

Pillar 3 Report  
09.30.2022

Crédit Mutuel  
**ARKEA**

# Contents

1. Prudential indicators	1
1.1. Key metrics	1
1.2. Capital requirements	2
2. Credit risk - Change in RWA under the internal ratings-based approach	3
3. Counterparty credit risk - Change in RWA under the internal model approach	4
4. Liquidity risk - LCR	5
5. Appendices	7
5.1. List of tables	7
5.2. Pillar 3 cross-reference table	7

# 1. Prudential indicators

## 1.1. Key metrics

Table 1 (EU KM1): Key metrics

In € thousands	09.30.2022 <sup>(2)</sup>	06.30.2022 <sup>(1)</sup>	03.31.2022 <sup>(2)</sup>	12.31.2021 <sup>(1)</sup>	09.30.2021 <sup>(2)</sup>
<b>Available own funds (amounts)</b>					
Common Equity Tier 1 (CET1) capital	6,917,852	7,230,552	7,120,660	7,307,529	6,805,431
Tier 1 capital	6,917,856	7,230,556	7,120,665	7,318,754	6,816,657
Total capital	8,604,636	8,936,941	8,852,914	9,107,886	8,627,028
<b>Risk-weighted exposure amounts</b>					
Total risk exposure amount	45,259,194	43,924,479	44,054,927	43,076,633	41,910,786
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
Common Equity Tier 1 ratio (%)	15.3%	16.5%	16.2%	17.0%	16.2%
Tier 1 ratio (%)	15.3%	16.5%	16.2%	17.0%	16.3%
Total capital ratio (%)	19.0%	20.3%	20.1%	21.1%	20.6%
<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 (%)	0.0034%	0.0011%	0.0011%	0.0008%	0.0004%
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>	7.2%	8.4%	8.1%	8.9%	8.2%
<b>Leverage ratio</b>					
Total exposure measure	124,566,708	115,385,648	101,041,708	102,204,102	96,586,790
Leverage ratio (%)	5.6%	6.3%	7.0%	7.2%	7.1%
<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%	3.11%	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%	3.11%	3.11%	3.11%
<b>Liquidity Coverage Ratio <sup>(4)</sup></b>					
Total high-quality liquid assets (HQLA) (Weighted value-average)	21,200,507	19,737,068	21,189,238	23,887,722	21,908,510
Cash outflows - Total weighted value	16,988,188	15,403,089	16,295,050	16,742,691	16,040,303
Cash inflows - Total weighted value	3,238,356	1,965,902	2,209,758	2,115,574	2,389,269
Total net cash outflows (adjusted value)	13,749,832	13,437,187	14,085,292	14,627,117	13,651,034
Liquidity coverage ratio (%)	154%	147%	150%	163%	160%
<b>Net Stable Funding Ratio</b>					
Total available stable funding	88,531,041	85,416,765	86,469,376	84,753,571	83,843,806
Total required stable funding	79,907,821	76,946,617	77,630,201	75,434,998	73,688,405
NSFR ratio (%)	111%	111%	111%	112%	114%

(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

## 1.2. Capital requirements

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

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

In € thousands	Total risk exposure amounts		Total own funds requirements
	09.30.2022	06.30.2022	09.30.2022
Credit risk (excluding CCR)	39,185,418	37,910,172	3,134,833
Of which the standardised approach	8,134,912	7,920,884	650,793
Of which the Foundation IRB (F-IRB) approach	7,304,309	6,880,397	584,345
Of which slotting approach	427,823	419,346	34,226
Of which equities under the simple riskweighted approach	11,043,024	10,877,943	883,442
Of which the Advanced IRB (A-IRB) approach	12,275,350	11,811,603	982,028
Counterparty credit risk - CCR	613,597	618,375	49,088
Of which the standardised approach	207,485	207,756	16,599
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	4,296	3,420	344
Of which credit valuation adjustment - CVA	55,936	45,083	4,475
Of which other CCR	345,880	362,115	27,670
Settlement risk	83	8	7
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	2,762,873	2,824,606	221,030
Of which basic indicator approach	403,656	455,568	32,292
Of which standardised approach	143,312	143,312	11,465
Of which advanced measurement approach	2,215,905	2,225,726	177,272
Amounts below the thresholds for deduction (subject to 250% risk weight)	2,697,223	2,571,317	215,778
<b>Total</b>	<b>45,259,194</b>	<b>43,924,479</b>	<b>3,620,736</b>

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

### Rating procedures and parameters

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

The counterparty rating system is used throughout Crédit Mutuel.

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

### Additional quantitative information

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

In € thousands	Risk weighted exposure amount
<b>Risk weighted exposure amount as at 06.30.2022</b>	<b>18,680,850</b>
Asset size (+/-)	1,012,988
Asset quality (+/-)	-102,484
Model updates (+/-)	-
Methodology and policy (+/-)	-
Acquisitions and disposals (+/-)	-
Foreign exchange movements (+/-)	-
Other (+/-)	-
<b>Risk weighted exposure amount as at 09.30.2022</b>	<b>19,591,354</b>

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

Counterparty credit risk corresponds to the risk incurred on:

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

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

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

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

## 4. Liquidity risk - LCR

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

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

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

Several liquidity ratios are particularly monitored as the LCR which is a liquidity ratio provided for by the CRD 4 and CRR texts (transposing the so-called "Basel III" proposals into European standards). It measures the ratio between liquid assets and net cash outflows at 30 days under a stress scenario. The minimum required level has been set at 100% since 2018.

### Table 4 (EU LIQ1): Quantitative information of LCR

In accordance with the CRR2, the Crédit Mutuel Arkéa group 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 the drawing down of amounts under off-balance sheet agreements.

The minimum level required for the LCR was set at 100% in 2022. The Group met the regulatory requirement throughout the third quarter of 2022 with significant room for maneuver. At the end of September 2022, the Group's consolidated LCR was 154%. The average annual level from October 2021 to September 2022 was 153% as shown in the table below.

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.

As from June 2021, CRR2 has introduced a minimum level for the NSFR which is 100% and revised methods for its calculation. The Group met the regulatory requirement; at the end of September 2022, the ratio was 111%.

In € thousands	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on	09.30.2022	06.30.2022	03.31.2022	12.31.2021	09.30.2022	06.30.2022	03.31.2022	12.31.2021
Number of data points used in the calculation of averages : 12								
<b>HIGH-QUALITY LIQUID ASSETS</b>								
Total high-quality liquid assets (HQLA)					20,763,208	21,503,927	21,462,443	21,135,581
<b>CASH - OUTFLOWS</b>								
Retail deposits and deposits from small business customers, of which:	44,942,437	45,323,673	44,539,074	43,685,297	3,152,951	3,267,748	3,306,653	3,232,718
Stable deposits	29,308,266	27,808,921	25,363,224	24,998,911	1,465,413	1,390,446	1,268,161	1,249,946
Less stable deposits	15,426,894	17,318,822	18,974,843	18,479,622	1,665,341	1,851,470	2,014,684	1,962,369
Unsecured wholesale funding	23,245,061	23,461,525	23,146,096	22,699,597	10,826,224	10,702,227	10,762,087	11,007,342
Operational deposits (all counterparties) and deposits in networks of cooperative banks	2,453,207	2,617,861	2,346,013	1,688,780	273,721	299,017	294,189	218,677
Non-operational deposits (all counterparties)	20,256,748	20,228,281	20,188,044	20,255,784	10,017,397	9,787,826	9,855,859	10,033,632
Unsecured debt	535,106	615,384	612,039	755,034	535,106	615,384	612,039	755,034
Secured wholesale funding					28,717	48,092	47,807	47,998
Additional requirements	11,544,366	10,956,828	10,492,730	10,086,792	1,715,493	1,558,142	1,473,482	1,407,343
Outflows related to derivative exposures and other collateral requirements	205,522	137,846	113,405	99,184	205,522	137,846	113,405	99,184
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	11,338,844	10,818,982	10,379,324	9,987,607	1,509,970	1,420,296	1,360,077	1,308,159
Other contractual funding obligations	522,641	600,553	642,314	583,095	522,641	600,553	642,314	583,095
Other contingent funding obligations	980,381	963,898	959,875	926,686	162,823	166,094	166,677	151,553
<b>TOTAL CASH OUTFLOWS</b>					16,408,849	16,342,856	16,399,020	16,430,049
<b>CASH - INFLOWS</b>								
Secured lending (e.g. reverse repos)	410,100	471,421	503,787	317,348	109,366	113,276	114,091	97,027
Inflows from fully performing exposures	2,056,619	2,164,366	2,267,916	2,325,030	1,577,783	1,695,190	1,765,564	1,815,066
Other cash inflows	1,143,086	759,516	783,474	716,722	1,143,086	759,516	783,474	716,722
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
(Excess inflows from a related specialised credit institution)					-	-	-	-
<b>TOTAL CASH INFLOWS</b>	3,609,806	3,395,303	3,555,178	3,359,100	2,830,235	2,567,982	2,663,128	2,628,815
Fully exempt inflows	41,667	-	-	-	41,667	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	3,568,139	3,395,303	3,555,178	3,359,100	2,788,568	2,567,982	2,663,128	2,628,815
<b>TOTAL ADJUSTED VALUE</b>								
LIQUIDITY BUFFER					20,763,208	21,503,927	21,462,443	21,135,581
<b>TOTAL NET CASH OUTFLOWS</b>					13,578,614	13,774,874	13,735,891	13,801,234
<b>LIQUIDITY COVERAGE RATIO</b>					153%	156%	156%	154%

The Crédit Mutuel Arkéa group calculates the LCR in accordance with the Commission implementing regulation (EU) 2021/637.



## 5. Appendices

### 5.1. List of tables

Table number	Regulatory code	Title	Report page number
Prudential indicators			
Table 1	EU KM1	Key metrics	1
Table 2	EU OV1	Overview of risk weighted exposure amounts	2
Credit risk - Change in RWA under the internal ratings-based approach			
Table 3	EU CR8	RWA flow statements of credit risk exposures under the IRB approach	3
Liquidity risk - LCR			
Table 4	EU LIQ1	Quantitative information of LCR	5 - 6

### 5.2. Pillar 3 cross-reference table

CRR article	Subject	Pillar 3 report reference	Page
438	Own funds requirements and risk-weighted exposure amounts	Prudential indicators - Capital requirements	2
439	Exposures to counterparty credit risk	Counterparty credit risk - Change in RWA under the internal model approach	4
447	Key metrics	Prudential indicators - Key metrics	1
451 bis	Liquidity requirements	Liquidity risk - LCR	5 - 6
452	Use of the IRB Approach to credit risk	Credit risk - Change in RWA under the internal ratings-based approach	3