsidiaries.

In 2021, Schelcher Prince Gestion, one of Crédit Mutuel Arkéa's asset management subsidiaries, created the Infrastructure Transition Platform to finance the development of green infrastructure. Its primary goal is to finance the fight against climate change by investing in projects that make a positive contribution to one of the six objectives of the European Taxonomy.

In the banking sector, an Environmental Transition function was created in 2020 at Arkéa Banque Entreprises et Institutionnels. Its goal is to accelerate and structure the development of regional financing related to renewable energy, renovation and energy efficiency projects.

The taxonomy alignment of projects financed by the function is being analyzed.

#### ***d) Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks***

### 1/ ESG risk scoring system

In its corporate lending activities and to comply with the European Banking Authority's guidelines on loan origination and monitoring, the Crédit Mutuel Arkéa group is gradually implementing an ESG risk assessment. Known as GRETA (for Global Risk ESG Topics Assessment), a questionnaire is used to collect ESG risk data from large corporate



borrowers in order to determine their ESG risk score. Its primary purpose is to assess the measures taken by companies to mitigate the ESG risks to which they are exposed based on their business sector. At the end of 2022, the questionnaire focused on two environmental factors (physical and transition climate risks) and three new ESG factors (biodiversity, employee health & safety and human rights, and product compliance) will be added in 2023.

The ESG risk score is integrated in the origination process and formalized in the credit decision (Commitments and Credit Committees review forms).

## **2/ Awareness-raising/commitments**

As part of its climate strategy, the Crédit Mutuel Arkéa group has pledged to strengthen financial and non-financial support services provided to its stakeholders starting in 2021, mainly by :

- monitoring and engaging with companies in the most carbon-emitting sectors to encourage them to set targets for reducing their greenhouse gas (GHG) emissions.
- serving as an active resource center committed to the fight against global warming within its ecosystem : regions, civil society, peers and external service providers.

To further support companies in their ESG approach, since 2020 the Arkéa Pact program has lowered interest rates on loans for customers that have achieved their ESG (environment, social and governance) objectives. In 2022, this program was extended to SMEs. To ensure the neutrality of the assessments, Arkéa Banque Entreprises et Institutionnels is assisted by the independent non-financial analysis agency, EthiFinance. This agency measures annual progress, which is the subject of a report with comments that the banks provides to the customer. Arkéa Banque Entreprise et Institutionnels also makes major efforts to support its customers, companies and institutions and raise their awareness of sustainability issues through webinars on ESG issues and the solutions offered by the bank.

In the area of asset management, the Group's asset management companies engage with shareholders, either on an individual basis (constructive dialogue with targeted companies, particularly in connections with sector policies) or collectively (participation in collaborative engagement initiatives along with other investors).

In the area of private equity, Arkéa Capital's strategy involves integrating ESG criteria into its investment policy and helping the portfolio companies with their CSR approach. Thus, for every new investment in which Arkéa Capital is the lead financial investor, the goal is to identify ESG areas of improvement, co-develop a roadmap and monitor its progress annually.

## Governance

- e) Responsibilities of the management body for setting the risk management framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels***

At Crédit Mutuel Arkéa, the framework, supervision and management of environmental risks are reviewed and approved at the highest level of corporate governance.

### Supervisory body:

Crédit Mutuel Arkéa's Board of Directors is directly involved in the supervision of climate-related and environmental risks and opportunities. Its responsibilities include approving strategic guidelines, policies and major operations, such as defining the risk appetite. In 2021, the Board of Directors' rules of operation were updated to formalize its responsibilities concerning ESG issues. Crédit Mutuel Arkéa's directors' charter was amended to reflect the need to manage the company's ESG issues in terms of opportunities and risks.

A half-yearly progress report on the implementation of the Group's climate strategy commitments is presented to the Board of Directors twice a year, as well as an annual assessment of progress, as part of the follow-up of the Group's Medium-Term Plan.

The Board of Directors is assisted by the Risk and Internal Control Committee (CRCI) in monitoring Crédit Mutuel Arkéa's risks and internal control system. In particular, it integrates ESG risks in the Group's risk appetite framework.

### Executive body:

Crédit Mutuel Arkéa's Executive Committee (EXCOM) is directly involved in the assessment and management of climate-related and environmental risks and opportunities. Its main role is to help the Group's Executive Management with strategic governance. It proposes strategic policies to the Board of Directors and then oversees the implementation of the strategy approved by the Board and monitors the resulting risks. Pursuant to its prerogatives and powers and to ensure the relevance and quality of its decisions, Crédit Mutuel Arkéa's Executive Management has structured its organization around cross-functional committees. Some of these committees, such as the Sustainable Finance Executive Management Committee (now integrated into the General Management Committee) and the Risk Monitoring Committee, already take environmental issues into account within their scope of activity (see details in section g).

In 2020, all the members of Crédit Mutuel Arkéa's Board of Directors and Executive Committee received training on climate issues for the financial sector.

In 2021, a module focusing on climate risk management was offered to the Board of Directors. Two e-learning modules focusing on sustainable finance and climate issues were also made available to the directors of the Group, its subsidiaries and its federations.

In 2022, the members of the Board of Directors received training on issues related to biodiversity loss. The second-level directors were offered an e-learning module on the risk appetite framework that incorporated environmental risks, including climate-related risks.

***f) The management body's integration of short-, medium- and long-term effects of environmental factors and risks in the organizational structure within both the business lines and the internal control functions***

In order to integrate the short-, medium- and long-term effects of environmental risks, Crédit Mutuel Arkéa optimized its organizational and operational structure based on the changes made to governance.

**Integration of environmental risks in the risk appetite framework by the supervisory body**

The mission of the Risk and Internal Control Committee (CRCI) is to assist the Board of Directors in its responsibility for overseeing Crédit Mutuel Arkéa's risks and internal control system. It is responsible for defining the Group's risk appetite framework and monitoring compliance with it. Along these lines, at the end of 2021, the CRCI focused on integrating environmental risks in the Group's risk appetite framework for 2022. This integration, which involves setting limits, has implications for all the lines of defense (business lines and internal control functions).

**Environmental risks taken into account by the internal control functions**

The internal control functions include the Risk Management (FGR), Compliance and Internal Audit functions.

- Risk Management Function (FGR)

Studies on the integration of climate-related risks in the risk appetite framework of the Group's various entities began in 2021. Preliminary studies with the FGR managers of the entities most exposed to climate-related risks resulted in a compilation of practices, exchanges about transmission channels and a review of possibilities regarding the creation of indicators.

In line with the evolution of Crédit Mutuel Arkéa's business model, the Risk Management Function (FGR) currently implements the environmental risk management system developed by Crédit Mutuel Arkéa's Risk Department. The system is expected to be rolled out gradually at all the Group's entities.

Following the creation of the ESG Risks Unit, ESG risk correspondents, the main points of contact of the Group ESG Risks Unit, were appointed at each subsidiary at the end of the first half of 2022. Given the cross-functional nature of ESG risks and the need to address these risks using a matrix approach, the ESG risk correspondent is the FGR manager, unless stated otherwise.

In 2022, the FGR managers were involved in creating the climate risk appetite framework to be implemented at their entity. The Transverse Risk Management Department ensures the consolidated monitoring of climate risk management for the Group by assisting 20 subsidiaries in implementing climate risk monitoring and adapting the Group policies at their respective levels. For example, the various entities are adapting the environmental risk management policy defined by the Group at their level. The purpose of the policy is to present the main climate risk management systems implemented by each entity, describing in particular the way in which management of these risks is organized, the steps taken to control them, reporting and the controls related to these risks.

The steps taken to coordinate and support this new network of correspondents will continue in 2023.

The Risk Department has been responsible for environmental risk management since 2019.

To support Crédit Mutuel Arkéa in achieving its ESG risk objectives and in response to the significant increase in the expectations of the regulator and the supervisor, a new organization was set up in 2022 with the creation of an "ESG Risks" department staffed by four employees, reflecting the extension of the scope to include other non-financial risks.

The main functions of the "ESG Risks" department are as follows:

- integrating emerging ESG risks in the risk areas;
- helping the entities with their own integration (FGR) based on the systems put in place in Crédit Mutuel Arkéa's Risk Department.

In order to align with the regulatory framework and recommendations for voluntary initiatives, and as part of its action plan to achieve compliance with the European Central Bank's "Guide on climate-related and environmental risks", Crédit Mutuel Arkéa's Risk Department has set up a cross-functional organization to meet the challenges of these risks, matrix in nature, taking into account their transmission to other risks. A quarterly climate risk coordination committee has been in place since 2020.

- Compliance function

The Compliance unit of the Compliance and Permanent Control Department is fully involved in integrating environmental risk and, more broadly, ESG risks into the management and monitoring of Crédit Mutuel Arkéa's activities.

Along these lines, the compliance framework policies now incorporate environmental risk and, more generally, ESG risks into their analyses :

- the framework policy on prior approval by Compliance incorporates these factors into the analysis of the risks associated with the marketing of new products and projects and, for products including a non-financial approach, an analysis of the consistency of the information provided to customers and advisors with the non-financial characteristics of the products offered,
- the framework policy on product governance and supervision takes into account compliance with sustainability obligations and objectives,
- the obligations resulting from delegated directive 2021/1270 and delegated regulation 2021/1255 on sustainability risks were added to the conflict of interest prevention and management policy,

- policies that apply to investment services, including Know Your Customer, knowledge and skills assessment and information provided to customers about investment services, now incorporate sustainability factors into their analyses.

With regard to the knowledge and skills assessment, the Compliance unit of the Compliance and Permanent Control Department was involved in selecting the training company authorized to prepare the Arkade UES employees for AMF sustainable finance certification, in consultation with the Human Resources and Training Department and the Sustainable Finance Department, and participated in the rollout of the certification module starting in the fourth quarter of 2022.

Pursuant to the MIF2/DDA ESG regulations, the Compliance unit of the Compliance and Permanent Control Department was involved in implementing the questionnaire for compiling the ESG preferences of advisory and discretionary management clients.

Lastly, the Permanent Control unit of the Compliance and Permanent Control Department, together with the Sustainable Finance department, developed the cross-functional control frameworks for the coal, oil and gas sector policies, compliance with the SFDR regulation and compliance with the law on due diligence implemented in the 2022 plans of the entities concerned.

- Internal audit

The integration of environmental risks is also apparent in the audit functions. In 2022, the Group Internal Audit and Periodic Control Department received training on climate-related risks. In addition, the first internal audit on climate-related and environmental risk management strategies, governance and frameworks was conducted in early 2022.

### **Environmental risks taken into account by the business lines**

As the first lines of defense, the business lines are responsible for taking into account and controlling environmental risks to which their activities are exposed. They consist of the operational structures and teams, such as the local bank networks, the subsidiaries and the corporate departments. For example, environmental risks are taken into account in the loan origination policy, which involves business line operational controls at the above-mentioned structures. Among the subsidiaries, Suravenir Assurances illustrates the need to take into account environmental risks that impact its insurance business.

#### ***g) Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels***

Environmental risks are fully integrated into the Group's risk management framework and validated by the internal governance bodies. The governance of environmental risks is structured around various cross-functional committees. To validate the Group's strategic policies and the main action plans and in order to assume its risk monitoring role, the Board

of Directors and the Executive Committee rely on the informed opinions of these committees.

Setting up this governance structure provides the ability to :

- more easily implement the environmental risk management systems,
- create the conditions for effective communication between environmental risks and financial risks,
- implement and monitor indicators that allow the governance team to manage environmental risks.

### **The supervisory committees:**

#### **The Strategy and Societal Responsibility Committee** (see details in section b)

This committee is charged with guiding Crédit Mutuel Arkéa's strategic planning and helping the Board of Directors with its work.

#### **The Risk and Internal Control Committee** (see details in section f)

This committee is tasked with helping the Board of Directors perform its duties with respect to monitoring risks and the internal control system.

In 2021, Crédit Mutuel Arkéa strengthened its ESG/climate governance by appointing two lead directors to the Strategy and Societal Responsibility Committee and the Risk and Internal Control Committee.

### **Cross-functional executive committees:**

**The Sustainable Finance Executive Management Committee**, now integrated into the General Management Committee (see details in section b)

This committee provides an overview of sustainable finance and proposes strategic policies and commitments in the area of sustainable finance to the Executive Committee and Board of Directors.

#### **The Risk Monitoring Committee (CSR)**

Acting on behalf of and by delegation from Executive Management, this committee contributes to the governance and overall management of the Group's risks, including environmental risks. Since members were made aware of climate risks in 2019, many related topics have been discussed, such as the plan to integrate climate risk management into the risk function, the supervisory authority's pilot climate stress test exercises and the integration of quantitative environmental indicators into the risk appetite framework.

#### **The Counterparties Committee**

The Group Counterparties Committee acts under the authority delegated by Executive Management and within the limits set by Crédit Mutuel Arkéa's Board of Directors.

Its work includes ESG analysis of contract issuers submitted for its approval. The scores obtained supplement the traditional credit risk analysis. Depending on the ESG score assigned, the committee may refuse certain requests for listing as a preferred supplier.

Other Crédit Mutuel Arkéa management committees, such as the Credit Committee and the Referencing Committee, are further integrating climate-related risks into their area of activity. These changes have been formalized in their operating charter. The governance bodies at the Group's subsidiaries also take ESG issues into account.

#### ***h) Lines of reporting and frequency of reporting relating to environmental risk***

Crédit Mutuel Arkéa's Risk Department is responsible for managing the integration of environmental risks in the business lines. By producing a quarterly climate risk dashboard, Crédit Mutuel Arkéa's Risk department is able to:

- inform the governance bodies of the risks incurred and monitor the level of risk taken;
- classify Crédit Mutuel Arkéa's strategic commitments as risks, including its climate strategy and sector policies.

The monitoring of commitments, which is done through the environmental risk dashboard produced by Crédit Mutuel Arkéa, is :

- made available to the Risk Monitoring Committee and the Executive Committee;
- sent to the Risk and Internal Control Committee and the supervisory authority.

#### ***i) Alignment of the remuneration policy with the institution's environmental risk-related objectives***

ESG criteria are integrated into the Group's remuneration policies at several levels.

For all employees (Economic and Social Unit scope), since 2017 the profit-sharing agreement has included a criterion for increasing the amount related to a reduction in the Group's carbon footprint (direct footprint).

For the Group's corporate officers, executive management and senior managers, financial and non-financial indicators are defined based on the business lines and activities.

Crédit Mutuel Arkéa's compensation policy for directors and corporate officers includes principles that take into account alignment with the Group's raison d'être and integrate ESG criteria.



## **Risk management**

### ***j) Integration of short-, medium- and long-term effects of environmental factors and risks in the risk management framework***

Environmental risks have been integrated in Crédit Mutuel Arkéa's risk mapping and risk appetite framework according to the main risk factors :

- transition risk;
- physical risk;
- liability risk;
- reputational risk.

Transition risk refers to the financial loss that an institution may incur as a direct or indirect result of the process of adapting to a low-carbon, more environmentally sustainable economy.

Physical risk refers to the financial impacts of climate change (in particular, the proliferation of extreme climate events and gradual shifts in the climate) and of environmental damage (such as air, water and ground pollution, water stress, biodiversity loss and deforestation).

Physical risks and transition risks may also give rise to liability risk. Liability risk corresponds to the damages that a legal entity would be required to pay if it were found to be responsible for global warming. This risk may arise from legal action.

Reputational risk refers to the fact that the public and the counterparties and/or investors of the institution could associate the bank with adverse environmental impacts.

All these risk factors have been measured in the internal classification scale (based on a current assessment and a three-year forward-looking vision). At present, they represent a relatively low risk for the bank over this time horizon relative to the other risks in the mapping, such as credit risk or liquidity risk.

Environmental risks have a timeframe different from that of financial risks, with risk materializing at different time horizons depending on the risks and over a longer timeframe than that of strategic planning.

As Crédit Mutuel Arkéa cannot work within this long timeframe for environmental risks, it has defined its own short-, medium- and long-term horizons based on their relevance, given its business model and risk profile. Thus, the short-term horizon is less than three years, the medium-term horizon is three to 10 years and the long-term horizon is more than 10 years.

To assess the potential impact of climate risks on other banking risks, Crédit Mutuel Arkéa has developed a climate risk materiality matrix. The aim of this materiality matrix is to provide an adequate detection and measurement process to assess the materiality of climate-related and environmental risks that affect its business at different time horizons (short-, medium- and long-term). The materiality matrix makes a distinction between the impact of physical risks and the impact of transition risks, treating them independently.

Crédit Mutuel Arkéa's consolidated materiality matrix

Risk category	Physical risk			Transition risk		
	Short-term < 3 years	Medium-term 3-10 years	Long-term > 10 years	Short-term < 3 years	Medium-term 3-10 years	Long-term > 10 years
Credit risk	+	++	+++	+	+++	++
Operational risk	+	++	+++	+	++	++
Market risk	+	++	++	+	++	++
Interest-rate risk	+	+	+	+	+	+
Liquidity risk	+	+	+	+	+	+
Conglomerate's insurance risk	++	++	++	+	++	++
Equity and investment risk	+	+	+	+	+	+
Strategic and business risk	+	+	++	++	+++	+++

Source: Crédit Mutuel Arkéa, 2022.

***k) Definitions, methodologies and international standards on which the environmental risk management framework is based***

Crédit Mutuel Arkéa ensures compliance with regulatory requirements and takes into account the recommendations of European and national supervisors (ACPR, EBA, ECB) with respect to environmental risk management.

To structure the integration of climate risks in its organization and risk management, Crédit Mutuel Arkéa refers to the TCFD (Task Force on Climate-related Financial Disclosures) international guidelines.

The ECB guide on climate-related and environmental risks and the publications of the EBA are also reference texts. For climate-related and environmental risks, Crédit Mutuel Arkéa refers to the definitions set out in these texts.

Crédit Mutuel Arkéa has also joined several recognized initiatives (such as the above-mentioned PRB, NZBA, TCFD, CDP and Finance for Biodiversity), thereby reaffirming its commitment to orient its business model towards a better integration of environmental issues. It is also an opportunity for the Group to benefit from the sharing of best practices in terms of methodology and reporting.

The identification of environmental factors and risks also requires close monitoring of current events and relevant regulations.

At Crédit Mutuel Arkéa, two teams are primarily responsible for regulatory watch.

The first monitors regulations for all the Group's functions and covers all types of regulations impacting the Group.

The second more specialized team focuses mainly on the regulatory issues of the Risk Department and, in particular, regulations related to ESG risks.

In addition, a Sustainable Finance Policy Committee created by the Legal Department meets regularly to analyze various ESG regulatory changes that impact and will impact the Crédit Mutuel Arkéa group and its subsidiaries.

Crédit Mutuel Arkéa uses various methods to identify and manage environmental risks:

- modelling the impact of climate risks in the form of stress tests,
- exposure to ESG risks using companies' ESG rating and ESG risk score

***l) Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels***

Crédit Mutuel Arkéa has developed various processes to identify and assess activities and exposures that are sensitive and vulnerable to environmental risks.

- Sector classification

It classifies sectors' exposures to transition climate risks based on a three-degree scale : low, medium and high.

- Geographic classification

Crédit Mutuel Arkéa has developed a tool for the assessment and geographic measurement of physical climate risks at the municipality level (granularity : postal code) for mainland France which covers the following six climate-related hazards : floods, droughts, hail and snow storms, rising air temperatures, changes in rainfall patterns and rising sea levels.

- ESG ratings

Companies that operate on the capital markets and/or make external investments for their cash management are monitored by Crédit Mutuel Arkéa's Counterparties Committee and assigned an ESG rating. This rating is derived from an internal model, based on Sustainalytics data. Within each business sector, companies are ranked on a scale from A, for the best performing companies in terms of ESG, to E, for the worst.

This best-in-class approach is supplemented by a normative approach.

Some subsidiaries also have their own ESG assessment tool. This is true for Arkéa Banque Entreprises et Institutionnels and Arkéa Capital, which each have their own analysis grid adapted to their type of clientele.

- ESG risk scores

In accordance with the EBA guidelines on loan origination and monitoring, on June 30, 2022 Crédit Mutuel Arkéa developed a process to assess the exposure of large companies to ESG risks. The ESG risk score derived from the sector analysis and the assessment of the company's practices is integrated in the origination process and formalized in the credit decision (Commitments and Credit Committees review forms). At the end of 2022, the GRETA questionnaire focused on two environmental factors (physical and transition climate risks) and three new ESG factors (biodiversity, employee health & safety and human rights, and product compliance) will be added in 2023.

- Sector policies

Crédit Mutuel Arkéa has adopted two sector policies for the Coal and Oil & Gas sectors, which are key to the transition to a low-carbon economy and produce high greenhouse gas (GHG) emissions.

The group has also developed three other sector policies :

- Farming and wine-growing support policy
- Regional health support policy
- Tobacco policy

#### ***m) Activities, commitments and exposures that contribute to mitigating environmental risks***

To mitigate environmental risks, Crédit Mutuel Arkéa has defined limits on various environmental indicators and implemented sector policies (coal, oil and gas). Direct carbon footprint targets have also been set.

In addition to the series of environmental indicators (discussed in the previous section) integrated in the risk appetite framework, relevant and efficient internal limits have been set. These limits allow informed management of environmental risk-taking, and changes in and mitigation of these risks.

Template 10 shows bond subscriptions (such as green bonds) and loans offered to customers that are not covered by Regulation (EU) 2020/852: European taxonomy, but which nevertheless contribute to the mitigation of physical and/or transition climate risks. It includes a methodology note detailing the financial instruments and qualitative information on the nature of the mitigating actions.

## ***n) Implementation of tools for identification, measurement and management of environmental risks***

Crédit Mutuel Arkéa's environmental risk management system is based on the implementation of tools and processes to identify, measure and manage environmental risks with the aim of defining risk appetite and ultimately mitigating them.

The sector and geographic classifications make it possible to analyze a company's exposure and vulnerability to climate risks. The geographic classification also includes a prospective dimension for projection of certain climate-related hazards (increase in temperature, rise in sea level in particular) by 2050.

### Scenario approach

Following the ACPR and EBA stress tests, the ECB's climate stress test in 2022 aimed to analyze the impacts of various climate scenarios on the banking scope, using macroeconomic indicators provided by the ECB, in terms of credit risk, operational risk and reputational risks. These first stress tests required by the regulatory authorities enabled Crédit Mutuel Arkéa to become more skillful at taking climate risk into account in order to develop its own climate stress test methodology. The methodology adapted to Crédit Mutuel Arkéa's needs and characteristics will help it to :

- coordinate its climate strategy, by contributing to the creation of optimal conditions for financing an orderly transition to a sustainable economy;
- communicate with supervisors about its exposures and its management of climate risks;
- develop a special tool for monitoring and anticipating risks based on climate scenarios defined internally.

To test the tools and prepare for future regulatory exercises, at the end of 2022 Crédit Mutuel Arkéa began an internal climate stress test in collaboration with its Risk function which will continue in 2023.

## ***o) Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile***

The possible coverage of environmental risks by sufficient internal capital based on the assessment of these risks by Crédit Mutuel Arkéa is under review as part of the internal capital adequacy exercise (ICAAP). An in-depth analysis is being conducted and highlights the various work being done to identify, measure and manage climate risks. This work confirmed the need to create climate risk scenarios.

The climate stress tests proposed by the ECB show that transition scenarios have an upward impact on the provisions that the bank would need to mobilize in case of an occurrence. They also show different impacts from physical risk scenarios depending on customers' locations and the collateral provided.

***p) Data availability, quality and accuracy, and efforts to improve these aspects***

A Non-Financial Data Program (PDEF) was created at Crédit Mutuel Arkéa in 2021. Its aim is to collect and disseminate the primary data required for non-financial regulatory reporting and the cross-functional ESG initiatives in the Group's 2024 Medium-Term Plan. For example, among the cross-functional initiatives, Overall Performance is a unique methodology developed by Crédit Mutuel Arkéa that enables it to convert non-financial impacts into euros.

Aware of the growing need for ESG data and in an effort to increase data collection, Crédit Mutuel Arkéa, which already has data – albeit incomplete – and the Crédit Mutuel Arkéa group entities use specialized ESG data providers such as Morningstar, Sustainalytics and Trucost. The Group may use approximation methods, in which case a methodology note outlines the limits and bias of the approach used.

It should be noted that a large-scale collection of ESG data from business customers was launched in 2022 in accordance with the EBA guidelines on origination. Other projects to increase data collection (e.g. EPD) are also underway.

***q) Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits***

By adopting sector policies on activities related to coal and unconventional fossil fuels, Crédit Mutuel Arkéa has set limits on financing and investments and ambitious exit trajectories for sectors or businesses considered high emitters.

As indicated above, various environmental indicators (including sector policies) have been integrated in the risk appetite framework and risk appetite thresholds have been added.

Monitoring of compliance with limits generates alerts if predetermined thresholds are reached so that there is sufficient time to take actions that will prevent such limits from being breached.

In general, when a limit (appetite threshold) approved by the Group's Board of Directors is breached, the information is sent immediately to the relevant committees of the executive body (ad hoc committee by type of risk and Executive Committee) and the supervisory body (Risk and Internal Control Committee and Board of Directors) along with the remediation plan.

***r) Description of the link (transmission channels) between environmental risks and credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework***

Climate risks, which mainly take the form of physical and transition risks, impact economic activities, which in turn impact the financial system. Impacts can be direct or indirect.

Climate risks can therefore have impacts on other risk categories, such as legal and reputational risk, credit risk, operational and market risk and liquidity risk.

The illustration below presents an overview of the factors involved in transmission of climate risks to financial risks or reputational risk.

Examples of consequences		Operational risk	Market risk	Credit risk	Liquidity risk	Reputational risk
Physical risk	Inaccessibility / damage to assets	✓				
	Decline in asset performance		✓	✓		
	Decline in property value		✓	✓	✓	
	Decline in household wealth			✓	✓	
Transition risk	Increase in legal costs	✓		✓		✓
	Higher cost of compliance			✓		
	Decline in companies' profitability			✓		

To assess the potential impact of climate risks on all other banking risks, Crédit Mutuel Arkéa has developed a climate risk materiality matrix. Presented in section j), its aim is to provide an adequate detection and measurement process to assess the materiality of climate-related risks that affect its business at different time horizons (short-, medium- and long-term).

## 15.2. Qualitative information on social risk

### Strategy and processes

- a) Adjustment of the institution's business strategy to integrate social factors and risks, taking into account their impact on the institution's business environment, business model, strategy and financial planning**

#### 1/ Strategy

Through its cooperative and collaborative model, Crédit Mutuel Arkéa strives to combine the needs of its members and customers with the challenges of the moment in an effort to achieve overall financial, environmental and societal performance. Crédit Mutuel Arkéa pursues a responsible development strategy and is a banking and financial partner in a world that takes a long view in support of the regions and their stakeholders.

By adopting its raison d'être in 2020 and then the status of "entreprise à mission" at its Shareholders' Meeting on May 10, 2022, Crédit Mutuel Arkéa confirmed the Group's commitment to serving the regions and future transitions.

Crédit Mutuel Arkéa's mission is centered around five commitments that stem from its raison d'être and form the basis of the Transitions 2024 Medium-Term Plan.



Three of these commitments focus on social and societal issues:

- develop regional cooperation and commit to local vitality.
- promote inclusion and cultivate a lasting relationship of trust with all our members and customers, from pioneers to the most vulnerable.
- encourage our employees' commitment to serve the common good by keeping our mutualist values alive.

As a sign of these commitments, in 2015 the Group decided to join the UN Global Compact and promote its ten principles, including those related to human rights and labor standards.

Crédit Mutuel Arkéa's strategy in terms of development of human capital was formalized in the "HR Transitions 2024" strategic plan, developed collaboratively during workshops and meetings with members of the Group's Community of Human Resources (HR) Professionals. It focuses mainly on the importance of Crédit Mutuel Arkéa's primary strength : its human capital.

For example, social and societal factors are integrated in Crédit Mutuel Arkéa's business model in the form of policies that formalize the Group's commitment to support customers and stakeholders in specific sectors (for instance, the farming and wine-growing support policy) in environmental and social transitions that specifically affect them.

## **2/ Monitoring of factors and risks**

Social factors are among the non-financial risks related to the Group's activities and relations with its stakeholders; they are identified through the work carried out in connection with the environmental risk materiality matrix, its risk mapping and the vigilance plan.

To comply with the requirements of the law of March 27, 2017 on the duty of care of parent companies and ordering companies, Crédit Mutuel Arkéa implements a vigilance plan that covers the risk of serious harm in terms of human rights and fundamental liberties, health and safety and the environment.

## **3/ Impact on the business model**

Supporting customers, stakeholders and regions in social and societal transitions is a focal point of Crédit Mutuel Arkéa's business model.

The Crédit Mutuel Arkéa group's 2021 non-financial performance statement (available in the Universal Registration Document) describes the way in which they are supported.

The Crédit Mutuel Arkéa group also has subsidiaries whose main activities are focused on providing solutions to social and societal issues, such as:

- Armorique Habitat (social housing company)
- Arkéa Assistance (remote assistance company that develops remote alarm solutions for elderly or isolated people).

***b) Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes***

External:

The process of setting objectives, targets and limits to assess and address social risks is similar to the process related to environmental risks (see section b) described in the section on environmental risk. The governance bodies are heavily involved in the design and several functions within the Group are active in this area and coordinate the process (Sustainable Finance function, Risk Department and Risk Management function).

Crédit Mutuel Arkéa is firmly committed to social issues, as evidenced by the commitments made in the context of international initiatives such as :

- adherence to the UN Global Compact and promotion of its ten principles.
- signing of the Towards the Zero Gender Gap manifesto in November 2021 at the Women's Forum for the Economy & Society.
- adherence to the UNEP Fi Principles for Responsible Banking (PRB) at the end of 2021

Crédit Mutuel Arkéa implements a vigilance plan that covers the risk of serious harm in terms of human rights and fundamental liberties, health and safety and the environment. The plan is divided into three parts: its risks of serious harm as a company, as a purchaser in relations with its suppliers and service providers, and the risks of serious harm related to its financial activities. It has a special organization and management.

Exercise of the duty of care is coordinated by a cross-functional Steering Committee whose role is to ensure exercise of the duty of care by the Group's entities, monitor approved actions and define the annual progress plan. This committee, overseen by the Sustainable Finance Department of the General Secretariat and Institutional Communications Department, brings together the Human Resources, Risk, Compliance and Permanent Control, Organization and Central Services Departments as well as the Purchasing Department. Management indicators are defined to more effectively monitor the effectiveness of the vigilance plan.

As part of their financing activities, in 2022 the Group's banking subsidiaries began to integrate social risk criteria into the loan origination processes.

When Crédit Mutuel Arkéa invests in investment funds or in companies through equity investments, the investment process always includes an opinion issued by the Sustainable Finance Department, which analyzes the way in which the target integrates ESG issues, including social issues, in its activities/investments and in its internal practices.

As part of their activities, the asset management and private equity subsidiaries have adopted policies on sustainability risk management, including social risks, that are integrated in their investment processes. In the area of asset management, Federal Finance Gestion and Schelcher Prince Gestion exclude from their investment universe companies that do not ensure compliance with the principal recognized minimum international standards on social, environmental and governance matters included in the United Nations Global Compact.

#### **Internal:**

As part of its internal practices, Crédit Mutuel Arkéa is sensitive to social issues.

The Group complies with the fundamental principles of the International Labour Organization (ILO), concerning freedom of association and the right to collective bargaining, eliminating discrimination in employment and occupation, eliminating forced and compulsory labor and abolishing child labor.

Since 2020, the Group has focused on the risks associated with psychological and sexual harassment and sexist behavior. For instance, several Group entities have now developed a specific policy.

A whistleblowing procedure for reporting risks of serious harm to health and safety, human rights and the environment has been in place since 2018. This mechanism is accessible to employees, service providers and subcontractors. It is also accessible to anyone inside or outside the company through its corporate website ([arkea.com](https://www.arkea.com)).

Since 2017 and in accordance with the duty of care, the department responsible for the Group's purchasing has conducted an annual assessment of environmental, ethical, health and safety and human rights risks by major service categories (or sectoral risks). The Group's contracts with suppliers and service providers include clauses concerning compliance with labor law and anti-corruption efforts. A supplier code of conduct has also been attached to the Group's framework contracts since autumn 2017. With their signature, suppliers commit to comply with principles of human rights, labor rights, business ethics and respect for the environment.

#### **Products and services:**

Crédit Mutuel Arkéa integrates social risk management mechanisms into the development and marketing of its products and services.

The Compliance and Permanent Control Department ensures compliance with customer protection rules. It develops framework procedures to ensure that customers' interests are respected, from product and marketing tool design, partner selection and marketing practices for products and services (advertising, pre-contractual information) right up to contract termination and complaint management.

The Group supports its financially vulnerable customers by involving its employees and directors (through training) and adapting its offerings and activities.

Lastly, as personal data protection and data security are major issues given the increase in cyber risks, Crédit Mutuel Arkéa has developed specific policies and various mechanisms.

***c) Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities***

## **1/ ESG risk scoring system**

In its corporate lending activities and to comply with the European Banking Authority's guidelines on loan origination and monitoring, the Crédit Mutuel Arkéa group is gradually implementing an ESG risk questionnaire. Known as GRETA (for Global Risk ESG Topics Assessment), the questionnaire is used to collect ESG risk data from large corporate borrowers in order to determine their ESG risk score. Its primary purpose is to assess the measures taken by companies to mitigate the ESG risks to which they are exposed based on their business sector. At the end of 2022, the questionnaire focused on two environmental factors (physical and transition climate risks) and three new ESG factors (biodiversity, employee health & safety and human rights, and product compliance) are being added for 2023.

The ESG risk score is integrated in the origination process and formalized in the credit decision (Commitments and Credit Committees review forms).

## **2/ Awareness-raising/commitments related to social issues**

In its various businesses, the Crédit Mutuel Arkéa group engages with its stakeholders on social issues and risks.

To further support companies in their ESG approach, since 2020 the Arkéa Pact program has lowered interest rates on loans for customers that have achieved their ESG (environment, social and governance) objectives. In 2022, this program was extended to SMEs. To ensure the neutrality of the assessments, Arkéa Banque Entreprises et Institutionnels is assisted by the independent non-financial analysis agency, EthiFinance. This agency measures annual progress, which is the subject of a report with comments that the banks provides to the customer. Arkéa Banque Entreprise et Institutionnels also makes major efforts to support its customers, companies and institutions and raise their awareness of sustainability issues through webinars on ESG issues and the solutions offered by the bank.

In the area of asset management, the Group's asset management companies engage with shareholders, either on an individual basis (constructive dialogue with targeted companies, particularly in connections with sector policies) or collectively (participation in collaborative engagement initiatives alongside other investors).

In the area of private equity, Arkéa Capital's strategy involves integrating ESG criteria into its investment policy and helping the portfolio companies with their CSR approach.

Thus, for every new investment in which Arkéa Capital is the lead financial investor, the goal is to identify ESG areas of improvement, co-develop a roadmap and monitor its progress annually.

## Governance

### **d) Responsibilities of the management body for setting the risk management framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to :**

- i) Activities towards the community and society**
- ii) Employee relationships and labor standards**
- iii) Consumer protection and product responsibility**
- iv) Human rights**

At Crédit Mutuel Arkéa, setting of the framework and supervision and management of social risks are, like environmental risks, reviewed and approved at the highest level of the company's governance. As discussed in the Governance section of the section on environmental risk, Crédit Mutuel Arkéa's governance and organization have been adapted in terms of committee structure and expertise to integrate ESG considerations and, in particular, social risks.

Crédit Mutuel Arkéa's Counterparties Committee is actively involved in analyzing and monitoring the social risks of the companies it monitors.

These companies are assigned an ESG rating that consists of several ESG analysis criteria. The four social factors stipulated by the regulator form an integral part of the ESG rating, as illustrated in the table below.

Theme	ESG criteria	Activities towards the community and society	Employee relations and labor standards	Customer protection and product responsibility	Human rights
Social	Access to basic services	✓			
Social	Community relations	✓			
Social	Human rights				✓
Social	Human rights - supply chain				✓
Social	Human capital		✓		
Social	Employee health and safety		✓		
Social	Product governance			✓	

***e) Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body***

ESG risks are integrated in the Group's risk management framework and validated by the internal governance arrangements. The governance of ESG risks is structured around various cross-functional committees.

To validate the Group's strategic policies and the main action plans and in order to assume its risk monitoring role, Crédit Mutuel Arkéa's Board of Directors and Executive Committee rely on the informed opinions of several committees :

**Supervisory committees:**

- Strategy and Social Responsibility Committee
- Risk and Internal Control Committee

**Cross-functional executive committees:**

- Sustainable Finance Executive Management Committee, now integrated into the General Management Committee
- Risk Monitoring Committee (CSR)
- Counterparties Committee
- Referencing Committee
- Credit Committee
- Loan Committee

The special emphasis that must be placed on integrating environmental, social and governance issues is formalized in each committee's charter. The roles of these committees are detailed in section g) of the section on environmental risk.

ESG risks, including social risks, are managed by the ESG Risks Unit located in Crédit Mutuel Arkéa's Risk Department.

For market counterparties, the integration of social risks is mainly based on the ESG rating, as discussed in the previous section. Business counterparties monitored by Crédit Mutuel Arkéa's Counterparties Committee are assigned an ESG rating. This rating is derived from an internal model, based on Sustainalytics data. Within each business sector, companies are ranked on a scale from A, for the best performing companies in terms of ESG, to E, for the worst.

This best-in-class approach is supplemented by a normative approach. Monitoring these ratings makes it possible to identify and oversee the companies most sensitive to ESG and, in particular, social risks.

For other counterparties related to commitments with customers, ESG factors and risks are gradually being integrated in the loan origination decision-making process. These counterparties are monitored by the Credit Committee.

***f) Lines of reporting and frequency of reporting relating to social risk***

Crédit Mutuel Arkéa's Risk Department is responsible for managing the integration of ESG risks in the business lines. It ensures the classification of Crédit Mutuel Arkéa's strategic commitments as risks, which takes the form of the quarterly ESG risk dashboard.

In addition, the non-financial performance statement presents a description of the main environmental, social and governance risks and how they are managed. The results of these policies, including performance indicators, are published and reviewed each year.

Moreover, in accordance with duty of care requirements, Crédit Mutuel Arkéa implements a vigilance plan that covers the risk of serious harm in terms of human rights and fundamental liberties, health and safety and the environment. Management indicators are defined and an implementation report is published each year.

Lastly, the various alert mechanisms in place at the Crédit Mutuel Arkéa group include reporting processes (procedure regarding risks of serious harm to health and safety, human rights and the environment, policy on the prevention of psychological or sexual harassment and sexist behavior, and whistleblowing).

More specifically, for employee-related social risks, each year Crédit Mutuel Arkéa's Human Resources Department prepares a company audit for the Arkade UES in order to present and analyze data related to employment, compensation, health and safety conditions, working conditions and professional relations, as well as a single occupational risk assessment document.

***g) Alignment of the remuneration policy with the institution's social risk-related objectives***

For the Group's corporate officers, executive management and senior managers, financial and non-financial indicators are defined based on the business lines and activities.

Crédit Mutuel Arkéa's compensation policy for directors and corporate officers includes principles that take into account alignment with the Group's "raison d'être" and integrate ESG criteria.



## Risk management

### ***h) Definitions, methodologies and international standards on which the social risk management framework is based***

The development and implementation of social risk management tools is based on the relevant reference frameworks and the recommendations of the European and national supervisors (ACPR, EBA, ECB). In terms of social risk management, Crédit Mutuel Arkéa refers to the EBA's report on the management and monitoring of ESG risks for credit institutions and investment firms.

The Crédit Mutuel Arkéa group has also joined several recognized initiatives (such as the PRB, the Global Compact and the Institute for Sustainable Finance), thereby reaffirming its commitment to orient its business model towards a better integration of social and societal issues. This also gives the Group an opportunity to share best practices in terms of methodology and reporting.

Lastly, the identification of social factors and risks also requires close monitoring of current events and relevant regulations.

Regarding the methodologies for identifying and managing social risks, Crédit Mutuel Arkéa uses the ESG risk exposure method based on companies' ESG rating.

Moreover, to identify ESG risks, Crédit Mutuel Arkéa has created a sector-specific ESG risk matrix. Its objective is to provide a harmonized view in the ESG approaches already deployed and to provide a common basis on which new ESG assessment grids developed at the Group should be based. For the social component, nine social risk factors have been defined.

### ***i) Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels***

Crédit Mutuel Arkéa has developed several processes to identify and assess activities and exposures that are sensitive and vulnerable to social risks.

- ESG ratings

Companies monitored by Crédit Mutuel Arkéa's Counterparties Committee are assigned an ESG rating. This rating is derived from an internal model, based on Sustainalytics data. Within each business sector, companies are ranked on a scale from A, for the best performing companies in terms of ESG, to E, for the worst.

This best-in-class approach is supplemented by a normative approach.

Some subsidiaries also have their own ESG assessment tool. This is true for Arkéa Banque Entreprises et Institutionnels and Arkéa Capital, which each have their own analysis grid adapted to their type of clientele.

- ESG risk scores

In accordance with the EBA guidelines on loan origination and monitoring, on June 30, 2022 Crédit Mutuel Arkéa developed a process to assess the exposure of companies to ESG risks. The ESG risk score derived from the sector analysis and the assessment of the company's practices is integrated in the origination process and formalized in the credit decision (Commitments and Credit Committees review forms). At the end of 2022, the GRETA questionnaire focused on two environmental factors (physical and transition climate risks) and on three new ESG factors (biodiversity, employee health & safety and human rights, and product compliance) in 2023.

- mapping of risks of serious harm to “human rights” by country

Crédit Mutuel Arkéa developed its first mapping of risks of serious harm in the context of its financing and investment activities, as regards sovereigns and companies. The risk of serious harm to “human rights” was assessed for each country, with the national context providing an indication of the level of human rights risk of a company headquartered in the assessed country.

### ***j) Activities, commitments and assets contributing to mitigate social risk***

For business counterparties, Crédit Mutuel Arkéa has taken several measures to mitigate social risks or address social issues.

- Limits on ESG ratings in the risk appetite framework

Since 2021, the risk appetite framework has included an indicator for monitoring business counterparties with poor ESG ratings. In addition to this indicator, relevant and efficient internal limits have been set. These limits allow informed management of ESG, including social, risk-taking, and changes in and mitigation of these risks.

- Integration of sustainability risks (Disclosure Regulation)

In accordance with Regulation (EU) 2019/2088, known as the Disclosure Regulation, the Group's entities subject to these requirements have changed their ESG approach to address the notion of assessment and consideration of sustainability risks. They have published their policies on integrating sustainability risks into decision-making processes and disclose the share of their ESG and SRI-certified assets.

The Crédit Mutuel Arkéa group's entities contribute positively to social and societal issues through their products and services. For example, some subsidiaries are active in the area of in-home care or subsidized home ownership.

- Social bond issues

Since September 2019, Crédit Mutuel Arkéa has issued three social bonds on the financial markets. Raising these funds, for a total of €1.75 billion, has enabled it to refinance projects in the social housing, health and education sectors, provide loans to SMEs and support the economic and social development of the regions during the health crisis.

- PACT loan

At ABEI, the “PACT” impact loan allows SMEs and mid-caps to combine financial and non-financial performance. Borrowers can save up to 20% on financial costs if they improve their ESG performance based on predetermined criteria.

- Inclusion of vulnerable customers

Particular attention is given to social risks related to the exclusion of vulnerable customers from the banking and insurance system. Crédit Mutuel Arkéa has developed specific mechanisms, including regulatory mechanisms in connection with banking inclusion and solidarity initiatives, such as the development of partnerships for providing business and personal microloans and support for customers excluded from borrowers’ insurance through the creation of an expert unit and measures designed to find tailored solutions for them.

As part of the development and marketing of all its products and services, Crédit Mutuel Arkéa takes steps to manage social risks (customer protection rules, GDPR, etc.).

As for its internal practices, Crédit Mutuel Arkéa has taken various steps to mitigate social risks, such as a policy on the prevention of psychological and sexual harassment, an alert and reporting mechanism and a responsible purchasing policy. These measures are detailed in section b).

### ***k) Implementation of tools for identification and management of social risk***

Crédit Mutuel Arkéa has developed various tools to identify, measure and manage social risks.

In accordance with duty of care requirements, Crédit Mutuel Arkéa implements a vigilance plan that covers the risk of serious harm in terms of human rights and fundamental liberties, health and safety and the environment. Management indicators are defined and an implementation report is published each year. For example, the Purchasing department develops tools (risk mapping, mitigation plans, etc.) to better understand the human rights, health and safety, ethical and environmental risks of suppliers and service providers.

The ESG ratings and ESG risk scores described above (section i) make it possible to identify and measure how the companies concerned take ESG, including social factors and risks into account.

In addition, as mentioned above, in late 2021 Crédit Mutuel Arkéa launched a project on climate scenarios to eventually define its own stress test methodology. When selecting the scenario(s) to be used in this project, special attention was given to narratives. The narrative of the scenario is a qualitative description of the future, generally structured around several types of determinants applied to the system under review and its environment. This includes social and demographic determinants for which we can, for example, find hypotheses about the urbanization process, the development and accessibility to education and health, the scale and nature of population movements, etc.

***l) Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits***

In terms of social risk, several elements govern Crédit Mutuel Arkéa's Risk Appetite Framework, which is supported by the counterparty risk management policy.

- The United Nations Global Compact

The counterparty risk management policy includes a prohibition on investments, set by Crédit Mutuel Arkéa's Board of Directors, in market counterparties that seriously breach one of the 10 principles of the UN Global Compact. They include social principles such as respect for human rights and international labor standards.

Monitoring of compliance with this rule generates alerts in case of an investment so that there is sufficient time to take actions that will prevent the breach. Since this decision is made by Crédit Mutuel Arkéa's Board of Directors, information and implementation of an action plan are necessary.

- ESG ratings

As indicated above, social performance forms an integral part of the ESG rating of market counterparties. This non-financial rating is integrated in the financial analysis subject to approval by Crédit Mutuel Arkéa's Counterparties Committee.

The role of the Counterparties Committee is to monitor counterparty risk within the counterparty limits set at least once a year by Crédit Mutuel Arkéa's Board of Directors and under the authority delegated by the Chief Executive Officer.

As this indicator is included in the Risk Appetite Framework, a breach would trigger an alert process and escalation to the Executive Committee.

***m) Description of the link (transmission channels) between social risks and credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework***

As noted in the EBA's report on the management and monitoring of ESG risks for credit institutions and investment firms, ESG factors may have a financial impact due to various risk factors. The causal chains that explain how these risk factors influence institutions through their counterparties and invested assets are called transmission channels.

Social risks can be caused by three risk factors : .

They can be triggered by environmental risks. Indeed, the continuous deterioration of environmental conditions entails increased social risks.

They can also be related to changes in social policies and market sentiment linked to the transformation of society towards a more inclusive and equitable one.

The transmission channels for social risks are similar to those for environmental risks referred to in section r) of the section on environmental risk. Social risks therefore impact

economic activities, which in turn impact the financial system through the following transmission channels :

- a decline in companies' profitability
- a decline in property values
- a decline in household wealth
- a decline in asset performance
- a higher cost of compliance
- higher legal costs

Through these channels, social risks can have direct and/or indirect impacts on other risk categories, such as legal and reputational risk, credit, operational and market risk, and liquidity risk.

## 15.3. Qualitative information on governance risk

### Governance

- a) Institution's integration in its governance arrangements of the governance performance of the counterparty, including committees of the highest governance body and committees responsible for decision-making on economic, environmental and social topics***

In terms of governance, the integration of governance risks is based on the same organization and structure as environmental risks. As discussed in sections e), f) and g) of the section on environmental risk, Crédit Mutuel Arkéa's governance and organization have been adapted in terms of committee structure and expertise to integrate ESG considerations and, in particular, governance.

To validate the Group's strategic policies and the main action plans and in order to assume its risk monitoring role, Crédit Mutuel Arkéa's Board of Directors and Executive Committee rely on the informed opinions of several committees :

- the Strategy and Societal Responsibility Committee
- the Risk and Internal Control Committee
- the Sustainable Finance Executive Management Committee, now integrated into the General Management Committee
- the Risk Monitoring Committee (CSR)
- the Counterparties Committee
- the Referencing Committee
- the Credit Committee
- the Loan Committee

The special emphasis that must be placed on integrating environmental, social and governance (ESG) issues is formalized in each committee's charter. The roles of these committees are detailed in section g) of the section on environmental risk.

ESG risks, including governance risks, are managed by the ESG Risks Unit located in Crédit Mutuel Arkéa's Risk Department.

For market counterparties, governance performance is mainly integrated by the ESG risk exposure method based on companies' ESG rating. Business counterparties monitored by Crédit Mutuel Arkéa's Counterparties Committee are assigned an ESG rating. This rating is derived from an internal model in which companies are ranked on a scale from A, for the best performing companies in terms of ESG, to E, for the worst.

This best-in-class approach is supplemented by a normative approach.

Monitoring these ratings makes it possible to identify and oversee the companies most sensitive to ESG risks, particularly in terms of governance.

For other counterparties related to commitments with customers, ESG factors and risks are gradually being integrated in the loan origination granting process. These counterparties are monitored by the Credit Committee.

Moreover, to identify ESG risks, Crédit Mutuel Arkéa has created a sector-specific ESG risk heatmap. Its aim is to provide a harmonized view in the ESG approaches already deployed and to provide a common basis on which new ESG assessment tools developed at the Group should be based. For the governance component, six governance risk factors have been defined.

***b) Institution's accounting of the counterparty's highest governance body's role in non-financial reporting***

The ESG rating, which supplements the traditional credit analysis of issuers subject to approval by Crédit Mutuel Arkéa's Counterparties Committee, consists of multiple qualitative and quantitative ESG analysis criteria.

In the Governance pillar, one of the six areas of analysis, entitled "Stakeholders' ESG governance", assesses the role of the highest governance body responsible for approving the sustainable development report and ESG issues. Governance of ESG factors is therefore taken into account in the non-financial assessment of business counterparties.

***c) Institution's integration in governance arrangements of the governance performance of its counterparties including: ethical considerations, strategy and risk management, inclusiveness, transparency, management of conflicts of interest and internal communication on critical concerns***

As indicated above, governance performance forms an integral part of the ESG rating of market counterparties. This non-financial rating is integrated in the financial analysis subject to approval by Crédit Mutuel Arkéa's Counterparties Committee.

The role of the Counterparties Committee is to monitor counterparty risk within the counterparty limits set at least once a year by Crédit Mutuel Arkéa's Board of Directors and under the authority delegated by the Chief Executive Officer.

The Committee's role is to:

- decide on the listing of the Group's market counterparties ;
- decide on limits set for market counterparties;
- decide on collateral requested for Federal Finance Gestion funds;
- decide on approvals of intermediaries and custodians;
- prepare for changes in prudential rules regarding counterparties.

The ESG rating consists of several ESG analysis criteria presented in the table below. The considerations related to governance performance stipulated by the regulator form an integral part of the ESG rating, as illustrated in the table.

ESG criteria	Ethical considerations	Strategy and risk management	Inclusiveness	Transparency	Conflict of interest management	Internal communication
Human capital			✓	✓		
Corporate governance		✓				✓
Corruption						
Business ethics	✓			✓	✓	
Data privacy and security						
ESG integration						

In addition, as detailed below (section d), Crédit Mutuel Arkéa's Internal Rating System (SNI) includes an assessment of the governance practices of each counterparty or group of counterparties. As part of the monitoring of a customer's credit risk (including monitoring of the SNI score), regular meetings of Crédit Mutuel Arkéa's Loan Committee and Risk Monitoring Committee are held.

Lastly, when Crédit Mutuel Arkéa invests on its own account in investment funds or in companies through equity investments, the investment process always includes an opinion issued by the Sustainable Finance Department, which analyzes the way in which the target integrates ESG issues, including governance issues.



## Risk management

### *d) Institution's integration in its risk management arrangements of the governance performance of its counterparties*

Before the start and throughout the business relationship, Crédit Mutuel Arkéa performs a series of checks to verify the individuals' identity in accordance with European guidelines on anti-money laundering and counter-terrorist financing (AML-CTF). These checks result in a KYC score that is used to link each customer's AML-CTF risk classification to its risk profile.

In addition, Crédit Mutuel Arkéa's risk appetite framework includes a series of quantitative ESG indicators developed to monitor these risks both at the operational level and for supervision by the management body.

- ESG rating

As indicated above, the ESG rating supplements the traditional credit analysis of issuers subject to approval by Crédit Mutuel Arkéa's Counterparties Committee. Companies with an ESG rating equal to E receive special attention. A management threshold has been set to prohibit investments in companies rated E, unless an exception is made by the Counterparties Committee.

The considerations related to counterparties' governance performance integrated in the ESG rating take into account all the aspects stipulated by the regulator (ethical considerations, strategy and risk management, inclusiveness, transparency, management of conflicts of interest, internal communication). The way in which each of these aspects is taken into account is detailed in the previous section.

- United Nations Global Compact

The counterparty risk management policy also includes a prohibition on investments, set by Crédit Mutuel Arkéa's Board of Directors, in counterparties that seriously breach one of the 10 principles of the UN Global Compact. One of the 10 principles relates to anti-corruption.

- Internal Rating System

Crédit Mutuel Arkéa's Internal Rating System (SNI) includes an assessment of governance practices:

- management's level of expertise and stability
- management's attitude to risk in terms of financial strategy
- management's past and present ability to react to market uncertainties and level of justification
- the strategy's compatibility with the Group's resources and market trends
- means of managing and controlling risks

The Internal Rating System is used to score each counterparty or group of counterparties. It gives an indication of a counterparty's risk profile and measures the counterparty's likelihood of defaulting in the next 12 months. It helps to determine the decision-making powers when

granting credit and is included in the calculation of Crédit Mutuel Arkéa's capital requirement and provisions.

- ESG risk scores

In accordance with the EBA guidelines on loan origination and monitoring, on June 30, 2022 Crédit Mutuel Arkéa developed a process to assess the exposure of companies to ESG risks. The ESG risk score derived from the sector analysis and the assessment of the company's practices is integrated in the origination process and formalized in the credit decision (Commitments and Credit Committees review forms). At the end of 2022, the GRETA questionnaire focused on two environmental factors and on three new ESG factors (biodiversity, employee health & safety and human rights) and will include governance factors in 2023.

**Table 51 (Template 1): Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity**

Sector/subsector	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures
As at 12.31.2022 In € thousands								
Exposures towards sectors that highly contribute to climate change*	20,224,743	13,175		1,580,653	667,667	-524,290	-105,330	-351,694
A - Agriculture, forestry and fishing	2,299,832	-		478,021	131,374	-118,464	-34,923	-77,876
B - Mining and quarrying	29,564	2,710		539	-	-	-	-17
B.05 - Mining of coal and lignite	-	-		-	-	-	-	-
B.06 - Extraction of crude petroleum and natural gas	-	2,710		-	-	-	-	-
B.07 - Mining of metal ores	-	-		-	-	-	-	-
B.08 - Other mining and quarrying	28,204	-		539	-	-	-	-17
B.09 - Mining support service activities	1,360	-		-	-	-	-	-
C - Manufacturing	1,595,811	-		90,985	136,382	-63,175	-8,441	-53,020
C.10 - Manufacture of food products	423,573	-		30,719	22,433	-14,801	-2,100	-13,020
C.11 - Manufacture of beverages	51,987	-		2,225	564	-598	-	-213
C.12 - Manufacture of tobacco products	-	-		-	-	-	-	-
C.13 - Manufacture of textiles	7,679	-		510	726	-	-	-54
C.14 - Manufacture of wearing apparel	88,838	-		1,537	1,519	-1,192	-	-1,031
C.15 - Manufacture of leather and related products	856	-		-	-	-	-	-60
C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	27,866	-		3,034	2,516	-1,872	-	-1,705
C.17 - Manufacture of paper and paper products	15,867	-		2,110	683	-692	-	-607
C.18 - Printing and reproduction of recorded media	16,362	-		783	981	-691	-	-616
C.19 - Manufacture of coke and refined petroleum products	-	-		-	-	-	-	-
C.20 - Manufacture of chemicals and chemical products	36,268	-		5,553	1,174	-1,594	-993	-535
C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations	28,547	-		6,422	-	-2,074	-1,854	-34
C.22 - Manufacture of rubber products	107,713	-		2,523	1,747	-948	-	-719
C.23 - Manufacture of other non-metallic mineral products	147,182	-		4,241	905	-1,815	-1,266	-353
C.24 - Manufacture of basic metals	14,937	-		1,405	3,867	-605	-	-568
C.25 - Manufacture of fabricated metal products, except machinery and equipment	275,825	-		8,118	35,459	-7,169	-690	-6,511
C.26 - Manufacture of computer, electronic and optical products	28,462	-		4,070	-	-	-	-158
C.27 - Manufacture of electrical equipment	11,614	-		1,687	3,064	-604	-	-552
C.28 - Manufacture of machinery and equipment n.e.c.	107,199	-		7,309	23,720	-21,761	-	-21,295
C.29 - Manufacture of motor vehicles, trailers and semi-trailers	27,115	-		854	-	-	-	-63
C.30 - Manufacture of other transport equipment	52,906	-		2,176	32,452	-3,421	-	-3,239
C.31 - Manufacture of furniture	12,449	-		761	1,063	-724	-	-626
C.32 - Other manufacturing	63,864	-		1,324	511	-	-	-249
C.33 - Repair and installation of machinery and equipment	48,702	-		3,573	2,069	-1,581	-	-812
D - Electricity, gas, steam and air conditioning supply	461,682	9,301		25,754	13,927	-17,876	-3,288	-12,650
D35.1 - Electric power generation, transmission and distribution	370,017	9,301		21,290	13,908	-17,299	-3,145	-12,631
D35.11 - Production of electricity	341,562	9,301		19,082	13,161	-16,906	-2,995	-12,455
D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	67,656	-		2,496	-	-572	-	-19
D35.3 - Steam and air conditioning supply	24,009	-		1,968	-	-	-	-
E - Water supply; sewerage, waste management and remediation activities	284,535	-		3,984	4,303	-3,691	-	-2,794
F - Construction	1,522,898	-		74,123	48,872	-41,767	-2,486	-33,150
F.41 - Construction of buildings	869,833	-		40,383	20,703	-21,985	-1,027	-19,346
F.42 - Civil engineering	334,873	-		4,472	2,217	-4,111	-	-655
F.43 - Specialised construction activities	318,192	-		29,268	25,952	-15,671	-1,192	-13,149
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,803,613	1,164		192,919	121,452	-101,130	-13,531	-79,941
H - Transportation and storage	738,090	-		49,209	27,672	-12,237	-3,051	-7,404
H.49 - Land transport and transport via pipelines	258,906	-		23,063	8,281	-5,068	-1,481	-3,146
H.50 - Water transport	41,402	-		4,714	13,546	-2,918	-	-2,484
H.51 - Air transport	7,726	-		4,473	83	-	-	-22
H.52 - Warehousing and support activities for transportation	429,322	-		16,928	5,503	-3,932	-1,110	-1,584
H.53 - Postal and courier activities	734	-		-	-	-	-	-168
I - Accommodation and food service activities	631,649	-		75,077	44,335	-32,516	-5,411	-23,140
L - Real estate activities	9,857,069	-		590,042	139,329	-133,256	-33,851	-61,702
Exposures towards sectors other than those that highly contribute to climate change*	8,025,157	459		659,422	214,890	-184,373	-50,547	-78,205
K - Financial and insurance activities	2,442,783	459		180,665	47,320	-45,072	-15,723	-16,822
Exposures to other sectors (NACE codes J, M - U)	5,582,374	-		478,757	167,570	-139,301	-34,824	-61,383
TOTAL	28,249,900	13,634		2,240,075	882,557	-708,663	-155,877	-429,899

Sector/subsector	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
		Of which Scope 3 financed emissions						
As at 12.31.2022 In € thousands								
Exposures towards sectors that highly contribute to climate change*				7,642,654	4,432,310	5,785,881	2,363,898	9
A - Agriculture, forestry and fishing				812,457	903,510	569,165	14,700	7
B - Mining and quarrying				19,730	7,448	2,371	-	6
B.05 - Mining of coal and lignite				-	-	-	-	-
B.06 - Extraction of crude petroleum and natural gas				-	-	-	-	-
B.07 - Mining of metal ores				-	-	-	-	-
B.08 - Other mining and quarrying				18,402	7,416	2,371	-	5
B.09 - Mining support service activities				1,328	-	-	-	3
C - Manufacturing				862,706	349,987	59,112	324,006	5
C.10 - Manufacture of food products				279,065	120,603	14,316	9,589	5
C.11 - Manufacture of beverages				30,406	16,236	5,269	-	5
C.12 - Manufacture of tobacco products				-	-	-	-	-
C.13 - Manufacture of textiles				5,790	1,163	709	17	4
C.14 - Manufacture of wearing apparel				7,340	950	-	80,548	9
C.15 - Manufacture of leather and related products				-	-	-	-	8
C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials				22,039	5,774	-	-	4
C.17 - Manufacture of paper and paper products				11,219	710	-	3,938	4
C.18 - Printing and reproduction of recorded media				14,268	1,928	-	-	4
C.19 - Manufacture of coke and refined petroleum products				-	-	-	-	-
C.20 - Manufacture of chemicals and chemical products				22,245	10,009	-	3,960	4
C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations				25,651	863	1,887	-	4
C.22 - Manufacture of rubber products				89,162	13,419	5,049	-	4
C.23 - Manufacture of other non-metallic mineral products				59,549	71,589	-	16,044	3
C.24 - Manufacture of basic metals				12,464	2,286	-	8	4
C.25 - Manufacture of fabricated metal products, except machinery and equipment				80,204	41,392	26,983	127,246	7
C.26 - Manufacture of computer, electronic and optical products				17,071	4,518	1,491	5,382	5
C.27 - Manufacture of electrical equipment				8,251	2,310	-	1,053	5
C.28 - Manufacture of machinery and equipment n.e.c.				65,904	20,670	1,847	18,778	5
C.29 - Manufacture of motor vehicles, trailers and semi-trailers				21,525	5,210	-	-	3
C.30 - Manufacture of other transport equipment				41,085	7,009	-	4,812	6
C.31 - Manufacture of furniture				7,640	2,267	-	2,460	5
C.32 - Other manufacturing				14,726	3,882	-	45,148	6
C.33 - Repair and installation of machinery and equipment				26,823	17,109	532	4,238	5
D - Electricity, gas, steam and air conditioning supply				66,474	89,683	192,671	112,854	13
D35.1 - Electric power generation, transmission and distribution				53,776	57,391	147,285	111,565	14
D35.11 - Production of electricity				50,671	54,120	138,747	98,024	14
D35.2 - Manufacture of gas; distribution of gaseous fuels through mains				6,712	27,809	32,893	-	10
D35.3 - Steam and air conditioning supply				5,986	4,483	12,493	1,047	13
E - Water supply, sewerage, waste management and remediation activities				65,817	22,687	37,101	158,930	9
F - Construction				1,197,610	179,046	99,454	46,788	4
F.41 - Construction of buildings				679,487	69,479	75,651	45,216	5
F.42 - Civil engineering				262,242	54,004	18,453	-	4
F.43 - Specialised construction activities				255,881	55,563	5,350	1,398	4
G - Wholesale and retail trade; repair of motor vehicles and motorcycles				1,918,844	630,798	193,294	60,677	5
H - Transportation and storage				322,617	216,483	154,906	44,084	6
H.49 - Land transport and transport via pipelines				201,591	53,084	3,655	576	4
H.50 - Water transport				15,209	24,806	1,329	-	6
H.51 - Air transport				1,353	6,370	-	-	5
H.52 - Warehousing and support activities for transportation				103,887	132,069	149,922	43,444	7
H.53 - Postal and courier activities				577	-	-	-	3
I - Accommodation and food service activities				282,658	195,172	151,757	2,062	7
L - Real estate activities				2,093,741	1,837,496	4,326,050	1,599,782	12
Exposures towards sectors other than those that highly contribute to climate change*				4,553,039	2,015,500	830,643	625,975	6
K - Financial and insurance activities				1,336,213	824,297	155,111	127,162	6
Exposures to other sectors (NACE codes J, M - U)				3,216,826	1,191,203	675,532	498,813	7
TOTAL				12,195,693	6,447,810	6,616,524	2,989,873	8

\* In accordance with Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU climate transition benchmarks and EU Paris-aligned benchmarks - Regulation on Climate Benchmarks - Recital 6: Sectors listed in Sections A to H and Section L of Annex I of Regulation (EC) No 1893/2006

To identify companies excluded from the Paris-aligned Benchmarks (PAB), the Crédit Mutuel Arkéa group has chosen to rely on data provided by the Urgewald NGO, which draws up and maintains two separate lists:

- the Global Coal Exit List (GCEL)
- the Global Oil & Gas Exit List (GOGEL)

Crédit Mutuel Arkéa refers to these lists to identify companies that are excluded from the "Paris Agreement" benchmarks and generate part of their revenue from coal (GCEL) and oil and gas (GOGEL) activities.

For companies that derive at least 50% of their revenue from electricity production activities with a greenhouse gas emission intensity of more than 100g CO<sub>2</sub>e/kWh, exposures associated with NACE code D35.11 "Electricity production" have been analyzed to determine the source of energy produced. Companies producing electricity from carbon sources (other than renewable energies or nuclear energy) are considered excluded from the "Paris Agreement" benchmarks.

In accordance with Implementing Regulation (EU) 2022/2453, exposures that qualify as environmentally sustainable have not been reported. This information, based on the European green taxonomy, will be included starting with the Pillar 3 report on December 31, 2023.

The Crédit Mutuel Arkéa group is currently estimating its counterparties' greenhouse gas emissions (scopes 1 to 3). Plans to collect this data are underway at the institution and various estimation methodologies (internal methodology or use of a specialized external service provider) are being reviewed. In accordance with regulatory requirements, the Crédit Mutuel Arkéa group will begin to disclose this information by no later than June 30, 2024.

**Table 52 (Template 2): Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral**

Counterparty sector As at 12.31.2022 In € thousands	Total gross carrying amount amount						
	Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral)						
	0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	
<b>Total EU area</b>	41,049,152	4,128,622	14,695,339	15,089,941	3,796,387	652,588	1,475,373
Of which Loans collateralised by commercial immovable property	2,896,351	612,049	634,399	634,429	431,961	98,798	484,715
Of which Loans collateralised by residential immovable property	38,151,514	3,516,301	14,060,658	14,455,230	3,364,234	553,746	990,443
Of which Collateral obtained by taking possession: residential and commercial immovable properties	1,287	272	282	282	192	44	215
Of which Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral) estimated	29,331,118	3,118,400	10,710,035	10,993,329	2,834,453	493,426	1,181,475
<b>Total non-EU area</b>	-	-	-	-	-	-	-
Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-
Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-
Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-
Of which Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral) estimated	-	-	-	-	-	-	-

Counterparty sector  
As at 12.31.2022  
In € thousands

Counterparty sector As at 12.31.2022 In € thousands	Total gross carrying amount amount							Without EPC label of collateral	Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
	Level of energy efficiency (EPC label of collateral)								
	A	B	C	D	E	F	G		
<b>Total EU area</b>	371,367	526,335	2,253,641	4,262,525	2,079,102	761,433	355,033	30,542,000	96%
Of which Loans collateralised by commercial immovable property	6,214	12,062	17,426	23,539	10,027	5,267	12,168	2,809,648	100%
Of which Loans collateralised by residential immovable property	365,153	514,273	2,134,000	4,238,986	2,069,075	756,166	342,865	27,731,000	96%
Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	1,287	100%
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated								29,331,118	100%
<b>Total non-EU area</b>	-	-	-	-	-	-	-	-	-
Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-
Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-
Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated								-	-

Crédit Mutuel Arkéa has collected data on Energy performance certificates (EPC) in its information system. Efforts have been made to supplement this data using the ADEME database, which includes EPCs carried out by diagnostics companies in France. All the EPCs available to Crédit Mutuel Arkéa (collected in the information system and through a reconciliation with the ADEME database) have been considered in this template (including EPCs older than 10 years).

For exposures for which we only have the EPC label, a correspondence scale (table below) has been created to determine the associated energy consumption level (in kWh/m<sup>2</sup>).

	EPC label	Previous EPC	New EPC
		For EPCs prior to July, 1st 2021	For EPCs after July, 1st 2021
Average level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral)	A	25	35
	B	70,5	90,5
	C	120,5	145,5
	D	190,5	215,5
	E	280,5	290,5
	F	390,5	375,5
	G	550	550

For exposures for which we have no EPC data, we use internal calculations to estimate the energy consumption level (in kWh/m<sup>2</sup>). These calculations are based on a simple extrapolation to apply the breakdown obtained for exposures for which we have EPC data to exposures with no EPC data, distinguishing between loans collateralized by residential real estate and loans collateralized by commercial real estate.

### Template 3: Banking book - Indicators of potential climate change transition risk: Alignment metrics

Following several tests of alignment methodologies in 2021, in 2022 Crédit Mutuel Arkéa carried out work to measure financed emissions in the banking scope and to assess the reduction efforts needed to achieve a 1.5°C trajectory. This work is in line with the Group's

climate strategy and reflects the contribution that all economic players must make to the Paris Agreements.

The Group was assisted by a specialized consulting firm and chose to adopt a science-based methodology recognized in the financial sector. The Science Based Targets Initiative (SBTi) provides a framework and tools for measuring the greenhouse gas emissions of financing and identifying the objectives to be achieved in order to comply with a low-carbon alignment trajectory.

With regard to estimates of financed emissions, the results at December 31, 2021 were as follows :

Scope	Outstandings covered by the study (in €bn)	Outstandings Analyzed (in €bn)	Estimate of CO <sub>2</sub> e emissions (eq. tons of CO <sub>2</sub> )	Comments
Direct footprint (scopes 1, 2 and 3)	NA	NA	35,071	The methodology used here is the GHG Protocol methodology. This explains the difference from the carbon footprint previously published for 2021.
Reinvestments corporate securities (scope managed by the trading room)	5.9	5.9	3,947,518	
Credits for electricity production	0.12	0.047	1,142	The loan volumes used are low for the study, as the methodology used only assesses projects in the electricity production phase.
Home loans	29.3	22.7	226,109	Statistical data was used for a large portion of the banking book due to incomplete coverage of data on the EPDs of financed properties.
Loans to small and medium-sized companies*	21.7	12.3	4,926,598	
Loans to mid-caps*		0.347	619,712	
Reinvestments sovereign securities (scope managed by the trading room)	2.3	1.6	201,274	

\*excluding loans to farmers, for which work will continue in order to fine-tune the methodologies and the scopes covered.

The Group wanted to wait before adopting the emissions reduction targets set in 2022 in order to continue the data collection work and fine-tune the methodological choices. This initial work will therefore continue in 2023 in order to set targets for reducing these emissions in accordance with the Group's commitment as a member of the Net Zero Banking Alliance (NZBA).

To achieve this, the Group will build on the work completed in 2022 and continue to pursue the measures already taken, by :



- prioritizing the sectors that are among the highest emitters and the most important for the Group;
- defining the scope and methodologies (coverage, scenario, etc.);
- working on five-year action plans and identifying priority actions;
- approving the targets for 2030 and 2050.

**Table 53 (Template 4): Climate change transition risk: Exposures to top 20 carbon-intensive firms**

As at 12.31.2022  
In € thousands

Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate) (*)	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1,164	0.004%		3	1

(\*) For counterparties among the top 20 carbon emitting companies in the world

To identify the top 20 carbon-intensive firms worldwide, the Crédit Mutuel Arkéa group refers to the [Carbon Majors](#) list prepared by the Climate Accountability Institute, published in 2020 and based on 2018 data (latest available data). This public list includes the scopes 1, 2 and 3 emissions estimated by this initiative.

On the basis of this list, at December 31, 2022, one firm is identified in Crédit Mutuel Arkéa's banking book, for a total amount of 1,164 thousand euros, representing 0.004% of assets covered by the analysis.

In accordance with Implementing Regulation (EU) 2022/2453, exposures that qualify as environmentally sustainable have not been reported. This information, based on the European green taxonomy, will be included starting with the Pillar 3 report at December 31, 2023.

**Table 54 (Template 5): Climate change physical risk: Exposures subject to physical risk**

As at 12.31.2022 In € thousands	Gross carrying amount of which exposures sensitive to impact from climate change physical events						
	Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity		
A - Agriculture, forestry and fishing	2,299,832	2,208	974	2,898	-	9	38
B - Mining and quarrying	29,564	609	-	-	-	3	609
C - Manufacturing	1,595,811	21,829	7,137	-	-	4	15,818
D - Electricity, gas, steam and air conditioning supply	461,682	5	3,348	2,919	2,288	14	5,323
E - Water supply, sewerage, waste management and remediation activities	284,535	5,747	-	-	-	4	5,298
F - Construction	1,522,898	85,607	3,783	1,387	99	2	33,584
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,803,613	60,985	15,581	3,931	-	4	25,369
H - Transportation and storage	738,090	3,013	3,144	16,514	-	14	2,942
L - Real estate activities	9,857,069	112,015	62,217	155,278	54,668	12	198,276
Loans collateralised by residential immovable property	38,151,514	78,083	276,077	1,013,574	797,602	17	506,525
Loans collateralised by commercial immovable property	2,896,351	8,206	12,338	34,450	-	11	24,441
Reposessed collaterals	1,287	-	-	-	-	-	-
Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-

As at 12.31.2022 In € thousands	Gross carrying amount of which exposures sensitive to impact from climate change physical events						
	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
						of which Stage 2 exposures	Of which non-performing exposures
A - Agriculture, forestry and fishing	6,042	-	618	98	-124	-54	-45
B - Mining and quarrying	-	-	-	-	-1	-	-
C - Manufacturing	13,150	-	4,316	4,869	-2,999	-240	-2,679
D - Electricity, gas, steam and air conditioning supply	3,237	-	-	3	-28	-	-2
E - Water supply, sewerage, waste management and remediation activities	449	-	-	-	-1	-	-
F - Construction	57,291	-	1,374	8,645	-6,591	-37	-5,969
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	55,127	-	7,177	5,583	-4,772	-543	-3,979
H - Transportation and storage	19,729	-	319	74	-125	-20	-36
L - Real estate activities	185,902	-	17,835	1,125	-3,353	-1,820	-284
Loans collateralised by residential immovable property	1,658,811	-	92,953	12,991	-3,458	-1,201	-255
Loans collateralised by commercial immovable property	30,553	-	1,615	1,498	-	-	-
Reposessed collaterals	-	-	-	-	-	-	-
Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-

To measure its exposures sensitive to acute and chronic physical risks, the Crédit Mutuel Arkéa group has developed an internal tool for the assessment and geographic measurement of physical climate risks at the municipality level (granularity: postal code) for mainland France.

Known as PRISM (Physical Risk Internal Scoring Model), the tool currently covers six climate-related hazards based on scientific databases for identifying national (Géorisques, DRIAS) and international (PREPdata) climate risks and projections :

The climate-related hazards considered in the assessment of acute risks are :

- floods
- droughts
- storms, hail and snow.

The climate-related hazards considered in the assessment of chronic risks are:

- rising air temperatures
- changing precipitation patterns
- sea level rise.

For each hazard, a five-level risk scale was applied, ranging from 0 (very low risk) to 4 (very high risk).

A score is determined for acute risks by giving the hazards an equal weighting and, for chronic risks, by reducing the weighting of the "sea level rise" hazard due to its lower granularity and by eliminating it for non-coastal municipalities.

Exposures considered sensitive to acute and chronic physical risks and presented in this template are those located in French municipalities assessed as very high risk (level 4 = very high risk).

For exposures outside mainland France, the Crédit Mutuel Arkéa group applies a level of country granularity, based on the ND-Gain Country Index, using a five-level risk scale.

As exposures outside mainland France are insignificant, accounting for less than 3% of Crédit Mutuel Arkéa's outstandings, the decision was made to disclose the data on an aggregate basis, without distinguishing between the various geographic regions.

**Table 55 (Template 10): Other climate change mitigating actions that are not covered in the EU Taxonomy**

As at 12.31.2022 In € thousands	Type of counterparty	Gross carrying amount	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
Type of financial instrument					
Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	383,240	YES	NO	See Notes : n°1 and n°2
	Non-financial corporations	80,000	YES	NO	
	<i>Of which Loans collateralised by commercial immovable property</i>	-	-	-	
	Other counterparties	68,500	YES	YES	
Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	28,343	YES	NO	See Notes : n°3 and n°4
	Non-financial corporations	519,120	YES	NO	
	<i>Of which Loans collateralised by commercial immovable property</i>	16,404	YES	NO	
	Households	-	-	-	
	<i>Of which Loans collateralised by residential immovable property</i>	-	-	-	
	<i>Of which building renovation loans</i>	-	-	-	
	Other counterparties	272,780	YES	NO	

In this template, the Crédit Mutuel Arkéa group documents bond subscriptions (notes 1 and 2) and loans offered to customers (notes 3 and 4) that are not covered by Regulation (EU) 2020/852: European taxonomy, at December 31, 2022.

## BONDS

Green and sustainable bonds help to finance the green transition and are therefore a means of mitigating transition risk associated with climate change.

Some bonds include actions to mitigate physical risks (for example, in the green buildings category with an analysis of vulnerability to physical risks and adaptation of buildings to climate-related hazards).

### Note 1: Green bonds:

The Crédit Mutuel Arkéa group subscribes to green bonds. These bonds are issued by financial companies, non-financial companies and sovereign entities. The principles of the ICMA (International Capital Market Association) establish a voluntary framework for best practices in terms of transparency of disclosures regarding green bonds: "The Green Bond Principles". The ICMA framework allows investors to decide whether a bond is green. The eligibility of debt securities for Regulation (EU) 2020/852 is documented by the issuer.

As of December 31, 2022, the issuers of these securities had not documented the eligibility of their issues for the European Taxonomy Regulation.

### Note 2: Sustainable bonds:

The Crédit Mutuel Arkéa group subscribes to sustainable bonds. These bonds are issued by sovereign entities. The principles of the ICMA (International Capital Market Association) establish a voluntary framework for best practices in terms of transparency of disclosures regarding sustainable bonds: "Sustainability Bond Guidelines". The ICMA framework allows investors to decide whether a bond is sustainable.

Assets for which the counterparty is a sovereign entity are not eligible for Regulation (EU) 2020/852.

## **LOANS**

### **Note 3: DTE loans:**

Through its subsidiary Arkéa Banque E&I, the Crédit Mutuel Arkéa group has created an Environmental Transition Department (DTE). The financing granted by this department is intended for companies and institutions. These operations finance renewable energy, energy renovation of buildings and energy efficiency projects. The main objective is to reduce greenhouse gases, thereby contributing to climate change mitigation.

The DTE loans shown in this template are not covered by Regulation (EU) 2020/852 as they involve counterparties not subject to the disclosure obligations of Directive 2014/95/EU – Non-Financial Reporting Directive (NFRD).

### **Note 4: PACT loans:**

Through its subsidiary Arkéa Banque E&I, the Crédit Mutuel Arkéa group offers PACT loans to SMEs, mid-caps, institutions and real estate professionals. This loan is non-specific financing that encourages companies to begin or accelerate their societal and environmental transformation over five to 15 years. The PACT loan offers better financial terms annually for borrowers that improve their Environmental, Social and Governance (ESG) rating. The environmental component includes indicators to monitor climate change mitigation, such as the counterparty's greenhouse gas emissions, which help to mitigate transition risk.

The PACT loans shown in this template are not covered by Regulation (EU) 2020/852 as they involve counterparties not subject to the disclosure obligations of Directive 2014/95/EU – Non-Financial Reporting Directive (NFRD).

## 16. Corporate governance and compensation policy

### 16.1. Diversity policy

#### **Diversity policy applicable to members of management bodies in their supervisory functions**

Crédit Mutuel Arkéa's organization as a cooperative and mutual company allows every member to participate in collective decision-making, either directly or indirectly. At the local banks, volunteer directors are elected by and from among the members. This system ensures real representation of the diversity of members on the Boards of Directors of each of the local banks, the regional federations and Crédit Mutuel Arkéa.

The federations general secretariats monitor changes in this diversity, particularly with regard to the age and gender of the elected directors and the socio-professional categories to which they belong.

The cooperative directors who sit on Crédit Mutuel Arkéa's Board of Directors (16 of 21 members) and, more generally, on the boards of subsidiaries, are proposed by the federations from among this group of first-level directors and therefore reflect this diversity. This approach also ensures optimal regional representation of the directors. Given that these governance arrangements are based on values of mutualism and representation, the notion of diversity is central to Crédit Mutuel Arkéa's selection processes.

In addition, the training policy overseen by the Appointments and Governance Committee adapts training programs to directors' profiles, which further ensures a broad range of skills.

Since a Board's most important quality is the right balance of members with the requisite skills and ethics, when reviewing applications for appointments or reappointments to the Board of Directors of Crédit Mutuel Arkéa or the Group's integrated subsidiaries, the Appointments and Governance Committee endeavors to:

- increase the number of persons of the underrepresented gender and ensure compliance with laws related to gender diversity (Copé-Zimmerman law and Rixain law in particular);
- seek diversity and complementary backgrounds for effective and proven operation;
- create supervisory bodies that include elected directors from the local banks of the Crédit Mutuel Arkéa federations, except in special cases.

The selection of member profiles must also take regulators' expectations into consideration.

After reaching the age limit in 2022, François Chatel and Michel Gourtay were replaced by directors whose backgrounds enable the board to enhance its expertise in IT and new technologies with the appointment of Erwan Meudec and in higher education and medical research with the appointment of Sophie Langouët-Prigent.

As of December 31, 2022, the Board's members therefore represented the following areas: accounting and management control, human resources, marketing, communication, agriculture and agri-food, legal, IT and new technologies, higher education and medical research, local governments and social action and management and corporate governance.

Two directors not from the cooperative movement and a non-voting member are also Board members and were selected by the Committee for their outside perspective and their specific expertise in such areas as governance and compliance.

Lastly, two directors representing employees, elected by the Group Committee, sit on the Board, with the choice of these two profiles made by the representative trade unions.

The Board also consists of active and retired directors, most of whom are active.

The Board also has generational diversity, with directors aged 37 to 66, and an average age of 54.

There is also full gender diversity, with 52% female members.

### **Diversity policy applicable to members of management bodies in their executive functions**

Since 2015, Crédit Mutuel Arkéa has implemented a gender diversity strategy, particularly through the creation of a special task force and awareness and training workshops.

The Appointments and Governance Committee also strengthened its policy on appointments of key executives by requiring that a female candidate and a male candidate always be nominated for executive director positions at all the Group's entities, including those not subject to any legal obligation.

In the specific case of Crédit Mutuel Arkéa, the Executive Committee consists of eight members, including the Chief Executive Officer and the Deputy Chief Executive Officers, and the percentage of women on the Board was 37.5% as of December 31, 2022. In addition to the Chief Executive Officer, the members are the directors of the Group's various divisions and have wide-ranging expertise in areas such as accounting, actuarial, human resources, IT and telecommunications, commerce, marketing and finance that cover most of the Group's activities.



## 16.2. Composition and role of the Compensation Committee

The Crédit Mutuel Arkéa group's compensation policy is defined by Crédit Mutuel Arkéa's Board of Directors at the recommendation of its Compensation Committee, with the corporate departments assisting with its preparation and implementation.

The Crédit Mutuel Arkéa group's Compensation Committee consists of a Chairman and members of Crédit Mutuel Arkéa's Board of Directors who do not hold an executive management position at the institution. One of the members of the Committee is a director representing employees and has voting rights on Crédit Mutuel Arkéa's Board of Directors.

The Chairman and members of the Compensation Committee are appointed by Crédit Mutuel Arkéa's Board of Directors for the term of their directorship.

At December 31, 2022, the Compensation Committee had six members:

- Patrick Le Provost, Chairman
- Luc Moal
- Colette Séné
- Philippe Chupin
- Valérie Barloix-Leroux
- Marie Vignal-Renault, Employee Representative

The Head of Human Resources attends Compensation Committee meetings. To fulfill its duties, the Committee relies on studies, as it deems necessary, and benchmarks developed by an independent consulting firm.

The operation of the Compensation Committee is governed by a charter approved by Crédit Mutuel Arkéa's Board of Directors.

The Compensation Committee's role is to :

- develop the Group's compensation principles and policies, review them annually and ensure that they are implemented;
- ensure the overall consistency of the compensation policy within the Group, in terms of principles, budgets and individual allocations, with the objectives of the Group's ESG-climate roadmap, the criteria associated with the Group's risk appetite framework and the Group's long-term interests;
- review the compensation policies and variable compensation schemes of the Group's regulated entities on an annual basis;
- prepare decisions to be taken by the supervisory function regarding compensation of Crédit Mutuel Arkéa's corporate officers (i.e. members of the Board of Directors and effective managers);
- oversee the compensation of:
  - the members of Executive Management of Crédit Mutuel Arkéa and of the subsidiaries subject on an individual basis to European prudential banking regulations (hereinafter the “**CRD Regulation**”);

- senior executives who perform internal control functions at Crédit Mutuel Arkéa and at the subsidiaries subject on an individual basis to the CRD Regulation, particularly that of the managers of the Group's risk management, compliance and internal audit functions;
- the effective managers of the Group's regulated entities;
- oversee the compensation packages of other staff members whose professional activities have a material impact on the risk profile of the company or of the Group to which this policy applies in accordance with Article L. 511-71 of the French Monetary and Financial Code (other members of the Regulated Population);
- conduct an annual review of:
  - the scope of the Regulated Population defined pursuant to the CRD Regulation;
  - the variable compensation policy applicable to the Regulated Population.
- periodically review the amount of compensation awarded to directors and members of the supervisory bodies of Crédit Mutuel Arkéa and/or its subsidiaries.

In performing its duties, the Compensation Committee seeks the opinion of the Risk and Internal Control Committee when necessary and may be assisted by external compensation consultants, after estimating the cost of their services.

Crédit Mutuel Arkéa's Board of Directors, at the recommendation of the Compensation Committee, approves the Group's compensation policy annually and oversees its implementation.

Thus, the Compensation Committee regularly reports on its work to Crédit Mutuel Arkéa's Board of Directors and to the supervisory bodies of the Group's regulated subsidiaries, which receive information about them contained in the annual review of the compensation policy.

In 2022, the Compensation Committee met 11 times and its work focused on the following topics :

- the Crédit Mutuel Arkéa group's compensation policy and practices;
- annual reports on the Group's compensation policy and practices;
- compensation paid to the Crédit Mutuel Arkéa group's directors and corporate officers;
- scope of the regulated population;
- compensation of the members of the regulated population;
- compensation policies of the regulated subsidiaries;
- compensation paid to the effective managers of the Group's regulated entities;
- the Compensation Committee's charter.

### 16.3. General principles of the compensation policy

With the goal of promoting sound and effective risk management, the Crédit Mutuel Arkéa group's compensation policy is consistent with the Group's economic strategy, objectives, values and long-term interests, discourages risk-taking that exceeds the level of risk defined by the Group and includes measures to avoid conflicts of interest.

The compensation policy includes principles that take into account the following objectives:

- alignment with the Crédit Mutuel Arkéa group's raison d'être as defined by Crédit Mutuel Arkéa's Board of Directors and submitted to the Shareholders' Meeting:
  - by adhering to the economic strategy and objectives, values and interests of the Crédit Mutuel Arkéa group;
  - by incorporating both financial and non-financial assessment criteria, with a view to maintaining consistency between overall employee compensation, the Crédit Mutuel Arkéa group's performance and employees' individual performance;
  - by taking corporate social responsibility (CSR) into account when deciding on compensation;
- the need for the Crédit Mutuel Arkéa group to attract, motivate and retain individuals recognized as talented and particularly competent in the Crédit Mutuel Arkéa group's areas of activity;
- consistency between the compensation and employment conditions of Crédit Mutuel Arkéa group employees (in particular the compensation structure, assessment criteria or changes in compensation) and with the market practices observed at companies in the same sector;
- while ensuring appropriate risk management, compliance with regulations, conflict of interest prevention and fairness in decision-making.

As a lever of motivation and recognition, the compensation policy focuses on assessing individual and/or collective performance fairly and objectively.

The Crédit Mutuel Arkéa group's compensation policy is part of a global human resources policy aimed at promoting the company's competitiveness, developing skills, creating a harmonious social climate and addressing societal and environmental issues.

The Crédit Mutuel Arkéa group promotes responsible finance, and its compensation policy reflects this philosophy.

The overall compensation of Crédit Mutuel Arkéa group employees consists in :

- fixed compensation,
- individual annual variable compensation,
- collective variable compensation,
- fringe benefits that may be offered at the Group's entities:
  - employee savings,
  - health and personal protection,
  - supplementary pension,
  - benefits in kind.

All employees receive some or all of these components depending on their responsibilities, skills and performance.

The Crédit Mutuel Arkéa group routinely compares its practices with those of other banking and insurance groups to ensure that compensation is appropriate to attract and retain the talent and skills the Group needs.

The Crédit Mutuel Arkéa group's compensation policy takes into account the regulatory framework applicable to its various business sectors:

- for credit institutions as defined in the CRR regulation and financing companies: the CRD Regulation and EBA Guidelines;
- for investment firms: the CRD Regulation, EBA Guidelines and IFR/IFD Regulation;
- for asset management companies: the AIFM and/or UCITS regulations and the General Regulation of the Autorité des marchés financiers;
- for insurance companies: the Solvency 2 Regulation.

The Crédit Mutuel Arkéa group is taking steps to gradually and consistently integrate sustainability risks into its compensation policy. Starting in 2022, the group's compensation policies and practices include ESG and sustainability impact criteria, determined on the basis of the strategic, economic and financial objectives of the group or entity concerned, that affect the award and payment of certain components of compensation.

### **Fixed compensation**

Fixed compensation is a way to retain and motivate employees and recognize their professional experience and responsibilities assumed in their position, as well as the role and importance of the position in the organization in line with market studies conducted by each Group entity at regular intervals. It represents a large portion of the total compensation and, where applicable, serves as a basis for determining targets and limits on variable compensation applicable to individual employees.

### **Annual variable compensation**

Variable compensation and its payment in several tranches does not hinder institutions' ability to maintain a sound capital base or build up their capital.

Variable compensation is tied to annual performance and the impact on the institution's risk profile.

In case of insufficient performance, non-compliance with rules and procedures or risky behaviors, variable compensation is directly impacted.

Variable compensation is set in accordance with regulatory principles.

Annual variable compensation depends on the financial and non-financial performance during the year and employees' contributions to the success of the Crédit Mutuel Arkéa group's strategy.

To be in line with regulations, the variable compensation policy must meet the following requirements :

- the variable amount is set by combining the evaluation of the performance of both the individual and the relevant business unit with the institution's overall results;

- the performance evaluation must take financial and non-financial criteria into account.

In addition to the fixed compensation, the variable compensation rewards the quantitative and/or qualitative achievements measured on the basis of actual performance and individual evaluations relative to set targets in regards of :

- performance, which is defined as successfully completing assignments and achieving objectives. A performance evaluation below 100% cannot result in a variable compensation rate higher than the target;
- outperformance is noted when assignments are successfully completed and the achievement of objectives is more than 100%. In this situation, the variable rate may be higher than the target, up to the maximum amount.

No guaranteed variable compensation is paid.

### **Exceptional bonuses**

In very specific cases (special assignment and/or exceptional investment) where individual performance goes beyond the stipulations of the employment contract or job description, bonuses may be paid to the Group's employees. These bonuses must be paid in accordance with the framework of the annual negotiations on compensation approved by the Group's Executive Committee (EXCOM), based on predetermined objectives.

### **Employee savings**

The Crédit Mutuel Arkéa group endeavors to give all employees a stake in the Group's results to allow them to share collectively in the value created.

To this end, collective variable compensation mechanisms have been developed at most of the Group's entities to provide access to value creation (profit-sharing/incentive bonuses).

### **Social protection schemes**

Social benefits depend on the applicable collective agreements. They supplement other forms of compensation and are designed to protect employees from the vagaries of everyday life (personal protection, healthcare costs) and help them prepare for retirement (Retirement Savings Plan).

### **Employee shareholding**

In accordance with Crédit Mutuel Arkéa's cooperative bylaws, stock options, options on debt securities and performance shares are not granted to employees of the Group's subsidiaries.

When the Group acquires majority shareholdings in entities that have implemented employee shareholding schemes, these limited-time mechanisms are maintained but cannot be extended.

As an exception, the Group's decision-making bodies (EXCOM, Board of Directors, specialized committees) may decide on changes to the existing mechanisms, based on their scope of activity as approved by the Board of Directors.

### **Risk, compliance and internal audit functions**

Compensation paid to the personnel of the independent control functions (including the risk management, compliance and internal audit functions) and, more generally, the personnel of units responsible for validating operations, is set independently of the performance of the business lines whose operations they validate or verify in order to prevent any conflict of interest, and at a sufficient level to ensure the recruitment of qualified and experienced personnel. Therefore, when it is implemented the variable compensation of the internal control functions is based exclusively on individual criteria.

It takes into account the achievement of objectives associated with the function and must be at an appropriate level compared with the professionals whose activity they control, taking qualifications, expertise and responsibilities into account.

The compensation of these employees is designed to dissuade them from excessive risk-taking.

The variable compensation of employees performing internal control functions (risk management, permanent control, compliance and internal audit functions) is capped at 30% of their fixed compensation. Therefore, in accordance with the regulations, the Group ensures that the compensation of these employees is mainly fixed.

### **Gender pay gap**

For several years, the Crédit Mutuel Arkéa group has given careful consideration to the issue of workplace gender equality by taking measures to permanently eliminate pay gaps. With a gender equality index weighted average of 90/100 in 2021 at the Group level, significantly higher than the regulatory requirements, Crédit Mutuel Arkéa demonstrates its long-term commitment to promoting diversity and combating discrimination.

The Group's objective in this area is to promote workplace equality over the long term and create conditions for true equality at all stages of professional life.

This compensation policy, based on the principle of equal compensation for men and women for the same work or work of equal value, is in line with this objective.

## **16.4. Role of independent control functions**

To ensure that the compensation system takes into account all types of risk and the liquidity and capital levels, that the overall compensation policy is coherent, promotes sound and effective risk management and is in line with the institution's economic strategy, objectives, culture, corporate values and long-term interests, the Compensation Committee assesses

the compensation mechanisms and systems used by Group on the basis of the formal opinions issued by the Risk Department and the Compliance and Permanent Control Department. On an annual basis, the heads of the risk management and compliance functions must, each in their respective area, check that the compensation policy is consistent with the Group's risk profile and with the applicable regulatory requirements. The results of these analyses are presented to the Risk and Internal Control Committee and to the Compensation Committee, which informs Crédit Mutuel Arkéa's Board of Directors of them.

Without prejudice to the duties of the Compensation Committee, a member of the Risk and Internal Control Committee is invited, in an advisory capacity, to the Compensation Committee meeting when the Crédit Mutuel Arkéa group's compensation policy is reviewed, in order to determine whether the proposed incentives are consistent with the Group's risk appetite framework. Similarly, every year a member of the Compensation Committee is invited to a Risk and Internal Control Committee meeting.

To ensure compliance with the institution's strategy, regulations and risk appetite framework, the Crédit Mutuel Arkéa group's Human Resources Department involves the risk management and compliance functions in drafting the compensation policies, defining the regulated population and preparing the regulated population's compensation policy. Along these lines, the compliance function and the risk management function issue a formal opinion prior to the implementation or review of any compensation policy or scheme. The Risk and Internal Control Committee is informed of any compensation policy or scheme or a review thereof.

In addition, for specific compensation policies applicable only to certain Group employees (e.g. sales staff, managers, negotiators, advisors, sales networks or trading room entities, etc.), the compliance function of the entity concerned issues a formal opinion that must be sent to the management body of said entity for approval of these policies. An opinion will be requested whenever a change is made to the principles governing the application of the compensation policy and its calculation indicators.

The Internal Audit and Periodic Control Department incorporates the provisions of the regulatory framework applicable to the compensation of Crédit Mutuel Arkéa group employees when preparing the periodic control plan.

## 16.5. Compensation policy for the regulated staff

### Principles of the compensation policy applicable to the regulated population

In accordance with regulations, the compensation policy applicable to the Regulated Population is based on the following principles:

- in accordance with the prohibition on guaranteed variable compensation, the award of annual variable compensation is not a right. Where applicable, it is approved, and its amount set, annually based on the compensation policy of the year in question and the governance principles in force, taking into account all the risks to which Crédit Mutuel Arkéa or the Group is or may be exposed, as well as liquidity



requirements and the cost of capital, and provided that it does not limit the ability of Crédit Mutuel Arkéa or the Group to build up its capital;

- annual variable compensation depends on the financial and non-financial performance during the year as part of a multi-year timeframe in line with the Crédit Mutuel Arkéa group's strategy.

The variable compensation of executive managers who are members of the Regulated Population is based on Group financial objectives (with the exception of the control functions and senior managers).

These Group financial objectives are pre-tax profit on ordinary activities, the cost/income ratio, the loan-to-deposit ratio and CET1 at the consolidated level.

Variable compensation is also based on quantitative and qualitative criteria (including a criterion linked to one of the areas related to “Entreprise à mission” status) defined individually for each of the senior managers and executive managers who are members of the Regulated Population;

- variable compensation is conditional on compliance with the risk appetite thresholds defined in the Group's risk appetite framework based on the following three indicators:
  - solvency ratio (CET1);
  - loan-to-deposit ratio;
  - cost/income ratio;

Added to these are achievement of the cost/income ratio and net banking and insurance income or notional ROE targets set in the annual plan, for each entity, when the employee works at a subsidiary or federation;

- in accordance with the provisions of Article L. 511-85 of the French Monetary and Financial Code, members of the Regulated Population are prohibited from using individual hedging or insurance strategies with respect to compensation or liability in order to limit the risk of loss or the losses that may result therefrom;
- the variable component for a given employee may not exceed 100% of the fixed component. Nevertheless, for non-salaried executive directors and corporate officers, the Shareholders' Meeting may approve a higher maximum ratio for the year in question, provided that the total variable component does not exceed 120% of the fixed component;
- under certain conditions, a portion of the variable compensation is deferred and vested in tranches, subject to the strength of the institution's capital base and, in particular, compliance with the Crédit Mutuel Arkéa Group's CET1 risk appetite threshold for the year in question at each vesting date;
- under certain conditions, half of the variable compensation is vested and paid in cash indexed to a composite indicator calculated according to Group consolidated criteria;
- variable compensation already vested or in the process of being vested may be reduced, in whole or in part, by up to 100% until the end of the last retention period, such as in case of behavior that could expose the Crédit Mutuel Arkéa group, or one of its entities, to an abnormal and significant risk, particularly as a result of its liability for actions that resulted in significant losses for the institution or in case of breach of the requirements of fitness and propriety;
- share ownership is not required of members of the regulated population.

## Scope of the regulated population

When the parent company is an entity subject to legislation, the compensation policy and related requirements (CRD Regulation and EBA guidelines) apply to all entities included in the scope of consolidation (whether or not they are themselves subject). The scope of consolidation is the prudential consolidation scope (as defined by Regulation (EU) No. 575/2013).

Crédit Mutuel Arkéa and subject subsidiaries whose balance sheet total for the four-year period immediately preceding the current fiscal year is, on average:

- more than €10 billion, or
- more than €5 billion and which do not meet any of the criteria set out in points c, d and e of Article 4(1)(145) of Regulation (EU) 575/2013,

must define their scope of employees who are members of the Regulated Population on an individual basis.

The European Banking Authority sets the qualitative and quantitative criteria for identifying the members of the Regulated Population covered by the CRD Regulation.

Employees included in the Regulated Population are determined at least annually under the joint responsibility of the Group's human resources, risk and compliance functions and subject to approval by the Compensation Committee, which informs Crédit Mutuel Arkéa's Board of Directors thereof.

In accordance with Article L. 511-71 of the French Monetary and Financial Code, the Regulated Population includes, for each entity that defines its scope of employees who are members of the Regulated Population on an individual basis, at least the following categories of employees whose professional activities have a material impact on the institution's risk profile:

- all members of the Board of Directors, Supervisory Board or any other body performing equivalent functions;
- effective managers;
- staff members responsible for managing the institution's control functions or important business units and who report directly to the body performing supervisory functions;
- staff members who were entitled to significant compensation during the previous year, if the following two conditions are met:
  - Compensation is more than or equal to €500,000 and is more than or equal to the average compensation awarded to members of the Board of Directors, the Supervisory Board or any other body performing equivalent functions and to the effective managers of the credit institution, financing company or investment firm paying the compensation. If the staff member receives compensation from several credit institutions, financing companies or investment firms, the average compensation to be taken into account

awarded to members of the Board of Directors, the Supervisory Board or any other body performing equivalent functions and to the effective managers to determine the threshold is assessed at the consolidated level, i.e. at the Group level;

- they carry out their professional activities at an important business unit and these activities are likely to have a material impact on the risk profile of the business unit in question.

Qualitative and quantitative criteria for identifying other members of the Regulated Population covered by the CRD Regulation are set by the European Banking Authority.

## **Terms of payment of variable compensation granted to the Regulated Population**

### ***Amounts of variable compensation to be deferred***

Members of the Regulated Population who receive annual variable compensation that exceeds €50,000 or represents more than one-third of their total compensation are subject to rules regarding the vesting and payment of a portion of their variable compensation on a deferred basis:

- 60% of variable compensation for compensation in excess of €500,000;
- 50% of variable compensation for other compensation.

This deferral period must be spread over:

- five years for members of the Board of Directors and effective managers;
- four years for other members of the Regulated Population.

### ***Financial or similar instruments***

In accordance with regulatory requirements, variable compensation is paid as follows, for the deferred portion and the non-deferred portion:

- half in cash;
- half in cash indexed to a composite indicator calculated according to Group consolidated criteria after a 12-month retention period.

### ***Variable compensation vesting and payment conditions***

The vesting and payment of variable compensation awarded, for both the portion paid immediately and the deferred portion, are subject to compliance with the conditions set out in the compensation policy and applicable regulations, in particular the requirement that Crédit Mutuel Arkéa and the Group have a sufficiently strong and sound capital base and are still able to build up their capital.

Thus, vesting and payment of deferred variable compensation are subject to compliance with the Group's CET1 risk appetite threshold at each vesting and payment date. If, on a payment date, CET1 risk appetite threshold is not complied with, all deferred variable compensation to be vested or received on that date is permanently reduced to zero.

### **Limit on variable compensation**

The variable portion of the total compensation of each member of the Regulated Population may not exceed the amount of the fixed portion of the total compensation.

Nevertheless, for non-salaried executive directors and corporate officers, Crédit Mutuel Arkéa's Ordinary Shareholders' Meeting may, under the conditions set out in L. 511-78, R. 511-20 and R. 511-21 of the French Monetary and Financial Code for each year under review, approve in principle a higher maximum ratio that may not, however, exceed 120% of the fixed component. Based on the actual results, the ratio will be determined and justified by Crédit Mutuel Arkéa's Board of Directors at the recommendation of the Compensation Committee.

### **Departure and mobility**

If a member of the Regulated Population leaves or is transferred within the Group, the departure or transfer has no impact on the variable portion for the current year, if such a portion is expected to be paid, or on the deferred portions due and not yet due.

The variable compensation for the current year, if such a portion is expected to be paid, and the deferred portions are therefore always withheld and paid on the usual dates, under the conditions and in the manner originally stipulated.

This compensation, following the departure or transfer, also remains subject to the risk adjustment rules in place at the Group.

### **Risk adjustment**

Variable compensation already vested or in the process of being vested may be reduced, in whole or in part, by up to 100% until the end of the last retention period, such as in case of behavior that could expose the Crédit Mutuel Arkéa ,group, or one of its entities, to an abnormal and significant risk, particularly as a result of its liability for actions that resulted in significant losses for the institution or in case of breach of the requirements of fitness and propriety.

The risk adjustment mechanism is therefore used when:

- the member of the Regulated Population was involved in actions that resulted in significant losses for the institution or was responsible for such actions;
- the member of the Regulated Population did not meet the applicable standards of fitness and propriety;
- the member of the Regulated Population contributed significantly to poor or negative financial performance, and in case of fraud or other intentional or grossly negligent behavior that resulted in significant losses;
- the member of the Regulated Population committed serious misconduct, such as breach of the code of conduct;
- the institution or business unit at which the member of the Regulated Population works suffers a significant failure of risk management;

- the institution or business unit at which the member of the Regulated Population works has significant increases in the economic or regulatory capital base;
- the institution or business unit at which the member of the Regulated Population works is subject to regulatory sanctions and the conduct of the staff member contributed to the sanction.

The same applies if the CET1 risk tolerance threshold is reached.

Crédit Mutuel Arkéa has been granted an exemption from the requirements regarding deferral, payment in financial instruments and pensions for members of the regulated population whose annual variable compensation does not exceed €50,000 and does not represent more than one-third of their total annual compensation.

In 2022, this exemption benefited 84 members of the regulated population, whose total compensation amounted to €12,237,635, including €10,522,511 in fixed compensation and €1,715,124 in variable compensation.

## 16.6. Communication

### Shareholders' meeting

Pursuant to the provisions of Article L. 511-73 of the French Monetary and Financial Code, the Shareholders' Meeting is consulted annually on the total amount, determined on a consolidated basis, of the compensation paid during the previous year to employees proving the status of effective managers or belonging to the other categories of employees whose professional activities have a material impact on the risk profile of Crédit Mutuel Arkéa or the Crédit Mutuel Arkéa group as a whole.

In accordance with the regulations, and within the limit of 120%, a resolution setting out the grounds on which it is based to approve a maximum ratio for variable compensation in excess of 100% of the fixed compensation for the year in question is submitted to the shareholders' meeting under the conditions set out in Articles L. 511-78, R. 511-20 and R. 511-21 of the French Monetary and Financial Code.

### Universal Registration Document and Pillar 3 report

The Universal Registration Document, which constitutes the Corporate Governance Report, includes a section on the compensation of the corporate officers and, in particular, on the compensation paid and payable in respect of the year under review.

The Pillar 3 report includes a section on the Group's governance and compensation policy.

## 16.7. Quantitative information on compensation of effective managers and persons whose activities have a material impact on the company's risk profile

**Table 56 (EU REM1): Remuneration awarded for the financial year**

As at 12.31.2022 In € thousands		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	3	4	5	99
	Total fixed remuneration	1,303	1,537	1,174	13,551
	Of which: cash-based	1,276	1,455	1,047	11,480
	Of which: shares or equivalent ownership interests				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: other instruments				
	Of which: other forms	27	82	127	2,071
Variable remuneration	Number of identified staff	2	4	4	92
	Total variable remuneration	4	1,612	635	3,333
	Of which: cash-based	4	806	320	2,559
	Of which: deferred	-	428	157	387
	Of which: shares or equivalent ownership interests				
	Of which: deferred				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: deferred				
	Of which: other instruments	-	806	315	774
	Of which: deferred	-	806	315	774
	Of which: other forms				
	Of which: deferred				
<b>Total remuneration</b>		<b>1,307</b>	<b>3,149</b>	<b>1,809</b>	<b>16,884</b>



**Table 57 (EU REM2): Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)**

As at 12.31.2022 In € thousands	MB Supervisory function	MB Management function	Other senior management	Other identified staff
<b>Guaranteed variable remuneration awards</b>				
Guaranteed variable remuneration awards - Number of identified staff				
Guaranteed variable remuneration awards -Total amount				
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
<b>Severance payments awarded in previous periods, that have been paid out during the financial year</b>				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
<b>Severance payments awarded during the financial year</b>				
Severance payments awarded during the financial year - Number of identified staff	-	-	-	2
Severance payments awarded during the financial year - Total amount	-	-	-	30
Of which paid during the financial year	-	-	-	30
Of which deferred				-
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
Of which highest payment that has been awarded to a single person	-	-	-	16

**Table 58 (EU REM3): Deferred remuneration**

Deferred and retained remuneration				Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
As at 12.31.2022 In € thousands								
				Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years		
<b>MB Supervisory function</b>				-	-	-	-	-
Cash-based				-	-	-	-	-
Shares or equivalent ownership interests				-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments				-	-	-	-	-
Other instruments				-	-	-	-	-
Other forms				-	-	-	-	-
<b>MB Management function</b>				<b>1,808</b>	<b>963</b>	<b>845</b>	<b>-</b>	<b>1,234</b>
Cash-based				963	963	-	378	428
Shares or equivalent ownership interests				-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments				-	-	-	-	-
Other instruments				845	-	845	-	806
Other forms				-	-	-	-	-
<b>Other senior management</b>				<b>799</b>	<b>423</b>	<b>375</b>	<b>-</b>	<b>472</b>
Cash-based				423	423	-	157	157
Shares or equivalent ownership interests				-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments				-	-	-	-	-
Other instruments				375	-	375	-	315
Other forms				-	-	-	-	-
<b>Other identified staff</b>				<b>2,691</b>	<b>2,043</b>	<b>648</b>	<b>-</b>	<b>1,855</b>
Cash-based				2,043	2,043	-	1,855	387
Shares or equivalent ownership interests				-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments				-	-	-	-	-
Other instruments				648	-	648	-	774
Other forms				-	-	-	-	-
<b>Total amount</b>				<b>5,298</b>	<b>3,430</b>	<b>1,868</b>	<b>-</b>	<b>2,868</b>

**Table 59 (EU REM4): Remuneration of 1 million EUR or more per year**

As at 12.31.2022	Identified staff that are high earners as set out in Article 450(i) CRR
€ 1 000 000 to below € 1 500 000	-
€ 1 500 000 to below € 2 000 000	-
€ 2 000 000 to below € 2 500 000	-
€ 2 500 000 to below € 3 000 000	-
€ 3 000 000 to below € 3 500 000	-
€ 3 500 000 to below € 4 000 000	-
€ 4 000 000 to below € 4 500 000	-
€ 4 500 000 to below € 5 000 000	-
€ 5 000 000 to below € 6 000 000	-
€ 6 000 000 to below € 7 000 000	-
€ 7 000 000 to below € 8 000 000	-

**Table 60 (EU REM5): Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)**

As at 12.31.2022 In € thousands	Management body remuneration		
	MB Supervisory function	MB Management function	Total MB
Total number of identified staff			
Of which: members of the MB	3	4	7
Of which: other senior management			
Of which: other identified staff			
Total remuneration of identified staff	1,307	3,149	4,456
Of which: variable remuneration	4	1,612	1,615
Of which: fixed remuneration	1,303	1,537	2,840

As at 12.31.2022 In € thousands	Business areas						Total
	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
Total number of identified staff							111
Of which: members of the MB							
Of which: other senior management	-	1	-	3	-	1	
Of which: other identified staff	4	58	-	16	11	10	
Total remuneration of identified staff	740	9,529	-	4,840	1,977	1,606	
Of which: variable remuneration	171	1,833	-	1,393	358	212	
Of which: fixed remuneration	569	7,696	-	3,448	1,619	1,394	

## 17. Appendices

### 17.1. Declaration of the responsible person

The information considered as proprietary is: the number of obligors broken-down by exposure class and PD range (article 452 g).

Decisions not to publish this information are taken in agreement with the Crédit Mutuel Arkéa group's management bodies.

#### **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 December 31, 2022 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, April 17, 2023.

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

## 17.2. List of tables

Table number	Regulatory code	Title	Report page number
Scope of the regulatory framework			
Table 1	EU LI3	Outline of the differences in the scopes of consolidation (entity by entity)	13
Table 2	EU LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	14
Table 3	EU LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	15
Table 4	EU PV1	Prudent valuation adjustments (PVA)	15
Capital			
Table 5	EU CCA	Main features of regulatory own funds instruments and eligible liabilities instruments	18 - 20
Table 6	EU CC1	Composition of regulatory own funds	21 - 24
Table 7	EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	25
Table 8	EU OV1	Overview of risk-weighted exposure amounts	26
Key metrics			
Table 9	EU KM1	Key metrics	27
Table 10	EU CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	28
Table 11	EU CCyB2	Amount of institution-specific countercyclical capital buffer	29
Table 12	EU INS1	Insurance participations	30
Table 13	EU INS2	Financial conglomerates information on own funds and capital adequacy ratio	30
Table 14	EU LR1 - LRSum	Summary reconciliation of accounting assets and leverage ratio exposures	32
Table 15	EU LR2 - LRCom	Leverage ratio common disclosure	33 - 34
Table 16	EU LR3 - LRSpI	Split-up of on balance sheet exposures (excluding derivatives, securities financing transactions and exempted exposures)	35
Credit risk			
Table 17	EU CR1-A	Maturity of exposures	37
Table 18	EU CQ1	Credit quality of forbore exposures	42
Table 19	EU CQ3	Credit quality of performing and non-performing exposures by past due days	43
Table 20	EU CQ4	Quality of non-performing exposures by geography	44
Table 21	EU CQ5	Credit quality of loans and advances to non-financial corporations by industry	45
Table 22	EU CQ7	Collateral obtained by taking possession and execution processes	45
Table 23	EU CR1	Performing and non-performing exposures and related provisions	46
Table 24	EU CR2	Changes in the stock of non-performing loans and advances	47
Table 25	Template 1	Information on loans and advances subject to legislative and non-legislative moratoria	48
Table 26	Template 2	Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria	49
Table 27	Template 3	Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis	49
Table 28	EU CR5	Standardised approach	50
Table 29	EU CR6	IRB approach - Credit risk exposures by exposure class and PD range	54 - 58
Table 30	EU CR6-A	Scope of the use of IRB and SA approaches	59
Table 31	EU CR8	RWEA flow statements of credit risk exposures under the IRB approach	60
Table 32	EU CR10.1	Specialised lending - Project finance (Slotting approach)	61
Table 33	EU CR10.2	Specialised lending - Income-producing real estate and high volatility commercial real estate (Slotting approach)	61
Table 34	EU CR10.5	Equity exposures under the simple risk-weighted approach	62
Counterparty credit risk			
Table 35	EU CCR1	Analysis of CCR exposure by approach	64
Table 36	EU CCR2	Transactions subject to own funds requirements for CVA risk	64
Table 37	EU CCR3	Standardised approach - CCR exposures by regulatory exposure class and risk weights	65
Table 38	EU CCR4	IRB approach - CCR exposures by exposure class and PD scale	65 - 67
Table 39	EU CCR8	Exposures to CCPs	68
Credit risk mitigation techniques			
Table 40	EU CR3	CRM techniques overview - Disclosure of the use of credit risk mitigation techniques	70
Table 41	EU CR4	Standardised approach - Credit risk exposure and CRM effects	70
Table 42	EU CR7-A	IRB approach - Disclosure of the extent of the use of CRM techniques	71 - 72
Table 43	EU CCR5	Composition of collateral for CCR exposures	73
Banking book interest rate risk			
Table 44	EU IRRBB1	Interest rate risks of non-trading book activities	79
Liquidity risk			
Table 45	EU LIQ1	Quantitative information of LCR	86
Table 46	EU LIQ2	Net Stable Funding Ratio	89
Information on encumbered and unencumbered assets			
Table 47	EU AE1	Encumbered and unencumbered assets	91
Table 48	EU AE2	Collateral received and own debt securities issued	91
Table 49	EU AE3	Sources of encumbrance	91
Operational risk			
Table 50	EU OR1	Operational risk own funds requirements and risk-weighted exposure amounts	94
ESG risk			
Table 51	Template 1	Banking book - Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	130 - 131
Table 52	Template 2	Banking book - Indicators of potential climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	132 - 133
Table 53	Template 4	Banking book - Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms	135
Table 54	Template 5	Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk	136
Table 55	Template 10	Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852	138
Corporate governance and remuneration policy			
Table 56	EU REM1	Remuneration awarded for the financial year	155
Table 57	EU REM2	Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	156
Table 58	EU REM3	Deferred remuneration	157
Table 59	EU REM4	Remuneration of 1 million EUR or more per year	158
Table 60	EU REM5	Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	159

## 17.3. Pillar 3 cross-reference table

CRR article	Subject	Pillar 3 report reference	Page
435	Risk management objectives and policies	Risk management objectives and policies	1
436	Scope of application	Scope of the regulatory framework	13
437	Own funds	Capital	16
438	Own funds requirements and risk-weighted exposure amounts	Capital - capital requirements	26
439	Exposures to counterparty credit risk	Counterparty credit risk	63
440	Countercyclical capital buffers	Prudential indicators - key metrics	28 - 29
441	Indicators of global systemic importance	Not applicable for Crédit Mutuel Arkéa whose total exposure (as defined for the leverage ratio) does not exceed €200 billion, which is the trigger point for determining whether an institution is classified as a global systemic institution	-
442	Exposures to credit risk and dilution risk	Credit risk	37
443	Encumbered and unencumbered assets	Information on encumbered and unencumbered assets	90
444	Use of the Standardised Approach	Credit risk - standardized approach	49
445	Exposure to market risk	Market risk	75
446	Operational risk management	Operational risk	92
447	Key metrics	Prudential indicators - key metrics	27
448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Banking book interest rate risk	76
449	Disclosure of exposures to securitisation positions	Securitization	74
449 bis	Environmental, social and governance risks (ESG risks)	ESG Risk	95
450	Remuneration policy	Corporate governance and compensation policy	140
451	Leverage ratio	Prudential indicators - leverage ratio	31
451 bis	Liquidity requirements	Liquidity risk	80
452	Use of the IRB Approach to credit risk	Credit risk - internal ratings-based approach	51
453	Use of credit risk mitigation techniques	Credit risk mitigation techniques	69
454	Use of the Advanced Measurement Approaches to operational risk	Operational risk	92
455	Use of internal market risk models	Market risk	75