2019

PILLAR 3 REPORT

Revised version - June 2020

Crédit Mutuel ARKEA

Contents

1. Risk management objectives and policies

The 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 approximately forty specialised subsidiaries that cover all banking and financial business lines. These subsidiaries, created to expand the Arkéa group's product and service offering, reflect the group's desire to constantly improve its service to its customer shareholders and customers – individuals, local sole proprietorships and businesses – and to contribute to the development of the regions by helping local authorities and institutions finance their infrastructure.

In response to the challenges facing the banking profession today, the Arkéa group continues to promote a corporate culture that constantly adapts to changes in the environment in which the business underlying its corporate purpose operates. The initiatives undertaken over the past few years aim to support technological developments, the emergence of new players and changes in customer behaviour.

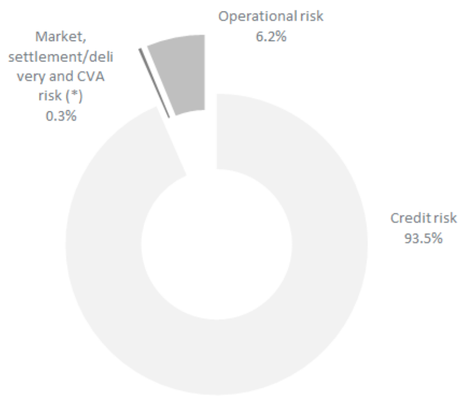
The level of capital accumulated over the years reflects the recurring nature of the income and earnings generated by the Arkéa group's business model. It illustrates the confidence generated and sustained by the group's development strategy combined with a diversified and moderate risk profile.

The Pillar 3 report serves as a supplement to Crédit Mutuel Arkéa's 2019 Universal Registration Document (URD), which sets out in particular the risk factors and impacts related to the ongoing Covid-19 health crisis.

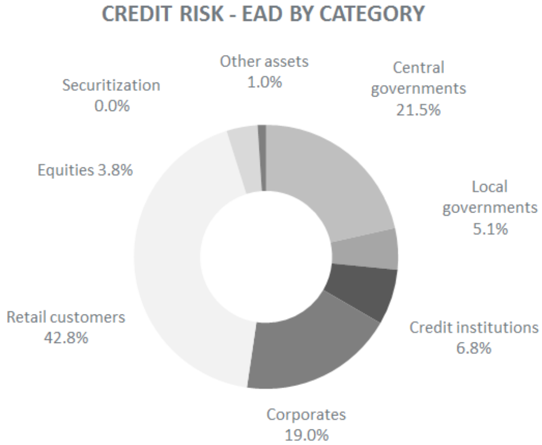
1.1. Risk profile

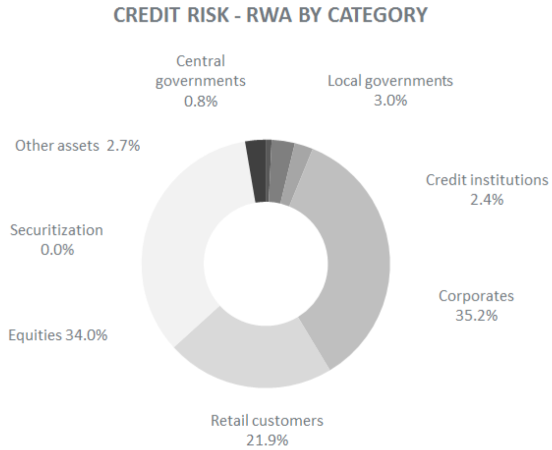
Retail banking and insurance constitute the Arkéa group's core business, as evidenced by the share of credit risk in the group's total capital requirements (93.5% at end-2019) and the predominance of the retail customer portfolio in this share.

In € thousands	**December 31, 2019**	December 31, 2018
Total capital	8,050,868	6,327,151
Tier 1 capital	6,198,622	5,639,376
Common Equity Tier 1 (CET1) capital	6,164,355	5,593,693
Net income, group share, transferred to reserves	469,707	397,788



Leverage ratio: 6.3%
Overall solvency ratio: 21.4%
CET1 ratio: 16.4%
Financial conglomerate ratio: 183%
LCR ratio: 146%





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

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

- high levels of security in terms of solvency and liquidity, which are closely monitored and instil trust in both customers (shareholders and non-shareholders) and investors contributing to the group's refinancing;
- sufficient resistance to stress scenarios resulting from adverse macroeconomic developments (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 Arkéa group's financial strength over the long term. Relying on a prudential capital structure characterised by a high proportion of reserves, it results in the definition of a high margin of safety compared to the regulatory capital requirements notified by the prudential supervisory authority, in the form of a floor level for the solvency ratio, under Pillar 2 of the regulations;
- the implementation of a credit risk policy leading to the long-term high quality of the loan portfolio, as regards both loans granted to customers and cash investments:

    - the loan portfolio comprises a very diversified customer base within which individuals represent the largest share alongside local sole proprietorships (artisans, small businesses, farmers, etc.), non-profit organisations, SMEs and large companies, as well as local authorities and institutions. The lending policy is based on an 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. 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 (this applies in particular to decisions concerning home loans);
    - cash investments also reflect a high-quality credit risk, with a significant preponderance of investment grade outstandings. These cash amounts are invested mainly in instruments issued by the French government or European financial counterparties, a large proportion of which are in the form of covered bonds;
- a prudent market risk policy, in the absence of a trading book, dedicated almost exclusively to investing cash surpluses, as transactions carried out on behalf of customers are systematically market-based;
- an equally prudent liquidity risk policy, with Crédit Mutuel Arkéa acting as the refinancing and reinvestment centre for all the entities making up the group's banking scope;
- an interest rate risk policy that enables Crédit Mutuel Arkéa to act as the central interest rate entity for all of the group's banking activities, including the refinancing centre;
- an operational risk policy, the aim of which is to ensure that the Arkéa group's processes are, and remain, as reliable, secure and efficient as possible. This policy plays a part in increasing the satisfaction of customer shareholders and customers and in ensuring the sound financial health of the Arkéa group by minimising the cost of incidents and the equity required to cover them. It is implemented by means of:
    - operational risk mapping, based on a framework of processes covering all the Arkéa group's activities;
    - coordinating the operational risk management systems, including the Emergency and Business Continuity Plan (EBCP);
    - self-assessment of the impacts in ordinary and exceptional circumstances supplemented by action plans intended to reduce the effects of their recurrence or to eliminate their causes, where this is possible and can be justified on economic grounds;
    - the implementation of an information systems security policy covering both the development and operation, whether internal or outsourced, of IT applications and data, as well as, in a context of increased digitisation of activity, cyber security in general and as an area of increasing importance as it pertains to the security of online payments processed by the group's various entities, and therefore affects both online and network banking;
- a compliance policy that, through the proper application of the regulatory and legal provisions, protects the image and reputation of the Arkéa group and its executives;
- a policy for managing the insurance activity capable of supporting the group's core business, based on profitability and solvency targets, within a controlled risk framework.

Furthermore, climate risk, although viewed as a vulnerability factor, can also be a mitigating factor for all existing risk categories. The definitions and actions implemented are set out in the "Risks" section of Crédit Mutuel Arkéa's 2019 Universal Registration Document.

1.2. Risk governance

Risk governance is based on the structure of the risk management function within the Arkéa group and of the management body of Crédit Mutuel Arkéa and of 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 General Management/the Executive Board/the Management Committee as well as the Risk Monitoring Committee or its equivalent for each entity;
- the manager 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;
- correspondents by risk type: 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. In this way, it sets the risk management limits and objectives and monitors ongoing compliance with them via the regular updates it receives from the executive body.

The risk management limits and/or objectives set by Crédit Mutuel Arkéa's Board of Directors apply to the entire group. The risk management limits and/or objectives set by the supervisory bodies of the Crédit Mutuel branch networks and subsidiaries are therefore compatible and consistent with the thresholds 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 the Arkéa group's activities, in accordance with the 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 actions in that regard*[1]." 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 12-month outlook. To this must be added the presentation of the annual review of the risk appetite framework and of the system of limits, risk by risk, the ICAAP (*Internal Capital Adequacy Assessment Process*) and ILAAP (*Internal Liquidity Adequacy Assessment Process*) reports and this document.

Executive bodies

Each entity's executive bodies are responsible for managing the risks associated with their activities. Thus, the Group 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. It also approves the limits put forward to it by the Group Risk Monitoring

[1] *Extract from the Risk and Internal Control Committee's Operating Charter*

Committee before presenting them to Crédit Mutuel Arkéa's Board of Directors for adoption. It is regularly informed of the group's risk situation by means of monthly management reports and a quarterly general review.

The effective managers of each group entity have the same role and the same prerogatives 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 the Group Executive Committee, the Risk Monitoring Committee and dedicated ad hoc committees (the ALM and Capital Management Committee and the IT Risk Governance Committee) are responsible for the overall monitoring of all risks associated with the group's activities, including all of the following:

- proposal of the risk appetite framework and associated operational limits;
- approval of the management policy for each Arkéa group risk;
- monitoring of the results of the implementation of these policies and, in particular, controlling compliance with the limits, as well as the impacts on earnings and the regulatory ratios both in actual and forecast situations;
- reviewing of any measure necessary or useful for 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" when the effective managers do not have direct responsibility for this role.

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 Arkéa group's Head of Risk Management.

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

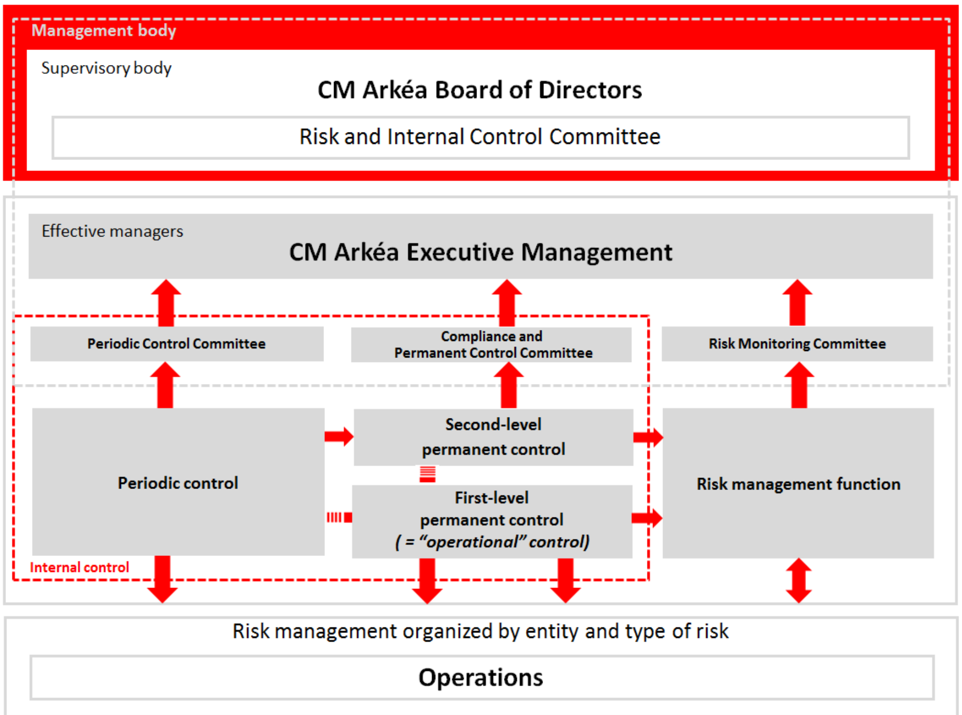
These risk management function heads are supported by a network of correspondents dedicated to monitoring each risk within each entity. For each type of risk identified within the group, an advisor for the entire group is appointed within the Arkéa group Risk Department. This advisor has as correspondents 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 Arkéa group has, on the one hand, a permanent control function within each entity which is coordinated by the Arkéa group's Compliance and Permanent Control department and, on the other hand, a single General Inspection and Periodic Control department which operates 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 Arkéa group's risk governance system benefits from a structure in which the risk management function, the periodic control and the permanent control effectively complement each other, as shown in the diagram below:



1.3. Risk appetite

The 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.

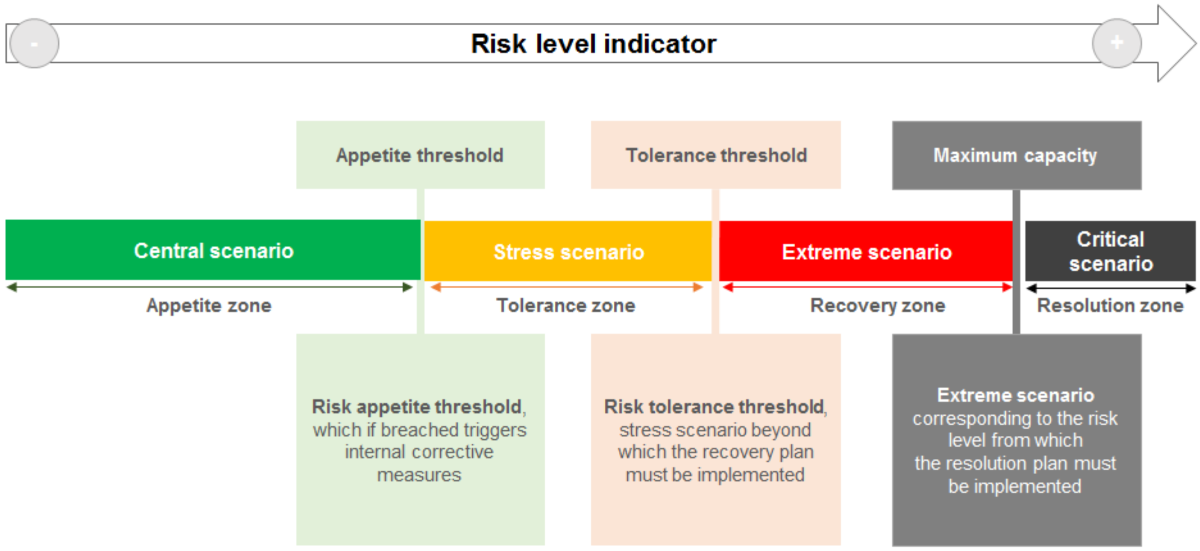
Priority is given to reasoned profitability and risk, which reinforces the capital of confidence necessary to sustain the commercial relationship with customers. It is a unique feature of the Arkéa group's cooperative and mutualist model, in which customer shareholders, who are joint owners, are also customers, and gives priority to the quality of a lasting relationship with their bank over the return offered by the share capital they hold. The criterion of return on share capital is part of an overall assessment over the medium or long term, without immediacy. The Arkéa 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 organisation 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 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, formalised in the form of scenarios:

- the **central scenario** corresponds to a normal risk situation;
- the **stress scenario** corresponds to a situation of exceptional deterioration of one or more risks;
- the **extreme scenario** corresponds to a risk situation requiring the implementation of the recovery plan;
- the **critical scenario** corresponds to a situation in which resolution must be implemented by the Single Resolution Board (hereafter 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 zones**:

- **three thresholds corresponding to three levels of risk valuation:**
  - the **risk appetite threshold**, a level compliant with the group's risk appetite framework, for the normal conduct of activity, and the maximum risk limit in a normal situation. This appetite threshold is supplemented by a warning threshold which if reached or breached triggers notification to Crédit Mutuel Arkéa's management body;
  - the **risk tolerance threshold,** above which the recovery plan declared to the SRB must be applied;
  - the **maximum absorbable risk capacity threshold,** above which the resolution plan is applied under the authority of the SRB;
- **four risk zones,** three of which are under the governance of Crédit Mutuel Arkéa:
  - the **risk appetite zone**, 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 zone**, 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 zone**, which is the area of application of the extreme measures included in the recovery plan, and for which the entry threshold or recovery threshold depends on the power of the recovery solutions, in order to avoid exceeding the maximum risk capacity and entering the resolution zone;
- the **resolution zone**, which is the area in which governance lies with the SRB 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 impaired conditions. This exercise aims to ensure a development trajectory with the greatest chances of success in achieving the target risk/return ratio.

The risk appetite framework is therefore one of the key components of the group's business management function. As such, 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 has resulted in the adoption of the annual and medium-term plan, thereby ensuring the consistency of the commercial, financial and risk policies. Prepared jointly by the Arkéa group's finance and risk departments, in collaboration with the management of the group's entities, it 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.

The stress tests are deployed at the national level. The Arkéa group applies some of them to its consolidated scope.

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).

In the context of both economic approaches 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 Arkéa group contributes to regulatory stress exercises coordinated by the supervisory authority and/or the European Banking Authority.

2. Scope of the regulatory framework

Pursuant to the provisions of EU Regulation No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (hereafter the “**CRR**”), the accounting and regulatory scopes consist of the same entities. Only the consolidation method changes.

The consolidation method differs notably 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 (LI3): Outline of the differences in the scopes of consolidation (entity by entity)

Name of entity	Method of accounting consolidation	Method of regulatory consolidation				Sector of activity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
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	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 SCD	Full consolidation	X	-	-	-	Banking / Services
Budget Insight	Full consolidation	X	-	-	-	Banking / Services
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 Banque)	Full consolidation	X	-	-	-	Banking / Specialised networks banking
CFCAL Banque	Full consolidation	X	-	-	-	Banking / Specialised networks banking
Crédit Mutuel Arkéa	Full consolidation	X	-	-	-	Banking / Mutual banking
FCT Collectivités	Full consolidation	-	-	X	-	Banking / Securitisation fund
Fédéral Equipements	Full consolidation	X	-	-	-	Banking / Services
Federal Finance	Full consolidation	X	-	-	-	Insurance and asset management / Private banking and asset management
Fédéral Finance Gestion	Full consolidation	X	-	-	-	Insurance and asset management / Asset management
Fédéral Service	Full consolidation	X	-	-	-	Banking / Services
Financo	Full consolidation	X	-	-	-	Banking / Specialised networks banking
Finansemble	Equity method	-	-	X	-	Insurance and asset management / Asset management
GICM	Full consolidation	X	-	-	-	Banking / Services
Izimmo	Full consolidation	X	-	-	-	Banking / Real estate
Izimmo Holding	Full consolidation	X	-	-	-	Banking / Holding
Keytrade Bank (branch of Arkéa Direct Bank)	Full consolidation	X	-	-	-	Banking / Financial and stock market
Keytrade Bank Luxembourg SA	Full consolidation	X	-	-	-	Banking / Financial and stock market
La Compagnie Française des Successions	Equity method	-	-	X	-	Insurance and asset management / Asset management
Leetchi SA	Full consolidation	X	-	-	-	Banking / Services
Linxo Group	Equity method	-	-	X	-	Banking / Services
Mangopay SA	Full consolidation	X	-	-	-	Banking / Services
Monext	Full consolidation	X	-	-	-	Banking / Services
New Port	Equity method	-	-	X	-	Banking / Holding
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
SMSPG	Full consolidation	X	-	-	-	Insurance and asset management / Holding
SMSPG 2	Full consolidation	X	-	-	-	Insurance and asset management / Holding
Strateo (branch of 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
Vivienne Investissement	Equity method	-	-	X	-	Insurance and asset management / Asset management
Yomoni	Equity method	-	-	X	-	Insurance and asset management / Asset management
Younited credit	Equity method	-	-	X	-	Banking / Services

Entities that are neither consolidated nor deducted are accounted for using the equity method and risk-weighted.

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

In € thousands	Carrying values as reported in published financial staments	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			subject to the credit risk framework	subject to the counterparty credit risk framework	subject to the securitization provisions	subject to the market risk framework	not subject to capital requirements or subject to deduction from capital
Assets							
Cash, due from central banks	10,083,885	10,083,885	10,083,885	-	-	-	-
Financial assets at fair value through profit or loss	1,480,688	1,483,869	928,433	568,290	-	-	- 12,854
Derivatives used for helding purposes	1,082,121	1,082,121	-	1,082,121	-	-	-
Financial assets at fair value through equity	9,654,975	9,654,975	9,654,975	-	-	-	-
Securities at amortized cost	635,489	635,489	635,489	-	-	-	-
Loans and receivables - credit institutions, at amortized cost	9,785,387	9,785,374	7,717,732	2,067,642	-	-	-
Loans and receivables - customers, at amortized cost	62,444,613	62,938,183	62,140,101	189,988	-	-	608,094
Remeasurement adjustment on interest-rate risk hedged portfolios	790,682	790,682	-	-	-	-	790,682
Placement of insurance activities	58,172,448	0	0	-	-	-	-
Current tax assets	240,252	232,212	232,212	-	-	-	-
Deferred tax assets	144,962	130,270	124,841	-	-	-	5,429
Accruals, prepayments and sundry assets	911,703	959,456	959,456	-	-	-	-
Non-current assets held for sale	5,336	5,336	5,336	-	-	-	-
Deferred profit-sharing	-	-	-	-	-	-	-
Investments in associates	197,630	2,366,729	2,360,669	-	-	-	6,060
Investment property	144,215	144,215	144,215	-	-	-	-
Property, plant and equipment	343,158	325,280	325,280	-	-	-	-
Intangible assets	457,604	451,820	-	-	-	-	451,820
Goodwill	566,776	566,776	-	-	-	-	566,776
Total Assets	**157,141,924**	**101,636,673**	**95,312,624**	**3,908,041**	**-**	**-**	**2,416,007**
Liabilities							
Due to central banks	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	1,173,150	1,176,331	-	-	-	565,005	611,326
Derivatives used for hedging purposes	1,043,663	1,043,663	-	1,043,663	-	-	-
Due to banks	7,767,767	7,783,727	-	4,847,015	-	-	2,936,712
Liabilities to customers	61,700,260	62,395,655	-	52,039	-	-	62,343,616
Debt securities	16,533,888	16,499,171	-	-	-	-	16,499,171
Remeasurement adjustment on interest-rate risk hedged portfolios	274,938	274,938	-	-	-	-	274,938
Current tax liabilities	110,949	98,750	-	-	-	-	98,750
Deferred tax liabilities	151,241	52,652	52,323	-	-	-	330
Accruals, deferred income and sundry liabilities	2,296,644	2,130,531	-	295,245	-	-	1,835,286
Liabilities associated with non-current assets held for sale	-	-	-	-	-	-	-
Technical provisions	48,563,719	-	-	-	-	-	-
Due to banks - FVO	-	-	-	-	-	-	-
Debt securities - FVO	-	-	-	-	-	-	-
Trading derivatives	114,401	-	-	-	-	-	-
Liabilities to credit institutions	1,047,554	-	-	-	-	-	-
Derivatives used for hedging purposes - Liability	-	-	-	-	-	-	-
Other liabilities	5,982,276	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Subordinated debt issued by insurance companies	452	-	-	-	-	-	-
Provisions	531,286	332,867	-	-	-	-	332,867
Subordinated debt	2,498,059	2,498,059	-	-	-	-	2,498,059
Total equity	7,351,679	7,350,329	-	-	-	-	7,350,329
Shareholders' equity, groupe share	7,348,433	7,348,433	-	-	-	-	7,348,433
Share capital and additional paid-in capital	2,353,416	2,353,416	-	-	-	-	2,353,416
Consolidated reserve	4,294,470	4,294,470	-	-	-	-	4,294,470
Gains and losses recognised directly in equity	189,810	189,810	-	-	-	-	189,810
Net income of the year	510,737	510,737	-	-	-	-	510,737
Non-controlling interests	3,246	1,896	-	-	-	-	1,896
Total Liabilities and shareholders' equity	**157,141,925**	**101,636,674**	**52,323**	**6,237,962**	**-**	**565,005**	**94,781,384**

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

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

In € thousands	Total	Items subject to:			
		credit risk framework	counterparty credit risk framework	securitisation provisions	market risk framework
Assets carrying value amount under the scope of regulatory consolidation (as per table LI1)	**99,220,665**	**95,312,624**	**3,908,041**	**-**	**-**
Liabilities carrying value amount under the scope of regulatory consolidation (as per table LI1)	**6,855,290**	**52,323**	**6,237,962**	**-**	**565,005**
Total net amount under the regulatory scope of consolidation	**92,365,376**	**95,260,302**	**- 2,329,921**	**-**	**- 565,005**
Off-balance sheet amounts	**28,334,263**	**28,334,263**		**-**	
Differences in valuation on off-balance sheet amounts	**- 21,335,518**	**- 21,335,518**		**-**	
Differences in valuation	557,668		557,668		
Differences due to different netting rules, other than those already recorded in row 2	5,300,273		4,731,604		568,669
Differences due to consideration of provisions	882,587	882,587		-	
Differences du to prudential filters	-	-			
Other	- 225,883	- 225,883		-	
Exposure amounts considered for regulatory purposes	**105,878,766**	**102,915,751**	**2,959,351**	**-**	**3,664**

3. Capital

3.1. Composition of the capital

Since January 1, 2014, regulatory capital has been determined in accordance with Part II of the CRR, supplemented by technical standards (delegated and EU implementing regulations of the European Commission).

Capital includes:

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

Tier 1 capital

Common Equity Tier 1 capital consists of equity instruments and associated share premiums, reserves (including those relating to accumulated other comprehensive income) and retained earnings. Total flexibility of the remuneration is required and the instruments must be perpetual.

Additional Tier 1 capital consists of perpetual debt instruments with no incentive or obligation to redeem (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 book capital, calculated on the prudential scope, after applying "prudential filters" and a certain number of regulatory adjustments (see table below providing a reconciliation of book capital and prudential capital).

Prudential filters

Prudential filters related to unrealised gains and losses on cash flow hedges and issuer spread, value adjustments due to prudent valuation requirements (AVA) and fair value gains or losses from own credit risk related to derivative liabilities (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 the interim net income, on the other, according to the capital categories in which they originate.

Other regulatory adjustments

The other adjustments to CET1 mainly involve:

- anticipation of dividend payments set in advance following a formal proposal or decision by the management body;
- the deduction of goodwill and other intangible assets net of deferred tax;
- negative differences between provisions and expected losses;
- 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.

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 4: Reconciliation of book capital/prudential capital

In € thousands	Accounting consolidation	Prudential consolidation	Difference
Shareholders' equity	**7,351,677**	**7,350,329**	
Shareholders' equity, group share - excl. OCI	**7,158,624**	**7,158,624**	
Subscribed capital and share premiums	2,353,416	2,353,416	-
Consolidated reserves - group	4,294,471	4,294,471	-
Consolidated net income - group	510,737	510,737	-
Shareholders' equity - non-controlling interests - excl. OCI	**3,244**	**1,896**	
Consolidated reserves - Non-controlling interests	3,152	1,829	**1,323**
Consolidated net income - Non-controlling interests	92	67	**25**
Unrealised gains or losses - group share	**189,809**	**189,809**	-
of which equity instruments	126,281	126,281	-
of which debt instruments	195,860	195,860	-
of which cash flow hedges	-2,002	-2,002	-
Unrealised gains or losses - non-controlling interests	**1**	**1**	-
Other balance sheet items			
Intangible assets (a)	457,604	451,820	5,784
Goodwill (including goodwill included in the value of investments in associates)	572,836	572,836	-
Deferred tax			
. Assets	144,962	130,270	14,692
of which deferred tax assets on tax loss carryforwards	*5,429*	*5,429*	-
. Liabilities	151,241	52,652	98,589
of which deferred tax liabilities on intangible assets (b)	*30,246*	*30,246*	-
Subordinated debt	2,498,511	2,498,059	452

	In € thousands	CET1	AT1	T2
	Equity	**6,164,355**	**34,267**	**1,852,246**
1	**Equity, group share**	**7,217,787**		
	Paid-in capital and share premiums*	2,248,737		
	Prior retained earnings	4,499,343		
	Profit or loss (group share)	510,737		
	(-) Non-qualifying share of interim or year-end profits	-41,029		
2	**Equity - Non-controlling interests**	**667**	**6**	**7**
	Qualifying non-controlling interests*	667	6	7
3	**Unrealised gains or losses - group share**	**-15,070**		-
	of which equity instruments*	97,223		-
	of which debt instruments *	21,317		
	of which cash flow hedge reserve	-2,002		
	Other balance sheet items included in the capital calculation	**-1,039,028**	**34,262**	**1,852,238**
4	(-) Gross amount of other intangible assets including deferred tax liabilities on intangible assets (a-b)	-397,985		
	(-) Goodwill on intangible assets	-575,435		
5	(-) Deferred tax assets depending on future earnings and not resulting from temporary differences net of the associated tax liabilities	-5,099		
6	Subordinated debt*		34,262	2,354,291
	Deductions and prudential filters *(details on next page)*	-60,509	-	-502,053

Asterisks (*) indicate the existence of transitional provisions

Differences versus the prudential balance sheet numbered above can be explained as follows:

1. The difference reflects the treatment required by the SGACPR's notice on gains and losses recorded by associates (see point 3)
2. Specific calculation is made for non-controlling interests under the CRR
3. The difference reflects the treatment required by the SGACPR's notice on gains and losses recorded by associates (see point 1)
4. The amount of intangible assets deducted from capital includes the associated deferred tax liabilities
5. Deferred tax assets and liabilities are subject to specific treatment under the European regulations
6. Subordinated debt included in capital differs from the accounting consolidation due to items considered non-qualifying by the CRR, and to the calculation of a regulatory reduction over the last 5 years for fixed-term debt.

In € thousands	CET1	AT1	T2
Details of deductions and prudential filters	**-60,509**	**-**	**-502,053**
(-) Securitisation positions that may be weighted at 1,250%	-		
(-) Instruments of relevant entities where the institution does not have a significant investment*	-	-	-
(-) Instruments of relevant entities where the institution has a significant investment*	-	-	-600,000
Excess deductions in relation to the equity level	-	-	-
Under the internal ratings-based approach, negative difference between provisions and expected losses	-		
Under the internal ratings-based approach, positive difference between provisions and expected losses			97,947
Credit risk adjustments (standardised approach)			-
Prudential filter: Cash flow hedge reserve	2,002		
Prudential filter: Value adjustments due to requirements for prudent valuation	-47,302		
Prudential filter: Fair value gains and losses arising from own credit risk related to derivative liabilities	-2,355		
Other	-12,854		

(1): CET1 => UCI

Table 5: Qualitative information on capital instruments

Main features of CET1 capital instruments

	A SHARES	NEW B SHARES	FORMER B SHARES and C 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)	CREDIT MUTUEL ARKEA (Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest)
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	**96950041VJ1QP0B69503**	**96950041VJ1QP0B69503**	**96950041VJ1QP0B69503**
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**	
Regulatory treatment			
Transitional CRR rules		Common Equity Tier 1 capital	
Post-transitional CRR rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Ineligible
Eligible at solo/(sub-)consolidated/ individual and (sub-)consolidated		Individual and (sub-) consolidated	
Instrument type (to be specified for 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)	Shares - list published by the EBA (Article 26, paragraph 3 of the CRR)
Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	**27,056 K€**	**2,172,997 K€**	**43,246 K€**
Nominal amount of instrument	**Crédit Mutuel de Bretagne: €1 Crédit Mutuel du Sud-Ouest: €1**	**1 €**	**1 €**
Issue price	**Crédit Mutuel de Bretagne: €1 Crédit Mutuel du Sud-Ouest: €1**	**1 €**	**1 €**
Redemption price	**Crédit Mutuel de Bretagne: €1 Crédit Mutuel du Sud-Ouest: €1**	**1 €**	**1 €**
Accounting classification		**Shareholders' equity**	
Original date of issuance		**Variable**	
Perpetual or dated		**Perpetual**	
Original maturity date		N/A	
Issuer call subject to prior supervisory approval		**No**	
Optional call date, contingent call dates and redemption amount		N/A	
Subsequent call dates, if applicable		N/A	
Coupons/dividends			
Fixed or floating dividend/coupon (or N/A)		**N/A**	
Coupon rate and any related index		**N/A**	
Existence of a dividend stopper		**No**	
Fully discretionary, partially discretionary or mandatory (in terms of timing)		Fully discretionary	
Fully discretionary, partially discretionary or mandatory (in terms of amount)		Fully discretionary	
Existence of step-up or other incentive to redeem		No	
Non-cumulative or cumulative		No	
Convertible or non-convertible		**Non-convertible**	
If convertible, conversion trigger(s)		N/A	
If convertible, fully or partially		N/A	
If convertible, conversion rate		N/A	
If convertible, mandatory or optional conversion		N/A	
If convertible, instrument type convertible into		N/A	
If convertible, specify issuer of instrument it converts into		N/A	
Write-down features		**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 (*Autorité de contrôle prudentiel et de résolution* - ACPR) 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	
If write-down, permanent or temporary		Permanent	
If temporary write-down, description of write-up mechanism		N/A	
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)		**Ranking lower than all other claims**	
Non-compliant transitioned features (yes/no)	**No**	**No**	**Yes**
If yes, specify non-compliant features	**N/A**	**N/A**	**With preference dividend**

Main features of AT1 capital instruments: N/A at December 31, 2019

Main features of T2 capital instruments

	Super Subordinated Notes	Subordinated term notes	Subordinated term notes	Subordinated term notes
Issuer	**CREDIT MUTUEL ARKEA**	**CREDIT MUTUEL ARKEA**	**CREDIT MUTUEL ARKEA**	**CREDIT MUTUEL ARKEA**
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	**FR0010096826**	**FR0013173028**	**FR0013236544**	**FR0013291556**
Governing law(s) of the instrument	**French law**	**French law**	**French law**	**French law**
Regulatory treatment				
Transitional CRR rules	AT1 capital for 30% T2 capital for 70%	Tier 2 capital	Tier 2 capital	Tier 2 capital
Post-transitional CRR rules	Ineligible	Tier 2 capital	Tier 2 capital	Tier 2 capital
Eligible at solo/(sub-)consolidated/ individual and (sub-)consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated
Instrument type (to be specified for each jurisdiction)	Bonds	EMTN Program	EMTN Program	EMTN Program
Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	**96,109 K€**	**498,768 K€**	**497,172 K€**	**497,083 K€**
Nominal amount of instrument	**1,000 €**	**100,000 €**	**100,000 €**	**100,000 €**
Issue price	**1,000 €**	**99,966 €**	**99,605 €**	**99,637 €**
Redemption price	**N/A**	**N/A**	**N/A**	**N/A**
Accounting classification	**Shareholders' equity**	**Shareholders' equity**	**Shareholders' equity**	**Shareholders' equity**
Original date of issuance	**07.05.2004**	**06.01.2016**	**02.09.2017**	**10.25.2017**
Perpetual or dated	**Perpetual**	**Dated**	**Dated**	**Dated**
Original maturity date	Undated perpetual bonds	06.01.2026	02.09.2029	10.25.2029
Issuer call subject to prior supervisory approval	**Yes**	**N/A**	**N/A**	**N/A**
Optional call date, contingent call dates and redemption amount	07.05.2014	N/A	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Fixed or floating dividend/coupon (or N/A)	**Fixed to floating**	**Fixed**	**Fixed**	**Fixed**
Coupon rate and any related index	**6% half yearly from 07.05.2004 to 07.05.2005, then variable half-year rate until the redemption date of the security: CMS 10**	**3.25% p.a.**	**3.50% p.a.**	**1.875% p.a.**
Existence of a dividend stopper	**No**	**N/A**	**N/A**	**N/A**
Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	N/A	N/A
Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	N/A	N/A
Existence of step-up or other incentive to redeem	N/A	N/A	N/A	N/A
Non-cumulative or cumulative	N/A	N/A	N/A	N/A
Convertible or non-convertible	**Non-convertible**	**Non-convertible**	**Non-convertible**	**Non-convertible**
If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
If convertible, fully or partially	N/A	N/A	N/A	N/A
If convertible, conversion rate	N/A	N/A	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
If convertible, instrument type convertible into	N/A	N/A	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down features	**No**	**No**	**No**	**No**
If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
If write-down, full or partial	N/A	N/A	N/A	N/A
If write-down, permanent or temporary	N/A	N/A	N/A	N/A
If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	**N/A**	**N/A**	**N/A**	**N/A**
Non-compliant transitioned features (yes/no)	**Yes**	**No**	**No**	**No**
If yes, specify non-compliant features	**No waiver of set-off clause Automatic advance repayment if gross up**	**N/A**	**N/A**	**N/A**

Main features of T2 capital instruments (contd)

	Subordinated term notes	Subordinated term notes	Subordinated term notes
Issuer	**CREDIT MUTUEL ARKEA**	**CREDIT MUTUEL ARKEA**	**CREDIT MUTUEL ARKEA**
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	**FR0013398369**	**FR0013407418**	**FR0013407087**
Governing law(s) of the instrument	**French law**	**French law**	**French law**
Regulatory treatment			
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/ individual and (sub-)consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated
Instrument type (to be specified for each jurisdiction)	EMTN Program	EMTN Program	EMTN Program
Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	**25,000 K€**	**744,900 K€**	**29,521 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	**Shareholders' equity**	**Shareholders' equity**	**Shareholders' equity**
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
Coupons/dividends			
Fixed or floating dividend/coupon (or N/A)	**Fixed**	**Fixed**	**Fixed**
Coupon rate and any related index	**3.81% p.a.**	**3.375% p.a.**	**3.40% half yearly until 03.14.2021, then 6-month Euribor +2.15% until maturity of the security**
Existence of a dividend stopper	**N/A**	**N/A**	**N/A**
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	N/A	N/A	N/A
Non-cumulative 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, 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 mechanism	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	**N/A**	**N/A**	**N/A**
Non-compliant transitioned features (yes/no)	**No**	**No**	**No**
If yes, specify non-compliant features	**N/A**	**N/A**	**N/A**

Table 6: Quantitative information on capital instruments

	12.31.2019	Amounts subject to pre-Regulation (EU) No. 575/2013 treatment or prescribed residual amount pursuant to Regulation (EU) No. 575/2013
COMMON EQUITY TIER 1 (CET1) CAPITAL: instruments and reserves		
Capital instruments and the related share premium accounts	2,205,491	
Of which: Shares	2,200,053	
Of which: Share premiums	5,438	
Retained earnings	4,499,343	
Accumulated other comprehensive income (and other reserves)	- 15,070	
Fund for general banking risks	-	
Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase-out from CET1	43,246	
Minority interests (amount allowed in consolidated CET1)	667	-
Independently reviewed interim profits net of any foreseeable charge or dividend	469,707	
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**7,203,383**	
COMMON EQUITY TIER 1 (CET1) CAPITAL: regulatory adjustments		
Additional value adjustments (negative amount)	- 47,302	
Intangible assets (net of related tax liabilities) (negative amount)	- 973,420	
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) are met) (negative amount)	- 5,099	-
Fair value reserves related to gains or losses on cash flow hedges	2,002	
Negative amounts resulting from the calculation of expected loss amounts	-	
Any increase in equity that result from securitised assets (negative amount)	-	
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	- 2,355	
Defined benefit pension fund assets (negative amount)	-	
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	- 12,854	-
Direct, indirect and synthetic holdings of the CET1 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 CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-
Exposure amount of the following items which qualify for a RW of 1,250%, 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 liabilities when the conditions set out in Article 38 (3) are met) (negative amount)	-	
Amount exceeding the 15% threshold (negative amount)	-	
of which: 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		
of which: deferred tax assets arising from temporary differences		
Losses for the current financial year (negative amount)	-	
Foreseeable tax charges relating to CET1 items (negative amount)		
Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	
Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	**- 1,039,028**	
Common Equity Tier 1 (CET1) capital	**6,164,355**	

	12.31.2019	Amounts subject to pre-Regulation (EU) No. 575/2013 treatment or prescribed residual amount pursuant to Regulation (EU) No. 575/2013
ADDITIONAL TIER 1 (AT1) CAPITAL: instruments		
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) and the related share premium accounts subject to phase-out from AT1	34,262	
Qualifying Tier 1 capital included in consolidated AT1 capital (including non-controlling interests not included in row 5) issued by subsidiaries and held by third parties	6	-
of which: instruments issued by subsidiaries subject to phase-out		
Additional Tier 1 (AT1) capital before regulatory adjustments	**34,267**	
ADDITIONAL TIER 1 (AT1) CAPITAL: regulatory adjustments		
Direct and indirect 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 the 10% threshold and net of eligible short positions) (negative amount)	-	-
Direct, indirect and synthetic holdings 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 capital of the institution (negative amount)	-	
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**-**	
Additional Tier 1 (AT1) capital	**34,267**	
Tier 1 capital (T1 = CET1 + AT1)	**6,198,622**	
TIER 2 (T2) CAPITAL: instruments and provisions		
Capital instruments and the related share premium accounts	2,354,291	
Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase-out from T2	-	
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in row 5) issued by subsidiaries and held by third parties	7	-
of which: instruments issued by subsidiaries subject to phase-out		
Credit risk adjustments	97,947	
Tier 2 (T2) capital before regulatory adjustments	**2,452,246**	
TIER 2 (T2) CAPITAL: regulatory adjustments		
Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-
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 and indirect 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 the 10% threshold and net of eligible short positions) (negative amount)	-	-
Direct 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	-
Total regulatory adjustments to Tier 2 (T2) capital	**- 600,000**	
Tier 2 (T2) capital	**1,852,246**	
Total capital (TC = T1 + T2)	**8,050,868**	
Total risk-weighted assets	**37,613,971**	

		12.31.2019
CAPITAL RATIOS AND BUFFERS		
Common Equity Tier 1 capital (as a percentage of total risk exposure amount)		**16.39%**
Tier 1 capital (as a percentage of total risk exposure amount)		**16.48%**
Total capital (as a percentage of total risk exposure amount)		**21.40%**
Institution-specific buffer requirement (CET1 requirement in accordance with Article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer expressed as a percentage of risk exposure amount)		**2.75%**
of which: capital conservation buffer requirement		***2.50%***
of which: countercyclical buffer requirement		***0.25%***
of which: systemic risk buffer requirement		***0.00%***
of which: global systemically important institution (G-SII) or other systemically important institutions (O-SII) buffer		**0.00%**
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		**9.14%**
AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK WEIGHTING)		
Direct and indirect holdings of the capital 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)		186,545
Direct and indirect holdings of the capital of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		240,578
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liabilities when the conditions in Article 38 (3) are met)		101,532
APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2		
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		73,971
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		92,757
Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach		97,947
CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (only applicable between January 1, 2014 and January 1, 2022)		
Current cap on CET1 instruments subject to phase-out arrangements		185,198
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		-
Current cap on AT1 instruments subject to phase-out arrangements		34,262
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	61,847
Current cap on T2 instruments subject to phase-out arrangements		-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		-

3.2. Capital requirements

The capital requirements shown below and in the following sections are the minimum requirements set out in Articles 92 and 438 of the CRR, corresponding to a level of 8% of risk-weighted assets.

Table 7 (OV1): Overview of risk-weighted assets

In € thousands	Risk-weighted assets (RWA) 12.31.2019	Risk-weighted assets (RWA) 12.31.2018	Minimum capital requirements 12.31.2019
Credit risk (excluding counterparty credit risk - CCR)	**33,884,852**	**28,525,450**	**2,710,788**
of which the standardised approach	6,349,833	5,891,738	507,987
of which the foundation IRB (FIRB) approach	571,664	442,893	45,733
of which the advanced IRB (AIRB) approach	15,734,964	13,656,580	1,258,797
of which equity IRB under the simple risk-weigthed approach or the IMA	11,228,391	8,534,238	898,271
Counterparty credit risk	**527,076**	**369,836**	**42,166**
of which mark to market	410,312	263,722	32,825
of which original exposure	-	-	-
of which standardised approach	-	-	-
of which internal model method (IMM)	-	-	-
of which risk exposure amount for contributions to the default fund of a CCP	-	-	-
of which CVA	116,764	106,114	9,341
Settlement risk	**219**	**713**	**18**
Securitisation exposures in the banking book	**-**	**-**	**-**
of which IRB approach	-	-	-
of which IRB supervisory formula approach (SFA)	-	-	-
of which internal assessment approach (IAA)	-	-	-
of which standardised approach	-	-	-
Market risk	**-**	**-**	**-**
of which standardised approach	-	-	-
of which IMA	-	-	-
Large exposures	**-**	**-**	**-**
Operational risk	**2,344,909**	**2,324,408**	**187,593**
of which basic indicator approach	354,580	377,910	28,366
of which standardised approach	87,796	86,272	7,024
of which advanced measurement approach	1,902,533	1,860,226	152,203
Amounts below the thresholds for deduction (subject to 250% risk weight)	**856,915**	**799,287**	**68,553**
Floor adjustment	**-**	**-**	**-**
Total	**37,613,971**	**32,019,694**	**3,009,118**

4. Prudential indicators

4.1. Solvency ratios

The Arkéa group's solvency ratios (after the integration of income net of estimated dividend pay-out) were as follows:

Table 8: Solvency ratios

In € thousands	12.31.2019	12.31.2018
COMMON EQUITY TIER 1 (CET1) CAPITAL	**6,164,355**	**5,593,693**
Capital	2,248,736	2,256,083
Retained earnings	4,954,646	4,398,769
Deductions form CET1 capital	-1,039,028	-1,061,159
ADDITIONAL TIER 1 (AT1) CAPITAL	**34,267**	**45,683**
TIER 2 (T2) CAPITAL	**1,852,246**	**687,776**
Subordinated loans	2,354,291	1,545,311
Other items and deductions from T2 capital	-502,046	-857,535
TOTAL CAPITAL FOR SOLVENCY RATIO CALCULATION	**8,050,868**	**6,327,151**
Risk-weighted assets for credit risk	35,152,079	29,588,459
Risk-weighted assets for settlement/delivery risk	219	713
Risk-weighted assets for market risk and CVA	116,764	106,114
Risk-weighted assets for operational risk	2,344,909	2,324,408
TOTAL RISK-WEIGHTED ASSETS	**37,613,971**	**32,019,694**
SOLVENCY RATIOS		
CET1 capital ratio	**16.39%**	**17.47%**
Tier 1 capital ratio	16.48%	17.61%
Total capital ratio	21.40%	19.76%

As is the case with other banks, since January 1, 2016 the Arkéa group has been required to comply progressively with additional capital requirements, as follows:

- a conservation buffer, which is mandatory for all establishments: 2.5% at December 31, 2019;
- a specific countercyclical capital buffer for each establishment (“capped” at 2.5% in 2019), which is not material for the Arkéa group this year. 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* - HCSF). In principle, this rate ranges from 0% to 2.5% (or higher in certain circumstances). In 2019, the HCSF set this rate at 0.25% for France. 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 capital 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 9: Amount of institution specific countercyclical capital buffer

Total risk exposure amount (in €k)	37,613,971
Institution specific countercyclical buffer rate (as a %)	0.252%
Institution specitic countercyclical buffer requirements	94,646

Table 10: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer, in € thousands

Countries for which a capital buffer in excess of 0% has been recognised by the French financial stability authority (*Haut Conseil de Stabilité Financière* - HCSF)	General credit exposures		Trading book exposures		Securitisation exposures		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value for IRB	Sum of long and short positions in the trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: general credit exposures	Of which: trading book exposures	Of which: securitisation exposures	Total		
UK	20,942	645,277					6,902			6,902	0.261%	1.00%
Norway	9,371	392,700					934			934	0.035%	2.50%
Sweden	1,125	383,336					2,714			2,714	0.103%	2.50%
Denmark	4,115	160,787					464			464	0.018%	1.00%
Ireland	0	13,430					1,396			1,396	0.053%	1.00%
France	8,644,619	60,552,891					2,591,089			2,591,089	97.946%	0.25%
Other countries	83,910	1,767,964					41,938			41,938	1.585%	0.00%
Total exposures and capital requirements	**8,764,081**	**63,916,387**					**2,645,437**			**2,645,437**		

4.2. Supplementary supervision of financial conglomerates

The 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* - SGACPR). 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 SGACPR has authorised the 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 Order of November 3, 2014, the 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, for calculating 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 management 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 intragroup 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 perform an annual check on the coverage of solvency requirements relating to the banking sector and the insurance sector by the conglomerate's consolidated book 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:

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

As of December 31, 2019, the Arkéa group had a coverage ratio of its conglomerate's capital requirements of 183%, after the integration of income 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 intragroup 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 11 (INS1): Non-deducted participations in insurance undertakings

In € thousands	Exposure	RWA
Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds	2,167,255	8,018,842

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 is one of the key solvency indicators and is therefore the focus of particular attention;
- an internal limit has been set which is also governed by tolerance and management 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 leverage ratio, as a proportion of Tier 1 capital, decreased slightly compared with 2018 (-0.4 points) and stood at 6.3% at the end of 2019.

In the numerator, Tier 1 capital increased by 10% (+€0.6 billion) to €6.2 billion. This increase was due mainly to the inclusion of the net income for the year (+€0.5 billion).

In the denominator, the amount of exposures increased by €13.8 billion (+16.4%) to €97.7 billion at December 31, 2019. This increase was mainly due to the increase in exposures on the balance sheet, particularly in the sovereign category (+€6.8 billion for Banque de France outstandings) and in the customer lending activity (+€3.9 billion for home loans and +€2.0 billion for investment loans).

Table 12 (LRSum): Summary of reconciliation of accounting assets and leverage ratio exposures

In € thousands		Exposures at 12.31.2019
Total assets as per published financial statements		**157,140,965**
Adjustments for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-	**55,505,252**
Adjustments for derivative financial instruments	-	**686,924**
Adjustments for securities financing transactions (SFTs)		**447,054**
Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)		**6,101,893**
(Adjustments for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)		-
(Adjustments for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	-	**6,580,322**
Other adjustments	-	**3,194,508**
Leverage ratio total exposure measure		**97,722,906**

Table 13 (LRCom): Leverage ratio common disclosure

In € thousands		Exposures at 12.31.2019
On balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)		95,241,984
(**Assets amounts deducted** in determining Tier 1 capital)		-
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)		**95,241,984**
Derivatives exposures		
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)		405,819
Add-on amounts for potential future exposures associated with all derivatives transactions (mark-to-market method)		557,668
(**Deductions of receivables assets** for cash variation margin provided in derivatives transactions)		-
Adjusted effective notional amount of written credit derivatives		-
(**Adjusted effective notional offsets and add-on deductions for written credit derivatives**)		-
Total derivatives exposures		**963,487**
SFT exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		1,995,864
Counterparty credit risk exposure for SFT assets		-
Total securities financing transaction exposures		**1,995,864**
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amounts		14,178,750
(**Adjustments** for conversion to credit equivalent amounts)	-	8,076,857
Other off-balance sheet exposures		**6,101,893**
Exempted exposures in accordance with Articles 429(7) and 429(14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
(**Intragroup exposures** (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))		-
(**Exposures exempted** in accordance with Article 429(14) of Regulation (EU) No 575/2013 (on and off balance sheet))	**-**	**6,580,322**
Capital and total exposure		
Tier 1 capital		**6,198,622**
Leverage ratio total exposure measure		**97,722,906**
Leverage ratio		
Leverage ratio		**6.3%**
Choice of transitional arrangements and amounts of derecognised fiduciary items		
Choice of transitional arrangements for the definition of the capital measurement		**YES**

Table 14 (LRSpl): Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

In € thousands	Exposures at 12.31.2019
Total balance sheet exposures*, of which:	**88,661,662**
Trading book exposures	-
Banking book exposures, of which:	**88,661,662**
Covered bonds	3,052,864
Exposures treated as sovereigns	15,944,443
Exposures to regional governments, multilateral development banks, international organisations and public-sector entities not treated as sovereigns	4,464,818
Institutions	2,941,484
Secured by mortgages of immovable properties	28,519,299
Retail exposures	15,115,999
Corporate	13,307,407
Exposures in default	620,365
Other exposures (eg equity, securitisations and other non-credit obligation assets)	4,694,982

** excluding derivatives, SFTs and exempted exposures*

5. Capital adequacy

Pillar 2 of the Basel Accords requires banks to carry out their own assessment of their 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 Arkéa group therefore has a system for measuring and monitoring its risks, including in particular the assessment of internal capital in accordance with the Internal Capital Adequacy Assessment Process (ICAAP). This approach results in the signing of an annual ICAAP statement by the Chairman and 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 at least 3 years:

- the identification of the significant risks incurred by the bank and the associated procedures, in direct collaboration with risk management and using an overall group risk mapping which is updated each year;
- the assessment of the capacity of these risks to be absorbed on an ongoing basis through Pillar 1 regulatory capital requirements;
- the calculation of the level of economic capital to be allocated, to cover risks fully, in both normal and stress scenarios.

The surplus of the economic capital requirement relative to the regulatory capital requirements 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 solvency appetite. 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 Arkéa group’s moderate risk profile and ample capital.

6. Credit risk

Credit risk is one of the Arkéa group's main risks. The credit risk management policy is presented in the "Risks" section of Crédit Mutuel Arkéa's 2019 Universal Registration Document.

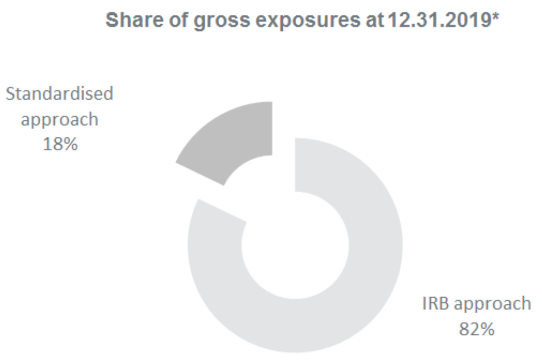
6.1. Exposures

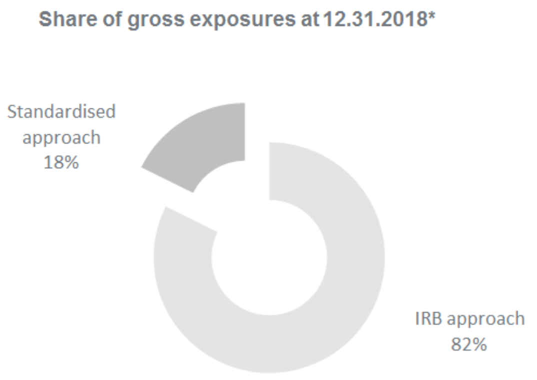
The Arkéa group uses its internal ratings system to calculate its regulatory capital requirements in respect of credit risk, following the authorisation issued by the regulatory authorities:

- using the advanced method, as from June 30, 2008, for the retail customer portfolio;
- using the foundation method, as from December 31, 2008, then the advanced method, as from December 31, 2012, for the bank portfolio;
- using the advanced method, as from December 31, 2012, for the corporate portfolio.

In 2018, in connection with the targeted review of internal models (TRIM) exercise, the European Central Bank confirmed the authorisation given to the group for the retail home loan portfolio.

The percentage of exposures authorised under the advanced method was more than 80% as of December 31, 2019. The foundation method was not used.





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

Table 15 (CRB-B): Total and average net amount of exposures

In € thousands	Net value of exposures at the end of the period	Average net exposures over the period	RWA 12.31.2019
Central governments or central banks	-	-	-
Institutions	5,619,663	6,106,199	544,213
Corporates	22,251,343	22,320,112	11,879,956
Of which: Specialised lending	312,549	296,427	210,954
Of which: SMEs	7,915,110	7,660,341	3,773,027
Retail	38,388,255	36,994,669	3,521,759
Secured by real estate property	23,190,885	22,227,914	1,871,570
SMEs	2,988,704	2,874,974	526,882
Non-SMEs	20,202,180	19,352,940	1,344,688
Qualifying revolving	272,791	270,404	18,446
Other - retail customers	14,924,579	14,496,351	1,631,743
SMEs	5,676,098	5,558,151	899,282
Non-SMEs	9,248,481	8,938,200	732,461
Equity	3,722,647	3,351,082	11,798,272
Securitisations and other assets	495,204	551,245	360,710
Total IRB approach	70,477,112	69,323,308	28,104,910
Central governments or central banks	13,768,384	10,090,341	242,067
Regional governments or local authorities	5,818,764	5,867,615	1,060,619
Public sector entities (public bodies excluding central governments)	8,428,045	8,328,197	11,968
Multilateral development banks	54,569	59,524	-
International organisations	252,537	258,370	-
Institutions	348,842	331,307	167,044
Corporates	323,344	321,838	232,450
Of which: SMEs	71,644	69,181	75,276
Retail	3,172,715	2,915,541	2,188,035
Of which: SMEs	339,644	278,030	192,708
Secured by mortgages on immovable property	4,516,948	4,075,928	1,759,699
Of which: SMEs	-	-	-
Exposures in default	241,101	228,574	251,512
Items associated with particularly high risk	-	-	-
Covered bonds	42,655	39,562	4,265
Claims on institutions and corporates with a short-term credit assessment	-	-	-
Collective investments undertakings	1,141,674	1,241,585	134,456
Equity exposures	15,327	13,129	35,127
Securitisations and other assets	581,358	598,578	581,358
Total standardised approach	38,706,263	34,370,090	6,668,601
Total	**109,183,375**	**103,693,398**	**34,773,511**

Exposures by geographical area

The Arkéa group operates mainly in France. The geographical breakdown of gross exposures reflects this, with 93.3% of its commitments to French counterparties.

Table 16 (CRB-C): Geographical breakdown of exposures

In € thousands	Net value (in € thousands)													
	Europe	France	Germany	Belgium	Spain	Luxembourg	Netherlands	UK	Other	**Rest of the World**	USA	Canada	Other	**Total**
Central governments or central banks	-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Institutions	**4,359,068**	1,890,988	60,932	8,524	25,467	10,167	435,659	754,288	1,173,042	**1,260,595**	7,150	846,964	406,481	**5,619,663**
Corporates	**22,219,445**	21,529,539	144,984	48,854	7,627	94,588	157,413	188,084	48,357	**31,897**	6,800	-	25,097	**22,251,343**
Retail	**38,388,163**	38,341,810	-	9	79	267	0	217	45,780	**92**	10	-	82	**38,388,255**
Equity	**3,710,410**	3,650,212	-	2,359	-	7,430	48,800	1,608	-	**12,237**	12,237	-	-	**3,722,647**
Securitisations and other assets	**495,204**	495,204	-	-	-	-	-	-	-	**-**	-	-	-	**495,204**
Total IRB approach	**69,172,290**	69,172,290	69,172,290	69,172,290	69,172,290	69,172,290	69,172,290	69,172,290	69,172,290	**69,172,290**	69,172,290	69,172,290	69,172,290	**69,172,290**
Central governments or central banks	**13,645,406**	11,515,072	163,915	52,681	475,754	-	69,894	-	1,368,089	**122,978**	113,947	9,031	-	**13,768,384**
Regional governments or local authorities	**5,818,764**	5,794,713	24,050	-	-	-	-	-	-	**-**	-	-	-	**5,818,764**
Public sector entities (public bodies excluding central governments)	**8,428,045**	8,278,479	17,797	-	-	-	131,770	-	-	**-**	-	-	-	**8,428,045**
Multilateral development banks	**49,123**	10,322	-	-	-	38,802	-	-	-	**5,446**	5,446	-	-	**54,569**
International organisations	**252,537**	-	-	-	-	252,537	-	-	-	**-**	-	-	-	**252,537**
Institutions	**323,103**	312,441	-	-	-	6,704	3,958	-	-	**25,739**	6,214	-	19,525	**348,842**
Corporates	**295,919**	246,536	21,580	1,830	-	6,000	14,952	3,895	1,125	**27,425**	13,976	-	13,449	**323,344**
Retail	**3,172,715**	3,172,715	-	-	-	-	-	-	-	**-**	-	-	-	**3,172,715**
Secured by mortgages on immovable property	**4,516,948**	4,516,948	-	-	-	-	-	-	-	**-**	-	-	-	**4,516,948**
Exposures in default	**241,101**	241,101	-	-	-	-	-	-	-	**-**	-	-	-	**241,101**
Item associated with particularly high risk	**-**	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Covered bonds	**32,086**	-	-	-	-	-	5,639	17,047	9,399	**10,569**	-	10,569	-	**42,655**
Claims on institutions and corporates with a short-term credit assessment	**-**	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Collective investments undertakings	**1,141,674**	1,141,674	-	-	-	-	-	-	-	**-**	-	-	-	**1,141,674**
Equity exposures	**15,327**	15,327	-	-	-	-	-	-	-	**-**	-	-	-	**15,327**
Securitisations and other assets	**581,358**	581,358	-	-	-	-	-	-	-	**-**	-	-	-	**581,358**
Total standardised approach	**38,514,105**	35,826,686	227,342	54,511	475,754	304,042	226,214	20,942	1,378,613	**192,158**	139,583	19,600	32,975	**38,706,263**
Total	**107,686,395**	**101,734,440**	**433,258**	**114,258**	**508,927**	**416,495**	**868,087**	**965,138**	**2,645,793**	**1,496,981**	**165,781**	**866,564**	**464,635**	**109,183,375**

Exposures by industry or counterparty type

The Arkéa group has historically demonstrated good sector diversity in its exposures. This high degree of variety enables the group to reduce the concentration risk which could exist if it had significant exposure to one particular sector

Table 17 (CRB-D): Concentration of exposures by industry or counterparty types

In € thousands	Public administrations	Banks and financial institutions	CM Group subsidiaries (non-banks)	Individuals	Sole proprietorships	Farmers	Associations	Agribusiness and beverages	Other financial activities	Construction and building materials	Industrial goods and services	Chemicals	Retail	Holding companies and conglomerates	Real estate development
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions		5,619,663		-	-	-	-	-	-	-	-	-	-	-	-
Corporates			305,717	-	88,552	825,563	271,794	1,461,666	2,067,462	2,088,376	1,032,105	408,592	2,318,311	1,444,911	2,291,900
Retail				31,936,908	2,280,753	2,031,494	153,122	75,096	265,886	280,030	150,014	3,023	388,437	138,910	-
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisations and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total IRB approach	-	5,619,663	305,717	31,936,908	2,369,306	2,857,057	424,916	1,536,763	2,333,348	2,368,406	1,182,119	411,614	2,706,748	1,583,821	2,291,900
Central governments or central banks	22,511,514			-	-	-	-	-	-	-	-	-	-	-	-
Institutions	5,818,770	391,497		-	-	-	-	-	-	-	-	-	-	-	-
Corporates			15,367	-	247	5,751	-	15,051	21,690	-203	8,813	32,441	33,858	17,420	531
Retail				7,898,616	4,164	879	67	224	345	2,184	619	-	2,459	484	-
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisations and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total standardised approach	28,330,284	391,497	15,367	7,898,616	4,412	6,631	67	15,276	22,034	1,982	9,431	32,441	36,317	17,904	531
Total	**28,330,284**	**6,011,160**	**321,084**	**39,835,524**	**2,373,717**	**2,863,687**	**424,983**	**1,552,038**	**2,355,383**	**2,370,387**	**1,191,551**	**444,056**	**2,743,065**	**1,601,725**	**2,292,431**

In € thousands	Other real estate (including leasing and real estate companies)	Automotive industry	Media	Oil and gas, commodities	Household products	Healthcare	Utilities	High technology	Telecommunications	Industrial transportation	Travel and leisure	Other	Equities	Other assets	**Total**
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**5,619,663**
Corporates	4,186,669	422,876	88,764	294,523	220,746	325,034	435,275	349,992	70,730	843,946	401,957	5,881	-	-	**22,251,343**
Retail	105,379	127,099	10,807	3,643	20,606	29,232	44,020	15,633	293	100,979	226,556	335	-	-	**38,388,255**
Equity	-	-	-	-	-	-	-	-	-	-	-	-	3,722,647	-	**3,722,647**
Securitisations and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	495,204	**495,204**
Total IRB approach	4,292,048	549,975	99,571	298,165	241,351	354,267	479,295	365,625	71,023	944,926	628,513	6,217	3,722,647	495,204	**70,477,112**
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**22,511,514**
Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**6,210,267**
Corporates	-100	83,633	107	47,669	56	1,031	3,039	24,936	2,799	14,894	137	-	-	-	**329,167**
Retail	276	3,505	273	-	23	197	-	209	-	1,850	497	86	-	-	**7,916,956**
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	1,157,001	-	**1,157,001**
Securitisations and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	581,358	**581,358**
Total standardised approach	176	87,138	380	47,669	78	1,227	3,039	25,145	2,799	16,744	634	86	1,157,001	581,358	**38,706,263**
Total	**4,292,224**	**637,113**	**99,951**	**345,834**	**241,430**	**355,494**	**482,334**	**390,770**	**73,822**	**961,670**	**629,147**	**6,303**	**4,879,648**	**1,076,563**	**109,183,375**

Maturity of exposures

Table 18 (CRB-E): Maturity of exposures

In € thousands	On demand	≤ 1 year	1 to 5 years	> 5 years	No stated maturity	Total
Central governments or central banks	-	-	-	-	-	-
Institutions	72,544	2,033,304	2,922,322	571,598	19,896	5,619,663
Corporates	1,450,691	1,391,173	4,299,372	7,576,012	7,534,096	22,251,343
Retail	618,086	502,770	4,724,002	29,041,268	3,502,128	38,388,255
Equity	-	-	-	-	3,722,647	3,722,647
Securitisations and other assets	-	-	-	-	495,204	495,204
Total IRB approach	2,141,321	3,927,247	11,945,696	37,188,878	15,273,970	70,477,112
Central governments or central banks	50	12,564,510	621,086	582,714	24	13,768,384
Regional governments or local authorities	81,408	214,141	249,904	4,148,188	1,125,122	5,818,764
Public sector entities (public bodies excluding central governments)	4,059	403,627	171,957	1,060,506	6,787,897	8,428,045
Multilateral development banks	-	15,299	12,874	26,396	-	54,569
International organisations	-	247,051	5,486	-	-	252,537
Institutions	-	8,140	27,102	-	313,600	348,842
Corporates	-	146,565	78,450	2,229	96,101	323,344
Retail	-	164,340	1,280,329	880,819	847,227	3,172,715
Secured by mortgages on immovable property	-	22,511	63,942	3,973,590	456,905	4,516,948
Exposures in default	-	30,681	39,695	151,366	19,360	241,101
Items associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	8,472	34,183	-	-	42,655
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investments undertakings	-	-	-	-	1,141,674	1,141,674
Equity exposures	-	-	-	-	15,327	15,327
Securitisations and other assets	-	-	-	-	581,358	581,358
Total standardised approach	85,517	13,825,335	2,585,008	10,825,808	11,384,595	38,706,263
Total	**2,226,838**	**17,752,582**	**14,530,704**	**48,014,686**	**26,658,565**	**109,183,375**

6.2. Credit quality of assets

A unified definition of default has been adopted for the Crédit Mutuel group. 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 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 Arkéa group, have applied the new definition of prudential default in accordance with the guidelines of the European Banking Authority (hereafter the “**EBA**”) and regulatory technical standards on the concepts of applicable materiality thresholds.

The main changes linked to the implementation of this new 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. 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 return to performing status for non-restructured assets.

Crédit Mutuel, including the Arkéa group, has chosen to use the new definition of default based on the two-step approach proposed by the European Banking Authority:

- Step 1 involves submitting a self-assessment and authorisation request to the supervisor. The rollout agreement was obtained by Crédit Mutuel in October 2019;
- Step 2 involves implementing the new definition of default in the systems, then recalibrating the models after a 12-month period of observation of new defaults.

Crédit Mutuel believes the new definition of default, as required by the EBA, represents objective evidence of impairment in the accounting sense. It 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 2019 universal registration document, in the section entitled "Accounting principles and valuation methods".

Impairment provisions for credit risk

The new 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 Order of November 3, 2014.

This new 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 recognised 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 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 models).

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 the IFRS 9 regulations:

- 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 analysed 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 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 honour 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, 2019, the breakdown of outstandings and provisions by bucket was as follows:

In € thousands	Balance sheet outstandings	Provisions
Bucket 1	78,858,587	137,809
Bucket 2	2,797,190	140,346
Bucket 3	1,468,121	835,161

In € thousands	Off-balance sheet outstandings	Provisions
Bucket 1	13,587,500	13,297
Bucket 2	389,428	3,927
Bucket 3	121,221	28,273

Restructured 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 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, 2019 according to their business sector or counterparty type, their Basel treatment method and their geographic area.

Table 19 (CR1-A): Credit quality of exposures by exposure class and instrument

In € thousands	Gross exposures: Performing exposures	Gross exposures: Non-performing exposures	Provisions	Net exposures
Central governments or central banks	-	-	-	-
Institutions	5,622,752	-	3,089	5,619,663
Corporates	22,177,401	506,493	432,551	22,251,343
Of which: Specialised lending	313,170	-	622	312,549
Of which: SMEs	7,877,449	232,493	194,832	7,915,110
Retail	38,204,674	662,150	478,570	38,388,255
Secured by real estate property	23,096,938	310,327	216,380	23,190,885
SMEs	8,556,157	404,595	295,950	8,664,802
Non-SMEs	20,152,842	165,706	116,368	20,202,180
Qualifying revolving	272,967	3,966	4,143	272,791
Other retail	14,834,769	347,857	258,047	14,924,579
SMEs	5,612,060	259,975	195,938	5,676,098
Non-SMEs	9,222,708	87,882	62,109	9,248,481
Equity	3,722,647	-	-	3,722,647
Securitisations and other assets	488,861	6,343	-	495,204
Total IRB approach	70,216,335	1,174,986	914,209	70,477,112
Central governments or central banks	13,770,513	-	2,129	13,768,384
Regional governments or local authorities	5,822,745	-	3,685	5,819,060
Public sector entities (public bodies excluding central governments)	8,432,370	-	4,621	8,427,749
Multilateral development banks	54,578	-	8	54,569
International organisations	252,568	-	31	252,537
Institutions	348,867	-	24	348,842
Corporates	329,262	-	5,917	323,344
Of which: SMEs	71,645	-	2	71,644
Retail	3,227,407	-	54,692	3,172,715
Of which: SMEs	339,677	-	33	339,644
Secured by mortgages on immovable property	4,516,948	-	-	4,516,948
Of which: SMEs	-	-	-	-
Exposures in default	-	418,187	177,086	241,101
Items associated with particularly high risk	-	-	-	-
Covered bonds	42,661	-	7	42,655
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-
Collective investments undertakings	1,141,674	-	-	1,141,674
Equity exposures	15,327	-	-	15,327
Securitisations and other assets	581,358	-	-	581,358
Total standardised approach	38,536,276	418,187	248,201	38,706,263
Total	**108,752,612**	**1,593,174**	**1,162,410**	**109,183,375**

Table 20 (CR1-B): Credit quality of exposures by industry or counterparty types

In € thousands	Gross exposures: Performing exposures	Gross exposures: Non-performing exposures	Provisions	Net exposures
Public administrations	28,332,773	7,990	10,480	28,330,284
Banks	6,014,280		3,120	6,011,160
CM Group subsidiaries (non-banks)	321,097		13	321,084
Individuals	40,575,352	767,145	477,696	40,864,801
Sole proprietorships	2,425,141	67,990	49,710	2,443,421
Farmers	2,858,796	149,250	120,549	2,887,497
Associations	417,635	742	1,898	416,479
Agribusiness and beverages	1,473,216	17,981	17,253	1,473,944
Other financial activities	2,250,958	81,839	79,854	2,252,943
Construction and building materials	2,245,208	69,938	36,247	2,278,899
Industrial goods and services	1,135,748	39,472	33,218	1,142,002
Chemicals	406,992	363	2,137	405,217
Retail	2,596,542	120,903	91,176	2,626,270
Holding companies and conglomerates	1,514,133	48,119	35,728	1,526,524
Real estate development	2,178,742	27,712	26,271	2,180,183
Other real estate (including leasing and real estate companies)	4,098,198	18,454	27,350	4,089,302
Automotive industry	573,182	10,894	10,812	573,263
Media	91,853	9,378	5,037	96,193
Oil and gas, commodities	301,962	47,516	42,883	306,594
Household products	230,986	7,386	6,896	231,475
Healthcare	342,286	1,967	3,935	340,317
Utilities	458,854	8,027	6,176	460,706
High technology	360,659	16,788	16,973	360,474
Telecommunications	68,839	28	154	68,713
Industrial transportation	915,052	25,160	24,283	915,930
Travel and leisure	601,939	47,851	32,326	617,464
Other	5,979	282	236	6,024
Equities	4,879,648	-	-	4,879,648
Other assets	1,076,563	-	-	1,076,563
Total	**108,752,612**	**1,593,174**	**1,162,410**	**109,183,375**

Table 21 (CR1-C): Credit quality of exposures by geography

In € thousands	Gross exposures: Performing exposures	Gross exposures: Non-performing exposures	Provisions	Net exposures
Europe	107,255,858	1,589,160	1,158,623	107,686,395
France	101,299,979	1,574,054	1,139,593	101,734,440
Germany	433,466	-	209	433,258
Belgium	114,377	67	186	114,258
Spain	509,186	-	186	509,000
Luxembourg	416,636	-	141	416,495
Netherlands	868,526	1,487	1,926	868,087
UK	965,665	102	628	965,138
Other	2,648,023	13,450	15,753	2,645,720
Rest of the world	1,496,753	4,014	3,787	1,496,981
USA	164,052	3,724	1,996	165,781
Canada	866,684	-	120	866,564
Other	466,017	290	1,671	464,635
Total	**108,752,612**	**1,593,174**	**1,162,410**	**109,183,375**

Table 22 (template 3): Credit quality of exposures by past due days

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	Past due > 180 days ≤ 1 year	Past due > 1 and ≤ 2 years	Past due > 2 and ≤ 5 years	Past due > 5 and ≤ 7 years	Past due > 7 years	Of which: defaulted
Loans and advances	71,969,993	71,770,706	199,287	1,462,062	347,276	166,412	145,040	169,626	246,409	149,656	237,643	1,462,062
Central banks	0	0	0	0	0	0	0	0	0	0	0	0
General governments	4,663,515	4,663,515	0	8,356	8,205	0	0	0	0	0	151	8,356
Credit institutions	9,388,813	9,385,808	3,005	0	0	0	0	0	0	0	0	0
Other financial corporations	3,217,974	3,217,641	333	118,002	28,382	4,338	3,428	56,991	6,067	8,793	10,003	118,002
Non-financial corporations	18,501,967	18,474,625	27,342	669,163	170,884	84,699	63,811	46,525	114,344	70,259	118,641	669,163
Of which: Small and medium-sized enterprises (SMEs)	8,377,921	8,351,011	26,910	508,018	145,456	26,048	34,405	36,876	90,689	67,879	106,665	508,018
Households	36,197,724	36,029,117	168,607	666,541	139,805	77,375	77,801	66,110	125,998	70,604	108,848	666,541
Debt securities	10,169,185	10,169,185	0	6,059	6,059	0	0	0	0	0	0	6,059
Central banks	252,598	252,598	0	0	0	0	0	0	0	0	0	0
General governments	3,426,075	3,426,075	0	0	0	0	0	0	0	0	0	0
Credit institutions	5,015,943	5,015,943	0	0	0	0	0	0	0	0	0	0
Other financial corporations	341,311	341,311	0	504	504	0	0	0	0	0	0	504
Non-financial corporations	1,133,258	1,133,258	0	5,555	5,555	0	0	0	0	0	0	5,555
Off-balance sheet exposures	28,230,266			121,221								121,221
Central banks	11,683,153			0								0
General governments	1,298,620			0								0
Credit institutions	2,420,329			0								0
Other financial corporations	1,992,795			5,619								5,619
Non-financial corporations	7,249,707			94,173								94,173
Households	3,585,662			21,429								21,429
Total	**110,369,444**	**81,939,891**	**199,287**	**1,589,342**	**353,335**	**166,412**	**145,040**	**169,626**	**246,409**	**149,656**	**237,643**	**1,589,342**

Table 23 (template 1): Credit quality of forbone exposures

In € thousands	Gross carrying amount / nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forbone	Non-performing forbone	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
Loans and advances	118,374	403,167	403,167	403,167	-582	-208,849	144,277	94,828
Central banks	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0
Non-financial corporations	73,431	222,159	222,159	222,159	-9	-140,146	32,036	20,423
Households	44,943	181,008	181,008	181,008	-573	-68,703	112,241	74,405
Debt securities	0	0	0	0	0	0	0	0
Loans commitments given	0	0	0	0	0	0	0	0
Total	**118,374**	**403,167**	**403,167**	**403,167**	**-582**	**-208,849**	**144,277**	**94,828**

Table 24 (template 4): Performing and non-performing exposures and related provisions

In € thousands	Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			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
		Of which bucket 1	Of which bucket 2		Of which bucket 1	Of which bucket 2		Of which bucket 1	Of which bucket 2		Of which bucket 2	Of which bucket 3			
Loans and advances	71,969,993	69,167,655	2,742,405	1,462,062		1,462,062	-270,529	-130,751	-139,778	-829,191		-829,191	0	32,792,478	325,102
Central banks	0	0	0	0		0	0	0	0	0		0	0	0	0
General governments	4,663,515	4,559,118	104,299	8,356		8,356	-6,785	-3,228	-3,557	-156		-156	0	4,000	0
Credit institutions	9,388,813	9,336,540	0	0		0	-2,188	-2,188	0	0		0	0	439,282	0
Other financial corporations	3,217,974	3,110,356	107,618	118,002		118,002	-18,146	-11,411	-6,735	-97,304		-97,304	0	878,299	5,444
Non-financial corporations	18,501,967	17,377,792	1,116,613	669,163		669,163	-133,379	-61,562	-71,817	-416,802		-416,802	0	6,547,479	103,745
Of which: Small and medium-sized enterprises (SMEs)	8,377,921	7,675,770	702,151	508,018		508,018	-74,213	-30,047	-44,166	-329,596		-329,596	0	3,621,000	89,412
Households	36,197,724	34,783,849	1,413,875	666,541		666,541	-110,031	-52,362	-57,669	-314,929		-314,929	0	24,923,418	215,913
Debt securities	10,169,185	9,733,355	54,764	6,059		6,059	-7,626	-7,058	-568	-5,970		-5,970	0	0	0
Central banks	252,598	252,598	0	0		0	-30	-30	0	0		0	0	0	0
General governments	3,426,075	3,426,075	0	0		0	-2,190	-2,190	0	0		0	0	0	0
Credit institutions	5,015,943	5,013,030	0	0		0	-1,748	-1,748	0	0		0	0	0	0
Other financial corporations	341,311	180,769	0	504		504	-1,721	-1,721	0	-504		-504	0	0	0
Non-financial corporations	1,133,258	860,883	54,764	5,555		5,555	-1,937	-1,369	-568	-5,466		-5,466	0	0	0
Off-balance sheet exposures	28,230,266	27,840,838	389,428	121,221		121,221	-17,224	-13,297	-3,927	-28,273		-28,273		0	0
Central banks	11,683,153	11,683,153	0	0		0	0	0	0	0		0		0	0
General governments	1,298,620	1,297,120	1,500	0		0	-432	-420	-12	0		0		0	0
Credit institutions	2,420,329	2,420,329	0	0		0	-57	-57	0	0		0		0	0
Other financial corporations	1,992,795	1,977,074	15,721	5,619		5,619	-1,553	-1,412	-141	-196		-196		0	0
Non-financial corporations	7,249,707	6,959,760	289,947	94,173		94,173	-12,336	-8,927	-3,409	-23,815		-23,815		0	0
Households	3,585,662	3,503,402	82,260	21,429		21,429	-2,846	-2,481	-365	-4,262		-4,262		0	0
Total	**110,369,444**	**106,741,848**	**3,186,597**	**1,589,342**		**1,589,342**	**-295,379**	**-151,106**	**-144,273**	**-863,434**		**-863,434**	**0**	**32,792,478**	**325,102**

Table 25 (template 9): Foreclosed assets

In € thousands	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	2,545	- 773
Other than PP&E	-	-
Residential immovable property	-	-
Commercial Immovable property	-	-
Movable property (auto, shipping, etc.)	-	-
Equity and debt instruments	-	-
Other	-	-
Total	**2,545**	**- 773**

6.3. Reconciliation of credit risk adjustments

Table 26 (CR2-A): Changes in the stock of general and specific credit risk adjustments

In € thousands		Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance 12.31.2018	**-**	**1,142,625**	**-**
Allocations during the period	-	717,898	
Reversals during the period		619,749	
Reversals due to write-offs		48,758	
Transfer between credit risk adjustments		-	
Exchange rate differences		-	-
Business combinations, including acquisitions/disposals of subsidiaries		33,203	
Other	-	3,932	-
Closing balance 12.31.2019	**-**	**1,162,745**	**-**
Recoveries on assets previously written off		3,834	-
Amounts written off	-	74,385	-

6.4. Standardised approach

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

The Arkéa group uses assessments by rating agencies to measure the risk on exposures relating to governments and central banks. The group also relies on ratings provided by Banque de France for corporate exposures.

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 27 (CR5): Breakdown of exposures under the standardised approach

In € thousands	Risk weights																
Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other	Deducted	Total	Of which unrated
Central governments or central banks	13,666,770	-	-	-	-	-	-	-	-	-	-	101,614	-	-	-	-	13,768,384	-
Regional governments or local authorities	-	-	-	-	5,818,764	-	-	-	-	-	-	-	-	-	-	-	5,818,764	-
Public sector entities (public bodies excluding central governments)	8,428,045	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,428,045	-
Multilateral development banks	54,569	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54,569	-
International organisations	252,537	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	252,537	-
Institutions	6,211	-	-	-	36,798	-	305,833	-	-	-	-	-	-	-	-	-	348,842	-
Corporates	-	-	-	-	29,208	-	79,196	-	-	199,381	15,559	-	-	-	-	-	323,344	-
Retail	-	-	-	-	-	-	-	-	3,172,715	-	-	-	-	-	-	-	3,172,715	-
Secured by mortgages on immovable property	-	-	-	-	-	3,823,164	-	-	693,783	-	-	-	-	-	-	-	4,516,948	-
Exposures in default	-	-	-	-	-	-	-	-	-	218,396	22,706						241,101	-
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	42,655	-	-	-	-	-	-	-	-	-	-	-	-	42,655	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collective investments undertakings	-	-	-	-	-	-	1,131,744	-	-	9,930	-	-	-	-	-	-	1,141,674	-
Equity	-	-	-	-	-	-	-	-	-	2,127	-	13,200	-	-	-	-	15,327	-
Other items	-	-	-	-	-	-	-	-	-	581,358	-	-	-	-	-	-	581,358	-
Total	**22,408,132**	**-**	**-**	**42,655**	**5,884,770**	**3,823,164**	**1,516,774**	**-**	**3,866,498**	**1,011,192**	**38,264**	**114,814**	**-**	**-**	**-**	**-**	**38,706,263**	**-**

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

6.5. 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 (hereafter "**CNCM**") is responsible for defining the rating methodologies for all portfolios. The Arkéa group provides 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.

Probability of default (hereafter "**PD**") is the likelihood that a counterparty will default within a one-year period. The 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 parameter PD (probability of default). 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.

Loss given default (hereafter "**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 ten years.

In the other scopes, for which too few defaults are available to ensure the relevance and reliability of statistical estimates, LGDs are estimated on the basis of quantitative information and expert-based modeling using benchmarks and external data as part of a conservative approach (the downturn effect is taken into account).

The **credit conversion factor** (hereafter "**CCF**") corresponds to the ratio of the portion currently undrawn 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 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, SF - projects: 4 models according to the sector, SF - real estate: 1 model	Expert-type models based on grids comprising qualitative and quantitative variables
		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 28 (CR6): Internal ratings-based approach – Credit risk exposures by exposure class and PD range

In € thousands	PD scale	Original on-balance sheet gross exposures	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Average LGD	Average maturity	Risk-weighted assets (RWA)	RWA density	Expected loss (EL)	Value adjustments and provisions
Credit institutions												
	0.00 to < 0.15	5,494,645	19,901	99.9%	5,509,306	0.04%	17.58%	2.5	488,802	9%	422	-
	0.15 to < 0.25	101,960	-	100.0%	101,960	0.23%	33.30%	2.5	52,612	52%	78	-
	0.25 to < 0.50	60	-	100.0%	60	0.44%	52.39%	2.5	66	111%	0	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	6,186	-	100.0%	6,186	1.02%	15.17%	2.5	2,734	44%	10	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-	-	-	-	-
	Subtotal	5,602,851	19,901	100%	5,617,513	0.05%	17.86%	2.5	544,213	10%	510	3,089
Corporates												
	0.00 to < 0.15	1,405,184	658,928	97.1%	1,821,491	0.10%	47.72%	2.5	615,471	34%	849	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	3,024,356	1,974,641	93.5%	3,959,839	0.34%	29.46%	2.5	1,633,352	41%	3,981	-
	0.50 to < 0.75	2,318,048	589,403	94.6%	2,658,465	0.54%	22.97%	2.5	1,038,357	39%	3,317	-
	0.75 to < 2.50	6,022,439	3,164,429	94.3%	7,616,290	1.36%	29.93%	2.5	5,379,901	71%	29,774	-
	2.50 to < 10.00	1,691,865	672,569	94.0%	2,091,084	4.36%	33.06%	2.5	2,335,984	112%	28,452	-
	10.00 to < 100.00	239,710	91,444	95.1%	292,936	20.14%	25.39%	2.5	411,306	140%	14,644	-
	100.00 (default)	402,663	115,045	96.8%	500,478	100.00%	57.32%	2.5	254,631	51%	297,451	-
	Subtotal	15,104,266	7,266,458	94%	18,940,583	4.14%	31.56%	2.5	11,669,002	62%	378,468	432,551
Of which: SMEs												
	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	1,096,950	311,512	94.4%	1,261,606	0.31%	22.61%	2.5	367,607	29%	894	-
	0.50 to < 0.75	1,376,046	300,347	94.5%	1,564,554	0.54%	22.66%	2.5	588,843	38%	1,918	-
	0.75 to < 2.50	2,697,676	935,070	95.0%	3,181,926	1.33%	23.86%	2.5	1,743,349	55%	10,085	-
	2.50 to < 10.00	782,443	220,927	94.6%	911,885	4.32%	24.23%	2.5	733,265	80%	9,521	-
	10.00 to < 100.00	122,114	24,551	95.1%	136,085	20.58%	22.62%	2.5	166,000	122%	6,322	-
	100.00 (default)	221,374	20,932	96.1%	229,983	100.00%	64.44%	2.5	173,962	76%	134,677	-
	Subtotal	6,296,603	1,813,339	95%	7,286,040	4.83%	24.69%	2.5	3,773,027	52%	163,417	194,832
Retail customers												
	0.00 to < 0.15	16,893,595	1,354,759	94.4%	17,630,128	0.07%	13.97%	-	457,031	3%	1,651	-
	0.15 to < 0.25	5,176,580	533,316	93.2%	5,461,530	0.20%	14.97%	-	323,814	6%	1,627	-
	0.25 to < 0.50	4,737,888	299,005	92.7%	4,872,523	0.37%	14.79%	-	428,316	9%	2,626	-
	0.50 to < 0.75	1,478,541	249,195	92.7%	1,612,086	0.59%	18.53%	-	212,356	13%	1,758	-
	0.75 to < 2.50	3,901,421	733,624	93.4%	4,258,547	1.44%	15.81%	-	836,086	20%	9,800	-
	2.50 to < 10.00	1,983,415	276,546	94.1%	2,114,427	4.93%	17.71%	-	696,119	33%	18,480	-
	10.00 to < 100.00	533,269	36,139	95.9%	550,533	20.46%	17.15%	-	305,421	55%	19,362	-
	100.00 (default)	665,646	13,884	98.5%	672,322	100.00%	48.26%	-	262,616	39%	304,078	-
	Subtotal	35,370,355	3,496,469	94%	37,172,096	2.69%	15.51%	-	3,521,759	9%	359,383	478,570
Of which: Exposures secured by a mortgage on immovable property												
	0.00 to < 0.15	12,790,082	381,661	95.3%	12,946,181	0.06%	13.41%	-	308,067	2%	1,118	-
	0.15 to < 0.25	3,233,471	72,762	95.0%	3,263,244	0.19%	13.52%	-	175,790	5%	851	-
	0.25 to < 0.50	2,979,669	55,234	95.1%	3,002,307	0.37%	14.06%	-	264,906	9%	1,573	-
	0.50 to < 0.75	449,033	3,992	96.1%	450,699	0.59%	16.26%	-	54,254	12%	431	-
	0.75 to < 2.50	1,914,083	138,108	92.8%	1,970,589	1.33%	13.96%	-	407,023	21%	3,683	-
	2.50 to < 10.00	799,122	13,403	95.4%	804,625	4.75%	14.25%	-	353,027	44%	5,454	-
	10.00 to < 100.00	252,522	3,060	96.3%	253,789	20.38%	14.75%	-	193,190	76%	7,644	-
	100.00 (default)	319,654	1,408	98.5%	320,231	100.00%	41.76%	-	115,313	36%	124,746	-
	Subtotal	22,737,637	669,628	95%	23,011,666	2.02%	14.05%	-	1,871,570	8%	145,500	216,380
Of which: SMEs												
	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	715,762	9,938	96.4%	719,841	0.16%	13.92%	-	29,377	4%	167	-
	0.25 to < 0.50	878,149	7,509	96.3%	881,267	0.38%	15.64%	-	73,849	8%	521	-
	0.50 to < 0.75	430,609	3,624	96.2%	432,125	0.59%	16.39%	-	52,135	12%	418	-
	0.75 to < 2.50	476,726	3,781	96.0%	478,292	1.44%	15.65%	-	99,217	21%	1,085	-
	2.50 to < 10.00	279,680	2,942	95.7%	280,905	4.64%	15.83%	-	116,043	41%	2,081	-
	10.00 to < 100.00	132,415	1,273	96.3%	132,952	19.77%	15.98%	-	95,451	72%	4,233	-
	100.00 (default)	145,999	309	98.1%	146,126	100.00%	49.33%	-	60,810	42%	67,409	-
	Subtotal	3,059,340	29,377	96%	3,071,507	6.49%	16.98%	-	526,882	17%	75,914	100,012
Of which: Non-SMEs												
	0.00 to < 0.15	12,790,082	381,661	95.3%	12,946,181	0.06%	13.41%	-	308,067	2%	1,118	-
	0.15 to < 0.25	2,517,708	62,825	94.8%	2,543,403	0.20%	13.41%	-	146,413	6%	684	-
	0.25 to < 0.50	2,101,521	47,725	94.9%	2,121,040	0.37%	13.41%	-	191,057	9%	1,052	-
	0.50 to < 0.75	18,424	368	95.2%	18,574	0.52%	13.33%	-	2,120	11%	13	-
	0.75 to < 2.50	1,437,358	134,327	92.7%	1,492,297	1.30%	13.41%	-	307,806	21%	2,598	-
	2.50 to < 10.00	519,442	10,461	95.3%	523,720	4.80%	13.41%	-	236,984	45%	3,373	-
	10.00 to < 100.00	120,107	1,786	96.4%	120,838	21.04%	13.41%	-	97,739	81%	3,412	-
	100.00 (default)	173,656	1,099	98.6%	174,105	100.00%	35.42%	-	54,503	31%	57,336	-
	Subtotal	19,678,297	640,252	95%	19,940,159	1.33%	13.60%	-	1,344,688	7%	69,586	116,368
Of which: Revolving												
	0.00 to < 0.15	18,770	85,424	60.6%	35,941	0.08%	30.30%	-	567	2%	9	-
	0.15 to < 0.25	10,376	28,744	60.9%	16,154	0.22%	30.30%	-	594	4%	11	-
	0.25 to < 0.50	5,744	8,681	61.5%	7,489	0.37%	30.30%	-	425	6%	8	-
	0.50 to < 0.75	13,380	22,675	61.6%	17,938	0.51%	30.30%	-	1,315	7%	28	-
	0.75 to < 2.50	27,715	26,338	63.3%	33,009	1.56%	30.30%	-	5,636	17%	156	-
	2.50 to < 10.00	14,616	6,436	69.7%	15,909	5.39%	30.30%	-	6,435	40%	260	-
	10.00 to < 100.00	3,185	713	79.1%	3,328	20.19%	30.30%	-	2,823	85%	204	-
	100.00 (default)	4,070	68	97.2%	4,083	100.00%	66.50%	-	650	16%	2,664	-
	Subtotal	97,856	179,078	63%	133,850	4.72%	31.40%	-	18,446	14%	3,339	4,143

Of which: Other - retail customers												
	0.00 to < 0.15	4,084,742	887,674	96.1%	4,648,006	0.07%	15.41%	-	567	0%	9	-
	0.15 to < 0.25	1,932,733	431,810	93.5%	2,182,132	0.20%	17.03%	-	59,544	3%	361	-
	0.25 to < 0.50	1,752,475	235,090	92.5%	1,862,727	0.36%	15.90%	-	78,667	4%	565	-
	0.50 to < 0.75	1,016,127	222,528	93.9%	1,143,449	0.59%	19.25%	-	105,210	9%	979	-
	0.75 to < 2.50	1,959,623	569,178	94.7%	2,254,949	1.54%	17.21%	-	219,771	10%	3,517	-
	2.50 to < 10.00	1,169,678	256,707	93.2%	1,293,893	5.03%	19.70%	-	246,971	19%	9,808	-
	10.00 to < 100.00	277,562	32,367	94.1%	293,415	20.54%	19.07%	-	84,062	29%	9,315	-
	100.00 (default)	341,922	12,409	97.3%	348,008	100.00%	54.02%	-	122,936	35%	139,591	-
	Subtotal	12,534,862	2,647,764	95%	14,026,579	3.77%	17.76%	-	917,728	7%	164,144	258,047
Of which: SMEs												
	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	887,887	161,619	89.2%	967,523	0.20%	17.87%	-	58,950	6%	350	-
	0.25 to < 0.50	876,221	141,943	90.2%	936,452	0.34%	17.56%	-	78,242	8%	557	-
	0.50 to < 0.75	769,527	130,479	91.9%	829,583	0.62%	18.32%	-	103,895	13%	951	-
	0.75 to < 2.50	1,121,469	186,321	91.0%	1,207,311	1.55%	18.00%	-	214,135	18%	3,361	-
	2.50 to < 10.00	900,998	180,226	91.4%	984,688	4.99%	19.74%	-	240,536	24%	9,548	-
	10.00 to < 100.00	224,851	27,411	93.3%	237,804	20.55%	18.57%	-	81,239	34%	9,111	-
	100.00 (default)	252,118	10,966	97.0%	257,311	100.00%	56.86%	-	122,286	48%	136,928	-
	Subtotal	5,033,071	838,965	91%	5,420,671	7.09%	20.14%	-	899,282	17%	160,806	195,938
Of which: Non-SMEs												
	0.00 to < 0.15	4,084,742	887,674	96.1%	4,648,006	0.07%	15.41%	-	148,397	3%	525	-
	0.15 to < 0.25	1,044,846	270,191	96.1%	1,214,610	0.21%	16.35%	-	88,480	7%	416	-
	0.25 to < 0.50	876,255	93,147	96.1%	926,275	0.37%	14.22%	-	84,743	9%	487	-
	0.50 to < 0.75	246,600	92,050	96.7%	313,866	0.51%	21.69%	-	52,892	17%	348	-
	0.75 to < 2.50	838,153	382,857	96.4%	1,047,638	1.52%	16.29%	-	209,292	20%	2,600	-
	2.50 to < 10.00	268,680	76,481	97.4%	309,204	5.16%	19.60%	-	96,121	31%	3,218	-
	10.00 to < 100.00	52,711	4,955	98.7%	55,612	20.51%	21.20%	-	28,169	51%	2,403	-
	100.00 (default)	89,804	1,443	99.4%	90,697	100.00%	45.95%	-	24,367	27%	39,741	-
	Subtotal	7,501,792	1,808,799	96%	8,605,909	1.7%	16.26%	-	732,461	9%	49,738	62,109
Total		**56,077,472**	**10,782,828**	**94%**	**61,730,192**	**2.9%**	**20.7%**	**2.50**	**15,734,975**	**25%**	**738,361**	**914,209**

For the long term, governments and central banks will be assessed based on the standardised approach, specialised lending based on the slotting criteria method and equities based on the simple weighting method.

Backtesting

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 analysed).

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 backtesting of parameters and to changes in risk-weighted assets (RWA) in the context of the internal ratings-based approach are presented in the Crédit Mutuel's Pillar 3 report.

Table 29 (CR9): Internal ratings-based approach - Backtesting of probability of default by exposure class

The figures observed for Crédit Mutuel as a whole and applied by the Arkéa group are as follows:

	Weighted average PD	Arithmetic average PD
Total loans	0.11%	0.00%
Total debt securities	1.52%	1.24%
Of which: defaulted	1.30%	1.04%

Permanent and periodic control

The Arkéa group's permanent control plan for Basel III credit risk comprises two levels:

- at CNCM level, permanent control is involved in validating new models and significant adjustments made to existing models on the one hand, and the permanent monitoring of the internal rating system (particularly the parameters used to calculate regulatory capital requirements), on the other;
- at the 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 Arkéa group’s General Inspection 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 30 (CR8): Risk-weighted asset (RWA) flow statement of credit risk exposures under the internal ratings-based approach

In € thousands	RWA amounts	Capital requirements
RWA December 2018	**13,656,591**	**1,092,527**
Assets size	943,175	75,454
Asset quality	656,547	52,524
Model updates	0	0
Methodology and policy	0	0
Acquisitions and disposals	0	0
Foreign exchange movements	0	0
Other	478,661	38,293
RWA December 2019	**15,734,975**	**1,258,798**

The risk-weighted assets (RWAs) of specialised lending 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.

Table 31 (CR10): Internal ratings-based approach - Specialised lending and equities

Specialised lending

In € thousands

Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWAs	Expected losses
Category 1	Less than 2.5 years	47	948	50%	758	395	0
	Equal or more than 2.5 years	218,169	94,006	70%	288,674	210,559	1,155
Category 2	Less than 2.5 years	0	0	70%	0	0	0
	Equal or more than 2.5 years	0	0	90%	0	0	0
Category 3	Less than 2.5 years	0	0	115%	0	0	0
	Equal or more than 2.5 years	0	0	115%	0	0	0
Category 4	Less than 2.5 years	0	0	250%	0	0	0
	Equal or more than 2.5 years	0	0	250%	0	0	0
Category 5	Less than 2.5 years	0	0	-	0	0	0
	Equal or more than 2.5 years	0	0	-	0	0	0
Total	**Less than 2.5 years**	**47**	**948**		**758**	**395**	**0**
	Equal or more than 2.5 years	**218,169**	**94,006**		**288,674**	**210,559**	**1,155**

In € thousands

Equity category

Categories	Exposure amount	Risk Weight	RWAs	Capital requirements
Internal ratings-based approach	**3,721,001**		**11,798,271**	**943,862**
Private equity exposures	853,795	190%	1,622,210	129,777
Significant financial sector holdings exposures	227,952	250%	569,880	45,590
Exchange-traded equity exposures	198,824	290%	576,590	46,127
Other equity exposures	2,440,430	370%	9,029,592	722,367
Standardised approach	**251,605**		**169,583**	**13,567**
Of which private equity exposures	0	150%	0	0
Total	**3,972,606**		**11,967,854**	**957,428**

Equity investments deducted from capital	0

Total unrealised gains and losses included in capital	126,281
of which unrealised gains included in Tier 2 capital	0

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;
- 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 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 market price 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”.

Quantitative information

Table 32 (CCR1): Analysis of counterparty credit risk (CCR) exposure by approach

In € thousands	Notional	Replacement cost/current market value	Potential future credit exposure	Effective expected positive exposure	Multiplier	EAD post-CRM	RWAs
Mark to market		230,238	405,000			635,238	324,377
Original exposure	-					-	-
Standardised approach		-			-	-	-
Internal model method (IMM) (for derivatives and SFTs)				-	-	-	-
Of which securities financing transactions				-	-	-	-
Of which derivatives and long settlement transactions				-	-	-	-
Of which from contractual cross-product netting				-	-	-	-
Financial collateral simple method (for SFTs)						-	-
Financial collateral comprehensive method (for SFTs)						608,888	79,370
VaR for SFTs						-	-
Total						**1,244,125**	**403,747**

Table 33 (CCR2): CVA capital charge

In € thousands	Exposure value	RWAs
Total portfolios subject to the advanced method	**0**	**0**
i) VaR component (including the 3x multiplier)		0
ii) Stressed VaR component (including the 3x multiplier)		0
All portfolios subject to the standardised method	**175,097**	**116,764**
Based on the original exposure method	0	0
Total subject to the CVA capital charge	**175,097**	**116,764**

Table 34 (CCR3): Standardised approach – Counterparty credit risk exposures by regulatory portfolio and risk

	Weighting												
Exposure classes in € thousands	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total	Of which: unrated
Central governments or central banks	61,397	0	0	0	0	0	0	0	0	0	0	61,397	
Regional governments or local authorities	0	0	0	0	123,486	0	0	0	0	0	0	123,486	
Public sector entities (public bodies excluding central governments)	0	0	0	0	1,326	0	0	0	0	0	0	1,326	
Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0	
International organisations	0	0	0	0	0	0	0	0	0	0	0	0	
Institutions	0	328,249	0	0	0	406	0	0	0	0	0	328,655	
Corporates	0	0	0	0	0	0	0	0	0	0	0	0	
Retail	0	0	0	0	0	0	0	0	0	0	0	0	
Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	
Other items	0	0	0	0	0	0	0	0	0	0	0	0	
Total	**61,397**	**328,249**	**0**	**0**	**124,813**	**406**	**0**	**0**	**0**	**0**	**0**	**514,865**	**0**

Table 35 (CCR4): Internal ratings-based approach - Counterparty credit risk exposures by portfolio and PD scale

In € thousands		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWAs	RWA density
Credit institutions								
	0.00 to < 0.15	745,413	0.06%		44.26%	2.5	114,046	15.3%
	0.15 to < 0.25	25,854	0.23%		29.46%	2.5	11,802	45.6%
	0.25 to < 0.50	22	0.44%		27.50%	2.5	13	58.2%
	0.50 to < 0.75	-	-		-	-	-	-
	0.75 to < 2.50	-	-		-	-	-	-
	2.50 to < 10.00	-	-		-	-	-	-
	10.00 to < 100.00	-	-		-	-	-	-
	100.00 (default)	-	-		-	-	-	-
	Subtotal	**771,288**	**0.07%**		**44.08%**	**2.5**	**125,861**	**16.3%**
Corporates								
	0.00 to < 0.15	40,599	0.13%		88.07%	2.5	29,729	73.2%
	0.15 to < 0.25	-	-		-	-	-	-
	0.25 to < 0.50	28,989	0.35%		40.39%	2.5	16,470	56.8%
	0.50 to < 0.75	100,505	0.54%		45.00%	2.5	77,948	77.6%
	0.75 to < 2.50	96,915	1.55%		44.07%	2.5	104,334	107.7%
	2.50 to < 10.00	15,043	4.00%		40.21%	2.5	20,377	135.5%
	10.00 to < 100.00	1,198	19.09%		45.00%	2.5	2,824	235.6%
	100.00 (default)	855	100.00%		45.00%	2.5	0	0.0%
	Subtotal	**284,105**	**1.37%**		**50.11%**	**2.5**	**251,681**	**88.6%**
Of which: SMEs								
	0.00 to < 0.15	-	-		-	-	-	-
	0.15 to < 0.25	-	-		-	-	-	-
	0.25 to < 0.50	5,315	0.30%		45.00%	2.5	3,013	56.7%
	0.50 to < 0.75	58,740	0.55%		45.00%	2.5	45,149	76.9%
	0.75 to < 2.50	35,904	1.73%		45.00%	2.5	38,654	107.7%
	2.50 to < 10.00	1,995	3.81%		45.00%	2.5	2,743	137.5%
	10.00 to < 100.00	501	21.39%		45.00%	2.5	1,117	223.1%
	100.00 (default)	658	100.00%		45.00%	2.5	0	0.0%
	Subtotal	**103,112**	**1.75%**		**45.00%**	**2.5**	**90,676**	**87.9%**
Retail customers								
	0.00 to < 0.15	108	0.09%		45.00%	-	12	11.0%
	0.15 to < 0.25	-	-		-	-	-	-
	0.25 to < 0.50	66	0.31%		45.00%	-	15	22.3%
	0.50 to < 0.75	159	0.55%		45.00%	-	49	30.9%
	0.75 to < 2.50	1,391	1.18%		45.00%	-	711	51.1%
	2.50 to < 10.00	387	6.07%		45.00%	-	248	64.0%
	10.00 to < 100.00	5	30.82%		45.00%	-	4	97.4%
	100.00 (default)	-	-		-	-	-	-
	Subtotal	**2,116**	**2.01%**		**45.00%**	**-**	**1,039**	**49.1%**
Of which: Other - retail customers								
	0.00 to < 0.15	108	0.09%		45.00%	-	12	11.0%
	0.15 to < 0.25	-	-		-	-	-	-
	0.25 to < 0.50	66	0.31%		45.00%	-	15	22.3%
	0.50 to < 0.75	159	0.55%		45.00%	-	49	30.9%
	0.75 to < 2.50	1,391	1.18%		45.00%	-	711	51.1%
	2.50 to < 10.00	387	6.07%		45.00%	-	248	64.0%
	10.00 to < 100.00	5	30.82%		45.00%	-	4	97.4%
	100.00 (default)	-	-		-	-	-	-
	Subtotal	**2,116**	**2.01%**		**45.00%**	**-**	**1,039**	**49.1%**
Of which: SMEs								
	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-		-	-	-	-
	0.25 to < 0.50	45	0.28%		45.00%	-	9	19.2%
	0.50 to < 0.75	114	0.57%		45.00%	-	33	29.3%
	0.75 to < 2.50	123	1.43%		45.00%	-	53	42.9%
	2.50 to < 10.00	213	6.06%		45.00%	-	122	57.1%
	10.00 to < 100.00	5	30.82%		45.00%	-	4	97.4%
	100.00 (default)	-	-		-	-	-	-
	Subtotal	**499**	**3.38%**		**45.00%**	**-**	**221**	**44.2%**
Of which: Non-SMEs								
	0.00 to < 0.15	108.2	0.0		45.00%	-	12	11.0%
	0.15 to < 0.25	-	-		-	-	-	-
	0.25 to < 0.50	21	0.37%		45.00%	-	6	28.9%
	0.50 to < 0.75	45	0.51%		45.00%	-	16	34.9%
	0.75 to < 2.50	1,268	1.16%		45.00%	-	659	51.9%
	2.50 to < 10.00	174	6.08%		45.00%	-	126	72.5%
	10.00 to < 100.00	-	-		-	-	-	-
	100.00 (default)	-	-		-	-	-	-
	Subtotal	**1,617**	**1.59%**		**45.00%**	**-**	**819**	**50.6%**
Total		**1,057,509**	**0.22%**		**44.78%**	**2.5**	**378,581**	**35.8%**

Table 36 (CCR6): Credit derivative exposures

Not applicable to the Arkéa group due to the absence of credit derivatives.

In € thousands	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notional			
Single-name credit default swaps	-	-	-
Index credit default swaps	-	-	-
Total return swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
Total notional	**-**	**-**	**-**
Fair values			
Positive fair value (asset)	-	-	-
Negative fair value (liability)	-	-	-

Table 37 (CCR7): Risk-weighted asset flow statements of counterparty credit risk exposures under the internal model method

Not applicable to the Arkéa group as the internal model method is not used to calculate the exposure value.

In € thousands	RWA amounts	Capital requirements
RWA December 2018	**0**	**0**
Asset size	0	0
Credit quality of counterparties	0	0
Model updates (IMM only)	0	0
Methodology and policy (IMM only)	0	0
Acquisitions and disposals	0	0
Foreign exchange movements	0	0
Other	0	0
RWA December 2019	**0**	**0**

Table 38 (CCR8): Exposures to central counterparties (CCPs)

In € thousands	EAD post-CRM	RWAs
Exposures to QCCPs (total)	**328,249**	**6,565**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	231,977	4,640
(i) OTC derivatives	231,977	4,640
(ii) Exchange-traded derivatives		
(iii) SFTs		
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin	96,272	1,925
Non-segregated initial margin		
Prefunded default fund contributions		
Alternative calculation of own fund requirements for exposures		
Exposures to non-QCCPs (total)		
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 collateralisation 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 Arkéa group supplements these agreements with collateralisation 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 physical 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 valuation 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 intragroup collateral, the main categories of protection providers taken into account are home loan collateral companies.

Table 39 (CR3): Credit risk mitigation (CRM) techniques – Overview

In € thousands	Exposures unsecured - carrying amount	Exposures secured - carrying amount (*)	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	52,620,202	40,820,319	37,640,948	3,179,371	0
Total debt securities	9,786,309	0	0	0	0
Total exposures	**62,406,511**	**40,820,319**	**37,640,948**	**3,179,371**	**0**
Of which defaulted	295,312	424,110	401,330	22,781	0

**Column containing secured exposures, whether or not the collateral concerned is eligible for credit risk mitigation techniques in the regulatory sense to reduce capital requirements.*

The 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.

Table 40 (CR4): Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

In € thousands	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure class	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
Central governments (sovereign borrowers) or central banks	13,770,489	24	13,770,489	24	254,035	2%
Regional governments or local authorities	4,697,402	1,125,343	4,697,402	1,125,343	1,060,619	20%
Public sector entities (public bodies excluding central governments)	8,224,712	207,658	8,224,712	207,658	0	0%
Multilateral development banks	54,578	0	54,578	0	0	0%
International organisations	252,568	0	252,568	0	0	0%
Institutions	348,867	0	348,867	0	167,044	25%
Corporates	257,844	71,417	257,844	71,417	232,450	81%
Retail	2,878,560	348,847	2,878,560	348,847	2,188,035	73%
Secured by mortgages on immovable property	4,224,356	292,592	4,224,356	292,592	1,759,699	42%
Exposures in default	416,338	1,850	416,338	1,850	251,512	105%
Exposures associated with particularly high risk	0	0	0	0	0	0%
Covered bonds	42,661	0	42,661	0	4,265	10%
Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0%
Collective investments undertakings	9,651	1,132,023	9,651	1,132,023	134,456	57%
Equity	15,327	0	15,327	0	35,127	229%
Other items	581,358	0	581,358	0	581,358	100%
Total	**35,774,710**	**3,179,754**	**35,774,710**	**3,179,754**	**6,668,601**	**18%**

Outstandings measured using the standardised approach mainly concern:

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

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

Moreover, the Arkéa group does not use credit derivatives as a credit risk mitigation technique (no impact on RWA).

Table 41 (CCR5-A): Impact of netting and collateral held on exposure values

In € thousands	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	2,344,687	1,938,868	405,819	-	405,819
SFTs	1,447,294	1,386,942	60,352	-	60,352
Cross-product netting			-		-
Total	**3,791,981**	**3,325,810**	**466,171**	**-**	**466,171**

Table 42 (CCR5-B): Composition of collateral for exposures to counterparty credit risk

	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
In € thousands	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	314,821		660,272			
Government bonds					-	
Covered bonds					1,386,977	
Total	**314,821**	**0**	**660,272**	**0**	**1,386,977**	**0**

9. Securitisation

The Arkéa group's exposure to securitisations has been steadily decreasing for several years, with investments in this type of asset managed on a run-off basis. Since the end of 2018, the Arkéa group has no longer been exposed to securitisations and these investments are considered non-compliant.

Table 43: Securitisation by type

In € thousands	**12.31.2019**	12.31.2018
Securitisations	**0**	**0**
Traditional securitisation	0	0
Synthetic securitisation	0	0

Table 44: Breakdown of outstandings by credit quality step

In € thousands	**12.31.2019**	12.31.2018
Credit quality steps		
E1		
E2		
E3		
E4		
E5		
E6		
E7		
E8		
E9		
E10		
E11		
Positions weighted at 1,250%		
Total value exposed to risk	**0**	**0**

Table 45: Capital requirements

In € thousands	**12.31.2019**	12.31.2018
Capital requirements	0	0

10. Market risk

This information is provided in Crédit Mutuel Arkéa's 2019 universal registration document, in the section entitled "Risks".

The Arkéa group calculates its market risk capital requirements using the standardised approach.

Table 46 (MR1): Market risk under the standardised approach

In € thousands	RWAs	Capital requirements
Outright products		
Interest rate risk (general and specific)		
Equity risk (general and specific)		
Foreign exchange risk		
Commodity risk		
Options		
Simplified approach		
Delta-plus method		
Scenario approach		
Securitisation (specific risk)		
Total		

11. Banking book interest rate risk

This information is provided in Crédit Mutuel Arkéa’s 2019 universal registration document, in the section entitled “Risks”.

12. Operational risk

Information on the structure and organisation of the function responsible for operational risk management is provided in Crédit Mutuel Arkéa's 2019 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 (AMA) for measuring capital requirements in respect of operational risks, a dedicated department of the CNCM Risk Department is responsible for operational risk. The 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 and type of risk. This work is carried out in close collaboration with the operational subsidiaries and departments, in accordance with the day-to-day risk management measures. These mappings serve as a standardised framework for analysis of the loss experience. They result in modeling drawn from the work of experts which is reconciled with probability-based estimates based on different scenarios.

For modeling purposes, CNCM relies mainly on the national database of internal incidents. Data is entered into this application by the 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 Arkéa group's general management and reporting system incorporates the requirements of the 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 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.

Authorised use of the AMA method

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

The Arkéa 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 Arkéa group's key or important activities has its own emergency and business continuity plan, which is organised into 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 French Prudential Control and Resolution Authority (ACPR) has authorised 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 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 mobilised for serious non-insurable risks.

The Arkéa group's insurance programs comply with the provisions of Article 323 of the CRR concerning the deduction of insurance under the advanced measurement approach (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.

13. Liquidity risk

This section supplements the information provided in Crédit Mutuel Arkéa's 2019 universal registration document, in the section entitled “Risks”.

Strategy and processes implemented

The main objective of the 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 General 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 summarised 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 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 are broken down into management limits and thresholds applicable to a series of indicators that are regularly monitored (which incorporate different assumptions taking into account the group's business model).

Certain key indicators are the subject of particular attention: the loan-to-deposit ratio, the LCR ratio, the survival horizon (with a stress scenario in the financial markets) and the level of use of the declared overall collateral management pool (3G pool) (allowing access to the European Central Bank’s monetary policy operations).

Since 2010, the group has 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 has decreased by almost 50 points and now stands at nearly 102%. 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.

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

At the end of 2019, the management limits and thresholds set by the management body (General Management and the Board of Directors) were complied with in full.

Table 47 (LIQ1): Liquidity coverage ratio (LCR)

In accordance with the CRR, the Arkéa group produces, and submits monthly to the European Central Bank, a report on its LCR (liquidity coverage ratio).

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 2019. The group met the regulatory requirement throughout 2019 with significant room for manoeuvre. At the end of 2019, the group's consolidated LCR was 146%. The average annual level for 2019 was 136% 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. The required minimum level in this regard is 100%.

At end-2019, this ratio was in the process of being applied at European Union level, with a regulatory requirement expected from 2021. Simulations performed at the end of 2019 show a ratio of more than 108%.

In € thousands Quarter ending on (December 31, 2019) Number of data points used in the calculation of averages: 12	Total unweighted value (average)				Total weighted value (average)			
	03.31.2019	06.30.2019	09.30.2019	12.31.2019	03.31.2019	06.30.2019	09.30.2019	12.31.2019
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					9,544,253	9,620,884	9,880,696	10,794,654
CASH - OUTFLOW								
Retail deposits and deposits from small business customers, of which:	34,382,879	34,970,169	35,497,217	**36,272,359**	2,521,749	2,571,949	2,608,067	**2,669,374**
Stable deposits	20,759,389	21,074,007	21,387,192	**21,715,595**	1,037,969	1,053,700	1,069,360	**1,085,780**
Less stable deposits	13,604,616	13,872,637	14,086,337	**14,530,260**	1,464,906	1,494,724	1,515,019	**1,557,089**
Unsecured wholesale funding	13,829,469	14,336,014	15,053,342	**15,961,552**	6,915,644	7,193,338	7,558,044	**8,065,306**
Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	**0**	0	0	0	**0**
Non-operational deposits (all counterparties)	13,419,766	13,947,148	14,670,746	**15,586,460**	6,505,941	6,804,471	7,175,448	**7,690,214**
Unsecured receivables	409,703	388,866	382,596	**375,092**	409,703	388,866	382,596	**375,092**
Secured wholesale funding					26,419	24,175	1,972	**23,809**
Additional requirements	9,218,799	9,354,646	9,449,204	**9,524,533**	1,160,228	1,171,368	1,178,467	**1,172,789**
Outflows related to derivative exposures and other collateral requirements	85,139	87,204	89,663	**91,918**	85,139	87,204	89,663	**91,918**
Outflows related to loss of funding on debt products	0	0	0	**0**	0	0	0	**0**
Credit and liquidity facilities	9,133,661	9,267,442	9,359,541	**9,432,615**	1,075,089	1,084,165	1,088,804	**1,080,872**
Other contractual funding obligations	240,112	212,009	229,712	**256,060**	233,431	206,716	225,928	**254,377**
Other contingent funding obligations	0	0	0	**0**	0	0	0	**0**
TOTAL CASH OUTFLOWS					10,857,471	11,167,546	11,572,478	**12,185,655**
CASH - INFLOWS								
Secured lending (e.g. reverse repos)	143,922	74,790	33,540	**170,244**	28,509	22,443	944	**26,856**
Inflows from fully performing exposures	2,278,301	2,401,982	2,426,195	**2,516,829**	1,776,530	1,905,741	1,939,360	**2,040,121**
Other cash inflows	1,836,642	2,030,647	2,167,679	**2,173,752**	1,836,642	2,030,647	2,167,679	**2,173,752**
(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)					0	0	0	**0**
(Excess inflows from a related specialised credit institution)					0	0	0	**0**
TOTAL CASH INFLOWS	4,258,865	4,507,418	4,627,414	**4,860,825**	3,641,681	3,958,831	4,107,983	**4,240,729**
Fully exempt inflows								
Inflows subject to 90% cap								
Inflows subject to 75% cap	4,258,865	4,507,418	4,627,414	**4,860,825**	3,641,681	3,958,831	4,107,983	**4,240,729**
LIQUIDITY BUFFER					9,544,253	9,620,884	9,880,696	**10,794,654**
TOTAL NET CASH OUTFLOWS					7,215,790	7,208,715	7,464,495	**7,944,926**
LIQUIDITY COVERAGE RATIO (%)					133,204	134,181	133,187	**135,875**

Structure and organisation 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 constitutes an "ad hoc committee" within the meaning of Article 228 of the Order of November 3, 2014 on internal control, meets at least four times a year (it met seven times in 2019).

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 deputy director of the development support division, 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.

The main operational structures are:

- the group ALM department, which reports to the Financial Steering department and produces the analyses and 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 loan 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.

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 also defined and validated annually, and is monitored regularly (at least once every quarter); if necessary, if a standard appears inappropriate in the 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 lasting compliance 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 2019 universal registration document on liquidity risk for more details).

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 (generally quarterly) 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 General Management) approves a statement on liquidity risk. This statement, which is sent to the European Central Bank, covers the main aspects of liquidity risk management: organisation, the measurement and monitoring system, the group's appetite, management procedures (both in normal and stress situations), the levels of the main indicators, etc. The statement in respect of 2019 ended as follows:

“Crédit Mutuel Arkéa's Board of Directors and Executive Committee confirm that the group's liquidity situation matches its level of liquidity risk appetite. As such, the survival indicator calculated by the Arkéa group is significantly higher than its twelve-month internal limit, including by taking into account stress assumptions on the group's customers and on the financial markets.

The liquidity situation reflects the implementation of a prudent policy, both in normal and stress situations. The group therefore has significant room for manoeuvre which may be used in the event of tensions (like the current tensions in the context of the coronavirus epidemic).

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

The management system is documented. It covers the various aspects of liquidity risk and is tailored to the 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 level demonstrates the group's 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 level.“

Qualitative short-term liquidity ratio information template

- **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 balancing of the business;
  - 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 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.).

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

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

  At the end of 2019, 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 is valued at close to €90 million as indicated in item 11 of the above table, 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.

- **Description of the degree of centralisation of liquidity management and interaction between 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; banking entities with cash surpluses reinvest 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 specialised 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 centralised by Crédit Mutuel Arkéa, the supervisor has granted the group's main banking subsidiaries an exemption from the individual monitoring of the LCR.

14. Information on encumbered and unencumbered assets

Pursuant to Article 100 of the CRR, the 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, collateralise 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;
- collateralisation agreements;
- collateralised 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 authorise the withdrawal of these assets without prior agreement;
- underlying assets of securitisation entities when these assets have not been derecognised 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 recognised 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 Arkéa group's case, the main sources of charges on assets are:

- repurchase agreements and securities lending;
- receivables used as collateral for covered bond issuance;
- receivables used as collateral for borrowings from the central bank.

The median ratio of encumbered assets to total regulated assets was 18.14% at December 31, 2019.

Table 48 (A): Encumbered and unencumbered assets

In € thousands	Carrying amount of encumbered assets	of which HQLA and EHQLA	Fair value of encumbered assets	of which HQLA and EHQLA	Carrying amount of unencumbered assets	of which HQLA and EHQLA	Fair value of unencumbered assets	of which HQLA and EHQLA
	010	030	040	050	060	080	090	100
Assets of the reporting institution	**17,823,524**	**0**			**78,910,704**	**0**		
Equity instruments	0	0	0	0	910,354	0	910,354	0
Debt securities	3,096,904	0	3,096,904	0	8,737,683	0	8,756,922	0
Of which: covered bonds	0	0	0	0	2,530,061	0	2,530,061	0
Of which: asset-backed securities	0	0	0	0	0	0	0	0
Of which: issued by general governments	1,425,109	0	1,425,109	0	2,323,722	0	2,323,722	0
Of which: issued by financial corporations	1,669,811	0	1,669,811	0	4,290,609	0	4,407,612	0
Of which: issued by non-financial corporations	2	0	1,985	0	1,886,454	0	1,926,292	0
Other assets	**14,726,620**	**0**			**68,516,782**	**0**		

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

Table 49 (B): Collateral received

In € thousands	Fair value of encumbered collateral received or own debt securities issued	of which HQLA and EHQLA	Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	Unencumbered: of which HQLA and EHQLA
	010	030	040	060
Collateral received by the reporting institution	**0**	**0**	**1,501,803**	**0**
Loans on demand	0	0	0	0
Equity instruments	0	0	0	0
Debt securities	0	0	1,216,153	0
Of which: covered bonds	0	0	812,129	0
Of which: asset-backed securities	0	0	0	0
Of which: issued by general governments	0	0	370,097	0
Of which: issued by financial corporations	0	0	18,660	0
Of which: issued by non-financial corporations	0	0	12,716	0
Loans and advances other than loans on demand	0	0	0	0
Other collateral received	0	0	285,920	0
Own debt securities issued other than own covered bonds or asset-backed securities	**0**	**0**	**0**	**0**
Own covered bonds and asset-backed securities issued and not yet pledged			**0**	
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**17,824**	**0**		

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

Table 50 (C): Carrying amount of encumbered assets/collateral received and associated liabilities

In € thousands	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
	010	030
Carrying amount of selected financial liabilities	**14,950,444**	**17,823,525**

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

15. Corporate governance and remuneration policy

This information is provided in Crédit Mutuel Arkéa's 2019 universal registration document, in the section entitled "Corporate governance".

16. Appendices

16.1. List of Tables

16.2. 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	Consolidation scope	Scope of the regulatory framework	10
437	Capital	Capital	13
438	Capital requirements	Capital requirements	22
439	Exposure to counterparty credit risk	Counterparty credit risk	50
440	Capital buffers	Prudential indicators - Solvency ratios	23
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	Adjustments for credit risk	Credit risk – Exposures & Credit quality of assets	30
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Given that Crédit Mutuel Arkéa is a cooperative, mutual group that is not listed, and in view of the strength and stability of the group's business model, the disclosures required under the eighth section of the CRR will be published only once a year. Moreover, due to its moderate risk appetite, the bank's balance sheet changes slowly and therefore this information needs to be disclosed only once a year.