

Pillar 3 Report
03.31.2022

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	03.31.2022 ⁽²⁾	12.31.2021 ⁽¹⁾	09.30.2021 ⁽²⁾	06.30.2021 ⁽²⁾	03.31.2021 ⁽²⁾
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	7,120,660	7,307,529	6,805,431	6,816,495	6,788,076
Tier 1 capital	7,120,665	7,318,754	6,816,657	6,827,720	6,799,302
Total capital	8,852,914	9,107,886	8,627,028	8,662,157	8,640,932
Risk-weighted exposure amounts					
Total risk exposure amount	44,054,927	43,076,633	41,910,786	41,311,217	40,696,155
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%) ⁽³⁾	16.2%	17.0%	16.2%	16.5%	16.7%
Tier 1 ratio (%)	16.2%	17.0%	16.3%	16.5%	16.7%
Total capital ratio (%) ⁽³⁾	20.1%	21.1%	20.6%	21.0%	21.2%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
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%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
Institution specific countercyclical capital buffer (%)	0.0011%	0.0008%	0.0004%	0.0005%	0.0006%
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
Overall capital requirements (%)	13.25%	13.25%	13.25%	13.25%	13.25%
CET1 available after meeting the total SREP own funds requirements (%)	10.1%	10.9%	10.2%	10.5%	10.6%
Leverage ratio					
Total exposure measure	101,041,708	102,204,102	96,586,790	100,728,726	103,490,121
Leverage ratio (%)	7.05%	7.16%	7.06%	6.78%	6.57%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
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 (%)	3.11%	3.11%	3.11%	3.11%	0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
Overall leverage ratio requirement (%)	3.11%	3.11%	3.11%	3.11%	0%
Liquidity Coverage Ratio⁽⁴⁾					
Total high-quality liquid assets (HQLA) (Weighted value -average)	21,189,238	23,887,722	21,908,510	20,750,021	22,610,506
Cash outflows - Total weighted value	16,295,050	16,742,691	16,040,303	15,565,268	19,043,241
Cash inflows - Total weighted value	2,209,758	2,115,574	2,389,269	2,609,352	2,414,532
Total net cash outflows (adjusted value)	14,085,292	14,627,117	13,651,034	12,955,916	16,628,709
Liquidity coverage ratio (%)	150%	163%	160%	160%	136%
Net Stable Funding Ratio					
Total available stable funding	86,469,376	84,753,571	83,843,806	81,580,325	91,105,650
Total required stable funding	77,630,201	75,434,998	73,688,405	71,806,069	80,542,946
NSFR ratio (%)	111%	112%	114%	114%	113%

(1) Integrating the interim result

(2) Not integrating the interim result

(3) At the end of June 2021, the CET1 ratio and the total capital ratio, integrating the interim result, are 17.1% and 21.6% respectively

(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
	03.31.2022	12.31.2021	03.31.2022
Credit risk (excluding CCR)	38,785,922	38,307,596	3,102,874
Of which the standardised approach	7,927,411	7,720,317	634,193
Of which the Foundation IRB (F-IRB) approach	7,290,971	-	583,278
Of which slotting approach	421,469	400,837	33,718
Of which equities under the simple riskweighted approach	11,699,411	12,251,695	935,953
Of which the Advanced IRB (A-IRB) approach	11,446,660	17,934,746	915,733
Counterparty credit risk - CCR	612,675	589,328	49,014
Of which the standardised approach	241,637	317,586	19,331
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	3,283	0	263
Of which credit valuation adjustment - CVA	48,882	58,705	3,911
Of which other CCR	318,873	213,037	25,510
Settlement risk	8	41	1
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	2,889,866	2,553,943	231,189
Of which basic indicator approach	465,573	438,207	37,246
Of which standardised approach	143,312	119,203	11,465
Of which advanced measurement approach	2,280,981	1,996,533	182,478
Amounts below the thresholds for deduction (subject to 250% risk weight)	1,766,456	1,625,726	141,317
Total	44,054,927	43,076,633	3,524,394

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
Risk weighted exposure amount as at 12.31.2021	17,452,004
Asset size (+/-)	679,265
Asset quality (+/-)	-84,440
Model updates (+/-)	0
Methodology and policy (+/-)	0
Acquisitions and disposals (+/-)	0
Foreign exchange movements (+/-)	0
Other (+/-)	270,702
Risk weighted exposure amount as at 03.31.2022	18,317,531

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 CRR, 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 first quarter of 2022 with significant room for maneuver. At the end of March 2022, the Group's consolidated LCR was 150%. The average annual level from April 2021 to March 2022 was 156% 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 March 2022, the ratio was 111%.

In € thousands	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on								
Number of data points used in the calculation of averages : 12	03.31.2022	12.31.2021	09.30.2021	06.30.2021	03.31.2022	12.31.2021	09.30.2021	06.30.2021
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					21,462,443	21,135,581	20,504,786	19,933,307
CASH - OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	44,539,074	43,685,297	42,788,209	41,836,921	3,306,653	3,232,718	3,156,576	3,081,896
Stable deposits	25,363,224	24,998,911	24,568,849	24,079,541	1,268,161	1,249,946	1,228,442	1,203,977
Less stable deposits	18,974,843	18,479,622	18,010,181	17,541,913	2,014,684	1,962,369	1,911,961	1,862,781
Unsecured wholesale funding	23,146,096	22,699,597	22,060,640	21,380,502	10,762,087	11,007,342	11,021,316	10,938,126
Operational deposits (all counterparties) and deposits in networks of cooperative banks	2,346,013	1,688,780	1,009,409	375,443	294,189	218,677	139,537	66,855
Non-operational deposits (all counterparties)	20,188,044	20,255,784	20,346,793	20,419,402	9,855,859	10,033,632	10,177,341	10,285,613
Unsecured debt	612,039	755,034	704,438	585,657	612,039	755,034	704,438	585,657
Secured wholesale funding					47,807	47,998	111,881	112,361
Additional requirements	10,492,730	10,086,792	9,815,803	9,586,924	1,473,482	1,407,343	1,345,892	1,305,049
Outflows related to derivative exposures and other collateral requirements	113,405	99,184	98,545	97,405	113,405	99,184	98,545	97,405
Outflows related to loss of funding on debt products								
Credit and liquidity facilities	10,379,324	9,987,607	9,717,258	9,489,519	1,360,077	1,308,159	1,247,347	1,207,644
Other contractual funding obligations	642,314	583,095	524,940	581,333	642,314	583,095	524,940	581,333
Other contingent funding obligations	959,875	926,686	893,215	870,217	166,677	151,553	139,473	128,997
TOTAL CASH OUTFLOWS					16,399,020	16,430,049	16,300,079	16,147,762
CASH - INFLOWS								
Secured lending (e.g. reverse repos)	503,787	317,348	264,169	263,141	114,091	97,027	79,877	66,931
Inflows from fully performing exposures	2,267,916	2,325,030	2,395,780	2,442,502	1,765,564	1,815,066	1,880,802	1,941,140
Other cash inflows	783,474	716,722	803,751	949,204	783,474	716,722	803,751	949,204
(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	3,555,178	3,359,100	3,463,700	3,654,846	2,663,128	2,628,815	2,764,431	2,957,275
Fully exempt inflows				0				0
Inflows subject to 90% cap								
Inflows subject to 75% cap	3,555,178	3,359,100	3,463,700	3,654,846	2,663,128	2,628,815	2,764,431	2,957,275
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					21,462,443	21,135,581	20,504,786	19,933,307
TOTAL NET CASH OUTFLOWS					13,735,891	13,801,234	13,535,648	13,190,487
LIQUIDITY COVERAGE RATIO					156%	154%	152%	152%

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	Capital - capital requirements	2
439	Exposures to counterparty credit risk	Counterparty credit risk	4
447	Key metrics	Prudential indicators - key metrics	1
451 bis	Liquidity requirements	Liquidity risk	5 - 6
452	Use of the IRB Approach to credit risk	Credit risk - internal ratings-based approach	3