

Pillar 3 Report  
12.31.2023

Crédit Mutuel  
**ARKEA**

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# 1. Risk management objectives and policies

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

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

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

The Pillar 3 report serves as a supplement to Crédit Mutuel Arkéa's 2023 Universal Registration Document (URD).

## 1.1. Risk profiles

Retail banking and insurance constitute the Crédit Mutuel Arkéa group's core business, as evidenced by the share of credit risk in the Group's total capital requirements (93.6% at end-2023) with a predominance of the retail customer.

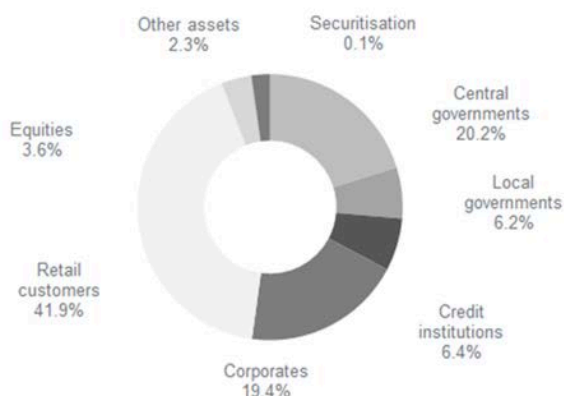
In € thousands	December 31, 2023	December 31, 2022
Total capital	9,966,336	9,164,288
Tier 1 capital	8,400,021	7,507,622
Common Equity Tier 1 (CET1) capital	8,400,021	7,507,619
Net income, group share, transferred to reserves	329,981	490,470



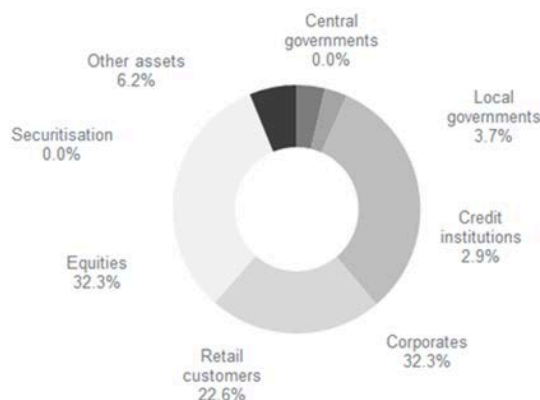
**Leverage ratio: 6.5%**  
**Overall solvency ratio: 20.0%**  
**CET1 ratio: 16.9%**  
**Financial conglomerate ratio: 170%**  
**LCR ratio: 140%**



**CREDIT RISK - EAD BY CATEGORY**



**CREDIT RISK - RWA BY CATEGORY**



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

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

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

Achievement of these objectives relies mainly on:

- a solvency policy designed to maintain the Crédit Mutuel Arkéa group's financial solidity on a long-term basis, from a conglomerate perspective, and to ensure prudent management of solvency by Crédit Mutuel Arkéa's dedicated teams in order

to meet Pillar 1 and Pillar 2 regulatory capital requirements on a long-term basis. Based on a prudential capital structure with a high proportion of reserves, this policy entails the definition of a safety margin enabling the Group to continue its development in the context of future regulatory changes and the levels expected by counterparties (rating agencies, investors). Internal capital allocation is managed in order to match the estimated risk level and the regulatory requirements of each entity within the conglomerate. These principles therefore also apply to the Group's insurance subsidiaries.

- a liquidity risk policy that is prudent since it is designed to contribute to the continuity of the Group's activities even over long periods of unfavorable developments. Crédit Mutuel Arkéa acts as a central source of refinancing and replacement for all entities within the Group's banking scope. Internal liquidity allocation is managed with a view to ensure that the subsidiaries have access at all times to liquidity (exclusively with Crédit Mutuel Arkéa) enabling them to comply with regulatory and internal rules.
- an interest rate risk policy in which Crédit Mutuel Arkéa manages the overall interest rate position within the consolidated banking scope. Crédit Mutuel Arkéa operates as a central interest rate management unit for all the Group's banking activities, including a refinancing unit, in a measured and controlled manner, which enables the Group to obtain the best conditions at the time, taking into account the business activity and the current and future interest rate environment. Internal transactions are managed to ensure that there is no interest rate risk for the local banks and banking subsidiaries. The operational implementation in the form of limits reflects the prudence of the policy implemented.
- a credit risk policy which, based on an internal rating system and a prudent hedging policy, ensures good control of risk and capital utilization:
  - the loan portfolio comprises a very diversified customer base in which individuals represent the largest share alongside local professionals (artisans, small businesses, farmers, etc.), non-profit organizations, SMEs and large companies, as well as local authorities and institutions. The lending policy is based on in-depth knowledge of the borrower, its business, the purpose for which the loan is to be used and the application of a tried-and-tested internal rating system, based mainly on statistical models approved by the supervisory authority, or an approval scoring system for consumer loans approved at the point of sale. When deciding whether or not to lend, more importance is placed on the customer's intrinsic ability to repay the loan than on the value of the collateral;
  - cash investments also reflect a higher quality credit risk, with a significant preponderance of investment grade outstandings. These cash amounts are invested mainly in instruments issued by French and European sovereigns or European financial counterparties, a large proportion of which are in the form of covered bonds.
- a prudent market risk policy, with no trading activity, as evidenced by a very low capital requirement limit, since transactions carried out on behalf of customers are systematically market-based.

Market risk exposure mainly concerns the portfolio dedicated to liquidity management, consisting of debt securities and therefore sensitive to spread and interest rate risks, it being specified that fixed-rate securities are systematically matched by the Group's central interest rate risk management unit managed by Crédit Mutuel Arkéa. Residual interest rate risk arises from adjustable rates. In

addition, the foreign exchange risk remains negligible with a very low foreign exchange position thanks to the implementation of hedges, where appropriate.

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

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

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

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

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

It is implemented by means of:

- coordinating the operational risk management systems, which notably includes the Emergency and Business Continuity Plan;
- a self-assessment of the impacts in ordinary and exceptional circumstances supplemented by action plans intended to reduce the effects of the recurrence of such risks or to eliminate their causes, where this is possible and can be justified on economic grounds.

- a non-compliance risk prevention and control policy, formalized by the Group Compliance Charter, aimed at protecting the Group from any risk of sanctions, financial loss or reputational damage while also protecting the interests of customers. Compliance risks are monitored in four major areas:
  - financial security, including anti-money laundering and terrorist financing measures;
  - business conduct and professional ethics;
  - protection of customers' interests;
  - fiscal transparency.

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

In concrete terms, this policy entails:

- drawing up a non-compliance risk map;
  - overall coordination of the implementation of the system by the Compliance and Permanent Control Department to ensure consistent practices within the Group.
- a strategic risk management policy aimed at:
    - ensuring the relevance of the strategic objectives pursued by the Group in the development of its business model, in view of the endogenous and exogenous context;
    - to preserve and protect Crédit Mutuel Arkéa's strategic, financial and operational autonomy in the implementation of its strategic priorities;
    - ensuring over time that the actions and initiatives of the Group's entities comply with the strategic goals set out by the Board of Directors in the context of medium-term planning. The risk appetite shown by the Group in this regard is low insofar as the strategic goals defined by the Group stem directly from the company's Raison d'être (purpose).
  - a reputational risk management policy aimed at protecting the Group's reputation, by preventing the occurrence of such a risk but also by managing incidents according to a crisis management system that involves short-term and long-term communication and a return to normal status. In this respect, the Group shows a very low risk appetite, wishing to protect what constitutes one of its most valuable assets, any damage to which could impact its attractiveness, the level of customer confidence, or the ability of customers to recommend the Group.
  - an ESG risks management policy, aimed at gradually integrating these risks and the mechanisms for transmitting them to other types of risk (mainly credit risk) into existing systems, in line with the development of the regulatory framework. The implementation of this policy aims to ensure that risk-taking is consistent with the commitments made in the Group's Raison d'être (purpose), climate change strategy and the status of "banque à mission" (bank with a mission), and to reduce the carbon foot print of the conglomerate's activities. The environmental risk management policy aims to take into account the impacts of climate risks, in particular by managing exposures by ESG rating, by sector (based on their sensitivity to physical risk and transition risk) and by geographic location.
  - a model risk management policy aimed at gradually integrating monitoring of the models used by the Group and an assessment of the risk associated with its key models in order to minimize their materiality and control the associated level of capital.

## 1.2. Risk governance

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

The structure of the risk management function comprises various participants:

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

### Supervisory bodies

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

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

The Risk and Internal Control Committee, an offshoot of Crédit Mutuel Arkéa's Board of Directors, is responsible for assisting the Board in managing the risks associated with Crédit Mutuel Arkéa's activities, in accordance with the administrative order of November 3, 2014, as amended by the administrative order of February 25, 2021 (hereinafter referred to as the **"administrative order of November 3, 2014"**). It is responsible for monitoring the effectiveness of the Group's internal control (permanent and periodic) and risk management systems. Its role involves *"assessing in particular the consistency of the risk measurement, monitoring and management systems and proposing, as necessary, additional action in that regard"*<sup>1</sup>. The Risk and Internal Control Committee is presented with an overview of the Group's risk situation drawn up at the end of each quarter, supplemented by a trend. In addition to this, there is a presentation of the annual review of the risk appetite framework and of the system of limits, risk by risk, the results of ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process) processes and this document.

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

## Executive bodies

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

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

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

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

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

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

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

## Risk management function

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

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

These risk management function heads are supported by a network of correspondents dedicated to monitoring each risk within each entity. For each type of risk identified within the Group, an advisor for the entire Group is appointed within the Crédit Mutuel Arkéa Risk Department. This adviser has as correspondents those persons appointed in all structures exposed to the same risk. These correspondents act as advisors to the risk management



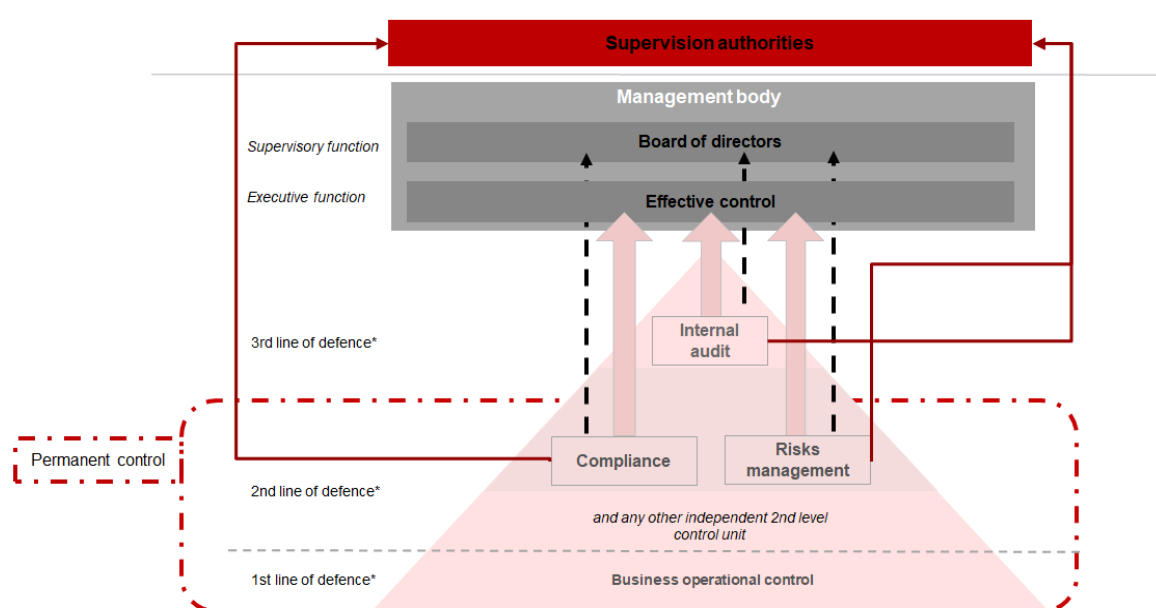
function within their entity, on the risks in which they have the relevant expertise. They are in charge of managing and controlling the risks for which they are responsible, jointly with the appointed head of the risk management function.

## Internal control

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

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

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



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

## 1.3. Risk appetite

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

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

### Risk appetite framework

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

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

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

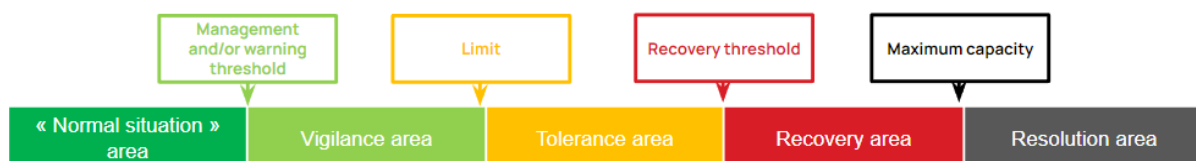
Based on this representation of possible risk situations, there are **three thresholds** that signify **four different risk areas**:

- **three thresholds corresponding to three levels of risk valuation:**
  - the **limit**, a level compliant with the Group's risk appetite policy, for the normal conduct of activity, and the maximum risk limit in a normal situation. This limit is supplemented beforehand by a warning threshold reflecting a level of vigilance above which Crédit Mutuel Arkéa's management body wishes to be more particularly informed;
  - the **recovery threshold**, the level beyond which the recovery plan should be triggered (depending on the indicators concerned);
  - the **maximum absorbable risk capacity threshold**, a regulatory level that should trigger the resolution plan under the authority of the Single Resolution Mechanism;



- **four risk areas**, three of which are under the governance of Crédit Mutuel Arkéa:
  - the **risk appetite area**, which reflects the degree of prudence or appetite for the risk in question; operational limits are set, risk by risk, in the current situation;
  - the **tolerance area**, which covers any exceptional deterioration in risk, taking into account rapid risk mitigation measures. It dictates the limit, with the recovery threshold itself restricted by the dimension of the recovery zone;
  - the **recovery area**, zone for implementing the recovery options in the recovery plan, with an entry threshold or recovery threshold set according to the magnitude of the recovery options (to avoid exceeding the the maximum absorbable risk capacity and entering the resolution area);
  - the **resolution area**, the zone where the CRU implements the resolution plan since the regulatory thresholds for conducting business have been exceeded.

The figure below summarizes the general architecture of the risk appetite framework:



### Governance of the risk appetite framework

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

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

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

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

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

## Stress tests

The stress tests are an integral part of the risk management system implemented by the Crédit Mutuel Arkéa 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 Crédit Mutuel Arkéa group strives to develop a comprehensive stress program. Based on its overall risk mapping and the identification of its main vulnerabilities, the Group has built a graduated stress program with three severity levels:

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

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

- credit stress tests used to determine changes in capital and cost of risk requirements entailing sensitivity scenarios based on an identified economic position;
- interest rate stress tests to measure the sensitivity of indicators such as net banking income to scenarios involving changes in the yield curve;
- liquidity stress tests to calculate the survival horizon in a stressed environment;
- market stress tests based on historical and hypothetical market activity scenarios;
- operational stress tests to calculate a potential loss level as part of the advanced measurement approach (AMA);
- climate stress tests to materialize the impact of the climate dimension on the measurement of credit risk in terms of provisions mobilized in the short, medium and long term (2050).

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

## 2. Scope of the regulatory framework

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

The consolidation method differs 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. A distinction is also made for companies included in the scope of consolidation that are jointly owned with a company not included in the scope of consolidation, which are proportionally consolidated for prudential purposes.

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

Name of the entity	Method of accounting consolidation	Method of prudential consolidation				Deducted	Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted		
Arkéa	Full consolidation	X					Banking / Services
Arkéa Banking Services	Full consolidation	X					Banking / Banking services
Arkéa Banque Entreprises et Institutionnels	Full consolidation	X					Banking / Corporate banking
Arkéa Bourse Retail	Full consolidation	X					Banking / Holding
Arkéa Capital (Arkéa Capital Gestion)	Full consolidation	X					Insurance and asset management / Asset management
Arkéa Capital Investissement	Full consolidation	X					Banking / Private equity
Arkéa Capital 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 Immobilier Conseil	Full consolidation	X					Banking / Real estate
Arkéa Public Sector SCF	Full consolidation	X					Banking / Refinancing entity
Arkéa Real Estate	Full consolidation	X					Banking / Real estate
Arkéa REIM	Full consolidation	X					Banking / Real estate
Arkéa SCD	Full consolidation	X					Banking / Services
Bellatrix SAS	Equity method			X			Banking / Mutual banking
Caisse Centrale du Crédit Mutuel	Equity method			X			Banking / Mutual banking
Caisse de Bretagne de CMA	Full consolidation	X					Banking / Mutual banking
CFCAL Bank (succursale belge de CFCAL Banque)	Full consolidation	X					Banking / Specialised networks banking
CFCAL Banque	Full consolidation	X					Banking / Specialised networks banking
Crédit Mutuel Arkea	Full consolidation	X					Banking / Mutual banking
FCT Collectivités	Equity method			X			Banking / Securitisation fund
Federal Equipements	Full consolidation	X					Banking / Services
Federal Finance	Full consolidation	X					Insurance and asset management / Private banking and asset management
Federal Finance Gestion	Full consolidation	X					Insurance and asset management / Asset management
Federal Service	Full consolidation	X					Banking / Services
Financo	Full consolidation	X					Banking / Specialised networks banking
Fonds De Dotation CMA	Full consolidation	X					Banking / Services
GICM	Full consolidation	X					Banking / Services
Immo	Full consolidation	X					Banking / Real estate
Keytrade Bank (succursale d'Arkéa Direct Bank)	Full consolidation	X					Banking / Financial and stock market intermediation
La Compagnie Française Des Successions	Equity method			X			Insurance and asset management / Asset management
Monext	Full consolidation	X					Banking / Services
Nextalk	Full consolidation	X					Banking / Services
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
Suravenir	Full consolidation			X			Insurance and asset management / Life insurance
Suravenir Assurances	Full consolidation			X			Insurance and asset management / Non-life insurance
Swen Capital Partners	Equity method		X				Insurance and asset management / Asset management
Yomoni	Equity method			X			Insurance and asset management / Asset management

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

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

	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				Not subject to own funds requirements or subject to deduction from own funds
As at 12.31.2023			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	
In € thousands							
Breakdown by asset classes according to the balance sheet in the published financial statements							
Cash, due from central banks	13,579,656	13,579,656	13,579,656	-	-	-	-
Financial assets at fair value through profit or loss	1,875,725	1,889,447	1,415,041	474,406	-	-	-
Derivatives used for hedging purposes	3,945,278	3,945,278	-	3,945,278	-	-	-
Financial assets at fair value through equity	8,928,793	8,928,930	8,928,930	-	-	-	-
Securities at amortized cost	671,107	671,107	671,107	-	-	-	-
Loans and receivables - credit institutions, at amortized cost	14,030,827	14,036,592	11,391,883	2,644,709	-	-	-
Loans and receivables - customers, at amortized cost	86,908,941	87,450,220	86,793,167	70,783	-	-	586,270
Remeasurement adjustment on interest-rate risk hedged portfolios	-2,647,168	-2,647,168	-	-	-	-	-2,647,168
Placement of insurance activities	60,425,249	-	-	-	-	-	-
Assets of insurance contracts issued	-	-	-	-	-	-	-
Reinsurance contracts assets held	217,365	-	-	-	-	-	-
Current tax assets	206,540	205,956	205,956	-	-	-	0
Deferred tax assets	173,674	80,297	78,293	-	-	-	2,004
Accruals, prepayments and sundry assets	1,488,073	2,674,454	2,588,583	-	-	-	85,871
Non-current assets held for sale	-	-	-	-	-	-	-
Investments in associates	238,886	2,903,871	2,901,824	-	-	-	2,047
Investment property	145,933	145,933	145,933	-	-	-	-
Property, plant and equipment	342,235	325,248	325,248	-	-	-	-
Intangible assets	620,315	619,489	161,795	-	-	-	457,694
Goodwill	473,641	473,641	-	-	-	-	473,641
<b>Total assets</b>	<b>191,625,070</b>	<b>135,282,952</b>	<b>129,187,418</b>	<b>7,135,176</b>	<b>-</b>	<b>-</b>	<b>-1,039,642</b>
Breakdown by liability classes according to the balance sheet in the published financial statements							
Due to central banks	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	2,737,046	2,359,575	-	502,572	-	-	1,857,003
Derivatives used for hedging purposes	3,479,949	3,479,949	-	3,479,949	-	-	-
Due to banks	6,747,627	4,782,758	-	933,569	-	-	3,849,189
Liabilities to customers	85,080,712	85,891,906	-	121,304	-	-	85,770,602
Debt securities	24,442,681	24,417,675	-	-	-	-	24,417,675
Remeasurement adjustment on interest-rate risk hedged portfolios	-1,269,240	-1,269,240	-	-	-	-	-1,269,240
Current tax liabilities	88,212	126,242	-	-	-	-	126,242
Deferred tax liabilities	302,700	130,696	128,048	-	-	-	2,648
Accruals, deferred income and sundry liabilities	5,100,189	2,225,358	-	-	-	-	2,225,358
Liabilities associated with non- current assets held for sale	-	-	-	-	-	-	-
Liabilities under insurance contracts issued	52,679,433	941,483	-	-	-	-	941,483
Reinsurance contracts held	-	-	-	-	-	-	-
Provisions	251,413	213,494	-	-	-	-	213,494
Subordinated debt	2,271,508	2,271,508	-	-	-	-	2,271,508
Share capital and additional paid- in capital	2,894,352	2,894,352	-	-	-	-	2,894,352
Consolidated reserves	6,506,497	6,506,499	-	-	-	-	6,506,499
Gains and losses recognized directly in equity	-113,856	-113,856	-	-	-	-	-113,856
Net income for the year	416,750	416,749	-	-	-	-	416,749
Non-controlling interest	9,099	7,805	-	-	-	-	7,805
<b>Total liabilities</b>	<b>191,625,072</b>	<b>135,282,953</b>	<b>128,048</b>	<b>5,037,394</b>	<b>-</b>	<b>-</b>	<b>130,117,512</b>

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

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

As at 12.31.2023 In € thousands	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
<b>Assets carrying value amount under the scope of prudential consolidation (as per template LI1)</b>	<b>136,322,594</b>	<b>129,187,418</b>	-	<b>7,135,176</b>	-
<b>Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)</b>	<b>5,165,442</b>	<b>128,048</b>	-	<b>5,037,394</b>	-
<b>Total net amount under the scope of prudential consolidation</b>	<b>131,157,152</b>	<b>129,059,370</b>	-	<b>2,097,782</b>	-
<b>Off-balance-sheet amounts</b>	<b>32,127,814</b>	<b>32,127,814</b>	-	-	-
<b>Differences in valuation on off-balance-sheet amounts</b>	<b>-24,706,374</b>	<b>-24,706,374</b>	-	-	-
Differences in valuations	513,645	-	-	513,645	-
Differences due to different netting rules, other than those already included in row 2	2,755,871	-	-	2,739,596	16,275
Differences due to consideration of provisions	934,127	934,066	-	-	-
Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-	-
Differences due to credit conversion factors	-	-	-	-	-
Differences due to Securitisation with risk transfer	-	-	-	-	-
Other differences	-189,222	-273,791	<b>84,631</b>	-	-
<b>Exposure amounts considered for regulatory purposes</b>	<b>142,593,013</b>	<b>137,141,085</b>	<b>84,631</b>	<b>5,351,022</b>	<b>16,275</b>

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

As at 12.31.2023 In € thousands	Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
<b>Category level AVA</b>										
Market price uncertainty	18,974	442	3	11,761	-	2,212	726	17,059	-	17,059
Close-out cost	851	639	1	-	-	-	-	745	-	745
Concentrated positions	61,665	-	-	-	-	-	-	61,665	-	61,665
Early termination	-	-	-	-	-	-	-	-	-	0
Model risk	139	-	-	-	-	718	-	429	-	429
Operational risk	1,871	-	-	-	-	-	-	1,871	-	1,871
Future administrative costs	-	-	-	-	-	-	-	-	-	-
<b>Total Additional Valuation Adjustments (AVAs)</b>								<b>81,769</b>	<b>-</b>	<b>81,769</b>

## 3. Capital

### 3.1. Composition of the capital

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

Capital includes:

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

#### **Tier 1 Capital**

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

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

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

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

#### **Prudential filters**

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

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

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

#### **Other regulatory adjustments**

The other adjustments to CET1 mainly involve:

- anticipating the distribution of dividends calculated in accordance with current prudential standards;

- the deduction of goodwill and other intangible assets net of deferred tax (application of the prudential restatement related to software as from the closing of December 31, 2020);
- the deduction of over-coverage of defined-benefit pension fund assets;
- the deduction of irrevocable payment undertakings net of capital requirements.

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

### **Tier 2 capital**

Tier 2 capital consists of subordinated debt instruments with a minimum maturity of 5 years, complying with the provisions of the CRR (article 63). Incentives for early redemption are prohibited. T2 instruments held in financial holdings of over 10% (known as significant investments), mainly in the insurance sector, are deducted.



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

**Main features of CET1 capital instruments**

As at 12.31.2023	A SHARES	NEW B SHARES
Issuer	CREDIT MUTUEL ARKEA (Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest)	CREDIT MUTUEL ARKEA (Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest)
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	96950041VJ1QP0B69503	96950041VJ1QP0B69503
Public or private placement	Public	Public
Governing law(s) of the instrument	Law no. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L. 512-1 of the French Monetary and Financial Code	Law no. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L. 512-1 of the French Monetary and Financial Code
Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A
<b>Regulatory treatment</b>		
Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
Post-transitional CRR rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated
Instrument type (types to be specified by each jurisdiction)	Shares - list published by the EBA (Article 26, paragraph 3 of the CRR)	Shares - list published by the EBA (Article 26, paragraph 3 of the CRR)
Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	27,515 K€	2,825,791 K€
Nominal amount of instrument	1 €	1 €
Issue price	1 €	1 €
Redemption price	1 €	1 €
Accounting classification	Shareholders' equity	Shareholders' equity
Original date of issuance	Variable	Variable
Perpetual or dated	Perpetual	Perpetual
Original maturity date	N/A	N/A
Issuer call subject to prior supervisory approval	N/A	N/A
Optional call date, contingent call dates and redemption amount	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A
<b>Coupons / dividends</b>		
Fixed or floating dividend/coupon	N/A	N/A
Coupon rate and any related index	N/A	N/A
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No
Noncumulative or cumulative	No	No
Convertible or non-convertible	Non-convertible	Non-convertible
If convertible, conversion trigger(s)	N/A	N/A
If convertible, fully or partially	N/A	N/A
If convertible, conversion rate	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A
If convertible, specify instrument type convertible into	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A
Write-down features	Yes	Yes
If write-down, write-down trigger(s)	By decision of the general shareholders' meeting or, in case of resolution, by decision of the Resolution College of the French Prudential Control and Resolution Authority ( <i>Autorité de contrôle prudentiel et de résolution - ACPR</i> ) pursuant to its powers under Article L. 613-31-16 of the French Monetary and Financial Code	By decision of the general shareholders' meeting or, in case of resolution, by decision of the Resolution College of the French Prudential Control and Resolution Authority ( <i>Autorité de contrôle prudentiel et de résolution - ACPR</i> ) pursuant to its powers under Article L. 613-31-16 of the French Monetary and Financial Code
If write-down, full or partial	Full or partial write-down	Full or partial write-down
If write-down, permanent or temporary	Permanent	Permanent
If temporary write-down, description of write-up	N/A	N/A
Type of subordination (only for eligible liabilities)	Contractual	Contractual
Ranking of the instrument in normal insolvency proceedings	Junior to all other debt Common Equity Tier 1 is junior to all deeply subordinated and subordinated debt	Junior to all other debt Common Equity Tier 1 is junior to all deeply subordinated and subordinated debt
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Junior to all other debt Common Equity Tier 1 is junior to all deeply subordinated and subordinated debt	Junior to all other debt Common Equity Tier 1 is junior to all deeply subordinated and subordinated debt
Non-compliant transitioned features	No	No
If yes, specify non-compliant features	N/A	N/A
Link to the full term and conditions of the instrument (signposting)	<a href="https://www.cm-arkea.com/banque/assurance/credit/mutuel/c_35056/fr/parts-sociales">https://www.cm- arkea.com/banque/assurance/credit/mutuel/c_3 5056/fr/parts-sociales</a>	<a href="https://www.cm-&lt;br/&gt;arkea.com/banque/assurance/credit/mutuel/c_35056/fr/parts-sociales">https://www.cm- arkea.com/banque/assurance/credit/mutuel/c_3 5056/fr/parts-sociales</a>

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



## Main features of T2 capital instruments

As at 12.31.2023	Subordinated term notes	Subordinated term notes	Subordinated term notes
Issuer	CREDIT MUTUEL ARKEA	CREDIT MUTUEL ARKEA	CREDIT MUTUEL ARKEA
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	FR0013173028	FR0013236544	FR0013291556
Public or private placement	Public	Public	Public
Governing law(s) of the instrument	French law	French law	French law
Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A	N/A
<b>Regulatory treatment</b>			
Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
Post-transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated
Instrument type (types to be specified by each jurisdiction)	EMTN Program	EMTN Program	EMTN Program
Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	T2: 241,785 K€ EE: 258,215 K€	500,000 K€	498,685 K€
Nominal amount of instrument	100,000 €	100,000 €	100,000 €
Issue price	99,966 €	99,605 €	99,637 €
Redemption price	N/A	N/A	N/A
Accounting classification	Subordinated debt	Subordinated debt	Subordinated debt
Original date of issuance	06/01/2016	02/09/2017	10/25/2017
Perpetual or dated	Dated	Dated	Dated
Original maturity date	06/01/2026	02/09/2029	10/25/2029
Issuer call subject to prior supervisory approval	N/A	N/A	Yes
Optional call date, contingent call dates and redemption amount	N/A	N/A	10/25/2024
Subsequent call dates, if applicable	N/A	N/A	N/A
<b>Coupons/ dividends</b>			
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
Coupon rate and any related index	3.25% p.a.	3.50% p.a.	1.875% p.a.
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	N/A
Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	N/A
Existence of step up or other incentive to redeem	No	No	No
Noncumulative or cumulative	N/A	N/A	N/A
Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
If convertible, conversion trigger(s)	N/A	N/A	N/A
If convertible, fully or partially	N/A	N/A	N/A
If convertible, conversion rate	N/A	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A	N/A
If convertible, specify instrument type convertible into	N/A	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
Write-down features	No	No	No
If write-down, write-down trigger(s)	N/A	N/A	N/A
If write-down, full or partial	N/A	N/A	N/A
If write-down, permanent or temporary	N/A	N/A	N/A
If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual
Ranking of the instrument in normal insolvency proceedings	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior
Non-compliant transitioned features	No	No	No
If yes, specify non-compliant features	N/A	N/A	N/A
Link to the full term and conditions of the instrument (signposting)	<a href="https://www.cm-arkea.com/banque/assurance/c/credit/mutuel/ecb_5038/fr/programme-emtn">https://www.cm-arkea.com/banque/assurance/c/credit/mutuel/ecb_5038/fr/programme-emtn</a>	<a href="https://www.cm-arkea.com/banque/assurance/c/credit/mutuel/ecb_5038/fr/programme-emtn">https://www.cm-arkea.com/banque/assurance/c/credit/mutuel/ecb_5038/fr/programme-emtn</a>	<a href="https://www.cm-arkea.com/banque/assurance/c/credit/mutuel/ecb_5038/fr/programme-emtn">https://www.cm-arkea.com/banque/assurance/c/credit/mutuel/ecb_5038/fr/programme-emtn</a>

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

As at 12.31.2023	Subordinated term notes	Subordinated term notes	Subordinated term notes
Issuer	CREDIT MUTUEL ARKEA	CREDIT MUTUEL ARKEA	CREDIT MUTUEL ARKEA
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	FR0013398369	FR0013407418	FR0013407087
Public or private placement	Private	Public	Private
Governing law(s) of the instrument	French law	French law	French law
Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A	N/A
<b>Regulatory treatment</b>			
Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
Post-transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated	Individual and (sub-) consolidated
Instrument type (types to be specified by each jurisdiction)	EMTN Program	EMTN Program	EMTN Program
Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	25,000 K€	746,723 K€	29,692 K€
Nominal amount of instrument	100,000 €	100,000 €	100,000 €
Issue price	100,000 €	99,621 €	100,000 €
Redemption price	N/A	N/A	N/A
Accounting classification	Subordinated debt	Subordinated debt	Subordinated debt
Original date of issuance	01/28/2019	03/11/2019	03/14/2019
Perpetual or dated	Dated	Dated	Dated
Original maturity date	01/28/2031	03/11/2031	03/14/2031
Issuer call subject to prior supervisory approval	N/A	N/A	N/A
Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A	N/A
<b>Coupons/ dividends</b>			
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
Coupon rate and any related index	3.81% p.a.	3.375% p.a.	3.40% half yearly until 03/14/2021, then 6-month Euribor +2.15% until maturity of the security
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	N/A
Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	N/A
Existence of step up or other incentive to redeem	No	No	No
Noncumulative or cumulative	N/A	N/A	N/A
Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
If convertible, conversion trigger(s)	N/A	N/A	N/A
If convertible, fully or partially	N/A	N/A	N/A
If convertible, conversion rate	N/A	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A	N/A
If convertible, specify instrument type convertible into	N/A	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
Write-down features	No	No	No
If write-down, write-down trigger(s)	N/A	N/A	N/A
If write-down, full or partial	N/A	N/A	N/A
If write-down, permanent or temporary	N/A	N/A	N/A
If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual
Ranking of the instrument in normal insolvency proceedings	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior	Subordinated term notes - senior non-preferred securities are senior
Non-compliant transitioned features	No	No	No
If yes, specify non-compliant features	N/A	N/A	N/A
Link to the full term and conditions of the instrument (signposting)	<a href="https://www.creditmutuel-arkea.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn">https://www.creditmutuel-arkea.com/banque/assurance/credit/mutuel/ecb_5038/fr/programme-emptn</a>		

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

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

	Amounts as at 12.31.2023	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
In € thousands		
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
Capital instruments and the related share premium accounts	2,858,744	(h)
of which: Shares	2,853,306	
of which: Additional paid-in capital	5,438	
Retained earnings	6,505,243	(i) (j)
Accumulated other comprehensive income (and other reserves)	-112,608	(j)
Funds for general banking risk	-	
Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
Minority interests (amount allowed in consolidated CET1)	-	
Independently reviewed interim profits net of any foreseeable charge or dividend	329,981	(l)
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>9,581,361</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>		
Additional value adjustments (negative amount)	-81,769	
Intangible assets (net of related tax liability) (negative amount)	-897,395	(d) (e) minus (f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	(b)
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-2	(j)
Negative amounts resulting from the calculation of expected loss amounts	-	
Any increase in equity that results from securitised assets (negative amount)	-	
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	436	(j)
Defined-benefit pension fund assets (negative amount)	-85,871	(c)
Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
of which: qualifying holdings outside the financial sector (negative amount)	-	
of which: securitisation positions (negative amount)	-	
of which: free deliveries (negative amount)	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
Amount exceeding the 17,65% threshold (negative amount)	-	
of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
of which: deferred tax assets arising from temporary differences	-	

	Amounts as at 12.31.2023	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
In € thousands		
Losses for the current financial year (negative amount)	-	
Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
Other regulatory adjustments	-116,739	(a)
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-1,181,340</b>	
<b>Common Equity Tier 1 (CET1) capital</b>	<b>8,400,021</b>	
<b>Additional Tier 1 (AT1) capital: instruments</b>		
Capital instruments and the related share premium accounts	-	
of which: classified as equity under applicable accounting standards	-	
of which: classified as liabilities under applicable accounting standards	-	
Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
of which: instruments issued by subsidiaries subject to phase out	-	
<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>-</b>	
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>		
Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
Other regulatory adjustments to AT1 capital	-	
<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>	
<b>Additional Tier 1 (AT1) capital</b>	<b>-</b>	
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>8,400,021</b>	
<b>Tier 2 (T2) capital: instruments</b>		
Capital instruments and the related share premium accounts	2,041,885	(g)
Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	



In € thousands	Amounts as at 12.31.2023	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
of which: instruments issued by subsidiaries subject to phase out	-	
Credit risk adjustments	124,429	
<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>2,166,315</b>	
<b>Tier 2 (T2) capital: regulatory adjustments</b>		
Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-600,000	(a)
Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
Other regulatory adjustments to T2 capital	-	
<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>-600,000</b>	
<b>Tier 2 (T2) capital</b>	<b>1,566,315</b>	
<b>Total capital (TC = T1 + T2)</b>	<b>9,966,336</b>	
<b>Total Risk exposure amount</b>	<b>49,736,248</b>	
<b>Capital ratios and requirements including buffers</b>		
Common Equity Tier 1 capital	16.9%	
Tier 1 capital	16.9%	
Total capital	20.0%	
Institution CET1 overall capital requirements	9.05%	
of which: capital conservation buffer requirement	2.50%	
of which: countercyclical capital buffer requirement	0.50%	
of which: systemic risk buffer requirement	0.00%	
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-	
of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.55%	
<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	<b>8.83%</b>	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	224,847	
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	427,012	
Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	

	Amounts as at 12.31.2023	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
In € thousands		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
Cap on inclusion of credit risk adjustments in T2 under standardised approach	98,775	
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	176,006	
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	124,429	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>		
Current cap on CET1 instruments subject to phase out arrangements	-	
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
Current cap on AT1 instruments subject to phase out arrangements	-	
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
Current cap on T2 instruments subject to phase out arrangements	-	
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

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

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
In € thousands	12.31.2023	12.31.2023	
<b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>			
Cash, due from central banks	13,579,656	13,579,656	
Financial assets at fair value through profit or loss	1,875,725	1,889,447	
Derivatives used for hedging purposes	3,945,278	3,945,278	
Financial assets at fair value through equity	8,928,793	8,928,930	
Securities at amortized cost	671,107	671,107	
Loans and receivables - credit institutions, at amortized cost	14,030,827	14,036,592	
Loans and receivables - customers, at amortized cost	86,908,941	87,450,220	(a)
Remeasurement adjustment on interest-rate risk hedged portfolios	-2,647,168	-2,647,168	
Placement of insurance activities	60,425,249	-	
Reinsurance contract assets held	217,365	-	
Current tax assets	206,540	205,956	
Deferred tax assets	173,674	80,297	(b)
Accruals, prepayments and sundry assets	1,488,073	2,674,454	(c)
Non-current assets held for sale	-	-	
Deferred profit-sharing	-	-	
Investments in associates	238,886	2,903,871	
Investment property	145,933	145,933	
Property, plant and equipment	342,235	325,248	
Intangible assets	620,315	619,489	(d)
Goodwill	473,641	473,641	(e)
<b>Total assets</b>	<b>191,625,070</b>	<b>135,282,951</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements</b>			
Due to central banks	-	-	
Financial liabilities at fair value through profit or loss	2,737,046	2,359,575	
Derivatives used for hedging purposes	3,479,949	3,479,949	
Due to banks	6,747,627	4,782,758	
Liabilities to customers	85,080,712	85,891,906	
Debt securities	24,442,681	24,417,675	
Remeasurement adjustment on interest-rate risk hedged portfolios	-1,269,240	-1,269,240	
Current tax liabilities	88,212	126,242	
Deferred tax liabilities	302,700	130,696	(f)
Accruals, deferred income and sundry liabilities	5,100,189	2,225,358	
Liabilities associated with non-current assets held for sale	-	-	
Insurance companies' technical reserves	52,679,433	941,483	
Provisions	251,413	213,494	
Subordinated debt	2,271,508	2,271,508	(g)
<b>Total liabilities</b>	<b>181,912,230</b>	<b>125,571,404</b>	
<b>Shareholders' Equity</b>			
Shareholders' equity, group share	9,703,743	9,703,743	
Share capital and additional paid-in capital	2,894,352	2,894,352	(h)
Consolidated reserves	6,506,497	6,506,499	(i)
Gains and losses recognized directly in equity	-113,856	-113,856	(j)
Net income for the year	416,750	416,749	(l)
Non-controlling interest	9,099	7,805	(k)
<b>Total shareholders' equity</b>	<b>9,712,842</b>	<b>9,711,548</b>	

## 3.2. Capital requirements

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

**Table 8 (EU OV1): Overview of risk weighted exposure amounts**

In € thousands	Total risk exposure amounts		Total own funds requirements
	12.31.2023	09.30.2023	12.31.2023
Credit risk (excluding CCR)	46,095,809	45,651,655	3,687,665
Of which the standardised approach	8,935,208	8,929,926	714,817
Of which the Foundation IRB (F-IRB) approach	9,114,015	8,739,105	729,121
Of which slotting approach	629,991	593,752	50,399
Of which equities under the simple riskweighted approach	12,604,005	12,511,308	1,008,320
Of which the Advanced IRB (A-IRB) approach	12,414,439	12,442,805	993,155
Counterparty credit risk - CCR	540,644	442,370	43,252
Of which the standardised approach	211,463	150,119	16,917
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	7,758	4,123	621
Of which credit valuation adjustment - CVA	77,452	64,778	6,196
Of which other CCR	243,972	223,351	19,518
Settlement risk	405	5	32
Securitisation exposures in the non-trading book (after the cap)	12,695	8,251	1,016
Of which SEC-IRBA approach	-	-	-
Of which SEC-ERBA (including IAA)	12,695	2,071	1,016
Of which SEC-SA approach	-	-	-
Of which 1250% / deduction	-	-	-
Position, foreign exchange and commodities risks (Market risk)	-	-	-
Of which the standardised approach	-	-	-
Of which IMA	-	-	-
Large exposures	-	-	-
Operational risk	3,086,696	3,028,807	246,936
Of which basic indicator approach	438,669	439,619	35,094
Of which standardised approach	173,503	171,634	13,880
Of which advanced measurement approach	2,474,524	2,417,554	197,962
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
<b>Total</b>	<b>49,736,248</b>	<b>49,131,088</b>	<b>3,978,900</b>



## 4. Prudential indicators

### 4.1. Key metrics

Table 9 (EU KM1): Key metrics

In € thousands	12.31.2023 <sup>(1)</sup>	09.30.2023 <sup>(3)</sup>	06.30.2023 <sup>(1)</sup>	03.31.2023 <sup>(2)</sup>	12.31.2022 <sup>(1)</sup>
<b>Available own funds (amounts)</b>					
Common Equity Tier 1 (CET1) capital	8,400,021	8,302,954	8,341,574	8,176,700	7,507,619
Tier 1 capital	8,400,021	8,302,954	8,341,576	8,176,704	7,507,622
Total capital	9,966,336	9,892,518	9,955,973	9,811,081	9,164,288
<b>Risk-weighted exposure amounts</b>					
Total risk exposure amount	49,736,248	49,131,088	48,474,182	48,010,748	44,544,905
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
Common Equity Tier 1 ratio (%)	16.9%	16.9%	17.2%	17.0%	16.9%
Tier 1 ratio (%)	16.9%	16.9%	17.2%	17.0%	16.9%
Total capital ratio (%)	20.0%	20.1%	20.5%	20.4%	20.6%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.75%	2.75%	2.75%	2.75%	2.75%
of which: to be made up of CET1 capital (percentage points)	1.55%	1.55%	1.55%	1.55%	1.55%
of which: to be made up of Tier 1 capital (percentage points)	2.06%	2.06%	2.06%	2.06%	2.06%
Total SREP own funds requirements (%)	10.75%	10.75%	10.75%	10.75%	10.75%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
Institution specific countercyclical capital buffer (%)	0.5010%	0.5001%	0.4996%	0.0035%	0.0042%
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	3.0%	3.0%	3.0%	2.5%	2.5%
Overall capital requirements (%)	13.75%	13.75%	13.75%	13.25%	13.25%
CET1 available after meeting the total SREP own funds requirements (%) <sup>(4)</sup>	8.8%	8.8%	9.1%	9.0%	8.8%
<b>Leverage ratio</b>					
Total exposure measure	129,657,643	125,766,347	122,972,378	130,035,421	127,507,197
Leverage ratio (%)	6.5%	6.6%	6.8%	6.3%	5.9%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%	0%	0%
of which: to be made up of CET1 capital (percentage points)	0%	0%	0%	0%	0%
Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Liquidity Coverage Ratio <sup>(5)</sup></b>					
Total high-quality liquid assets (HQLA) (Weighted value -average)	21,273,984	19,539,055	19,504,930	24,175,682	25,558,305
Cash outflows - Total weighted value	16,800,401	15,333,273	15,494,028	16,597,395	17,690,200
Cash inflows - Total weighted value	1,572,886	2,122,843	1,926,815	1,550,543	1,423,710
Total net cash outflows (adjusted value)	15,227,515	13,210,430	13,567,214	15,046,852	16,266,490
Liquidity coverage ratio (%)	140%	148%	144%	161%	157%
<b>Net Stable Funding Ratio</b>					
Total available stable funding	90,619,229	86,833,862	86,135,986	84,490,469	82,887,310
Total required stable funding	80,954,977	78,330,450	77,238,951	75,286,804	72,966,679
NSFR ratio (%)	112%	111%	112%	112%	114%

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

(2) Not integrating the interim result

(3) Integrating the interim result at 06.30.2023

(4) Taking into account possible AT1 deficits

(5) At the reporting date

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

- a conservation buffer which is mandatory for all establishments;
- a countercyclical capital buffer corresponding to the weighted average of the countercyclical buffer rates that apply in the countries that correspond to the Group's main credit exposures. The countercyclical buffer, which is designed to protect banks from excessive growth in credit (in particular a deviation from the ratio of credit to gross domestic product), is imposed at the discretion of the designated authority of each jurisdiction, applicable to all exposures that establishments have in this jurisdiction. In France, the countercyclical buffer is set by the French financial stability authority (Haut Conseil de Stabilité Financière), hereinafter referred to as the "HCSF". Since April 2023, the countercyclical buffer rate has been set at 0.5% of risk-weighted assets on French exposures. The mandatory recognition of countercyclical capital buffer rates implemented in other states was capped at 2.5%. Beyond this cap, rates require the explicit recognition of the HCSF.

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

As at 12.31.2023 In € thousands	General credit exposures		General credit exposures - Market risk		Securitisation exposures	Total exposure value
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	
Breakdown by country:						
Germany	999	105,979	-	-	11,159	118,137
Netherlands	5,104	212,799	-	-	-	217,903
Denmark	-	42,200	-	-	-	42,200
United-Kingdom	149	27,124	-	-	-	27,273
Ireland	-	5	-	-	-	5
Luxembourg	6,928	155,039	-	-	18,210	180,178
Norway	-	280,528	-	-	-	280,528
France	13,252,831	81,044,421	-	-	55,262	94,352,514
Sweden	-	158,432	-	-	-	158,432
Romania	2	-	-	-	-	2
Other countries	21,497	902,295	-	-	-	923,792
Total	13,287,511	82,928,823	-	-	84,631	96,300,965

As at 12.31.2023 In € thousands	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Breakdown by country:							
Germany	1,144	-	134	1,277	15,968	0.04%	0.75%
Netherlands	7,465	-	-	7,465	93,318	0.21%	1.00%
Denmark	304	-	-	304	3,797	0.01%	2.50%
United-Kingdom	2,093	-	-	2,093	26,161	0.06%	2.00%
Ireland	-	-	-	-	2	0.00%	1.00%
Luxembourg	12,232	-	219	12,451	155,635	0.36%	0.50%
Norway	1,218	-	-	1,218	15,226	0.03%	2.50%
France	3,450,054	-	663	3,450,717	43,133,959	98.83%	0.50%
Sweden	688	-	-	688	8,599	0.02%	2.00%
Romania	-	-	-	-	2	0.00%	1.00%
Other countries	15,505	-	-	15,505	193,810	0.44%	0.00%
Total	3,490,703	-	1,016	3,491,718	43,646,478		

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

In € thousands	12.31.2023
Total risk exposure amount	49,736,248
Institution specific countercyclical capital buffer rate (in %)	0.5010%
Institution specific countercyclical capital buffer requirement	249,182

## 4.2. Supplementary supervision of financial conglomerates

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

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

Consequently, and pursuant to the administrative order of November 3, 2014, the Crédit Mutuel Arkéa group is subject, in addition, to an additional requirement in terms of intra-equity capital adequacy according to the methods known as "accounting consolidation", to the IFR standards

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

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

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

- the 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:
  - a warning thresholds and an internal limit have been set;
  - 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 control of the concentration of risks by beneficiary;
- the control of intra-group transactions together with a breakdown of those transactions in excess of a threshold.

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

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

Financial conglomerate ratio	=	$\frac{\text{The conglomerate's total capital}}{\text{Banking requirements} + \text{Insurance requirements}}$
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As of December 31, 2023, the Crédit Mutuel Arkéa group had a coverage ratio of its conglomerate's capital requirements of 170%, after the integration of profit net of estimated dividends.

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

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

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

As at 12.31.2023 In € thousands	Exposure value	Risk exposure amount
Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	2,680,247	9,916,912

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

In € thousands	12.31.2023
Supplementary own fund requirements of the financial conglomerate (amount)	7,142,042
Capital adequacy ratio of the financial conglomerate (%)	170%

### 4.3. Leverage ratio

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

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

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

The leverage ratio is subject to a public disclosure requirement by banks and has been subject to a minimum requirement. The requirement is set at 3% since the closing of June 30, 2022.

The leverage ratio is up compared with 2022 (+0.6 pt) and stands at 6.5% at the end of 2023. This rise is mainly due to the increase in Tier 1 capital combined with the effect of the partial repayment of the TLTRO in 2023.

In the numerator, Tier 1 capital increased by 12% (+€0.9 billion), to €8.4 billion. This increase is mainly due to the inclusion of the net profit for the year from the remuneration of members' shares (+€0.3 bn), the net inflow of new B shares during the year (+€0.2 billion) and the application, from January 1, 2023, of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" to insurance activities. In the denominator, the amount of exposures increased by €2.2 billion (+2%) to €129.7 billion at December 31, 2023.

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

As at 12.31.2023 In € thousands	Applicable amount
Total assets as per published financial statements	191,625,070
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-56,342,118
(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
Adjustment for eligible cash pooling transactions	-
Adjustment for derivative financial instruments	-3,522,386
Adjustment for securities financing transactions (SFTs)	2,549,472
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	6,411,532
(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-1,496,517
(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-9,463,980
Other adjustments	-103,431
<b>Total exposure measure</b>	<b>129,657,643</b>



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

In € thousands	CRR leverage ratio exposures	
	12.31.2023	06.30.2023
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
On-balance sheet items (excluding derivatives, SFTs, but including collateral)	128,855,568	124,822,466
Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
(General credit risk adjustments to on-balance sheet items)	-	-
(Asset amounts deducted in determining Tier 1 capital)	-	-
<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>128,855,568</b>	<b>124,822,466</b>
<b>Derivative exposures</b>		
Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	383,653	250,722
Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	513,645	448,341
Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
Exposure determined under Original Exposure Method	-	-
(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
Adjusted effective notional amount of written credit derivatives	-	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
<b>Total derivatives exposures</b>	<b>897,298</b>	<b>699,063</b>
<b>Securities financing transaction (SFT) exposures</b>		
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	4,453,742	2,883,900
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
Counterparty credit risk exposure for SFT assets	-	-
Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
Agent transaction exposures	-	-
(Exempted CCP leg of client-cleared SFT exposure)	-	-
<b>Total securities financing transaction exposures</b>	<b>4,453,742</b>	<b>2,883,900</b>

In € thousands	CRR leverage ratio exposures	
	12.31.2023	06.30.2023
<b>Other off-balance sheet exposures</b>		
Off-balance sheet exposures at gross notional amount	16,506,282	16,856,759
(Adjustments for conversion to credit equivalent amounts)	-10,094,750	-11,382,929
(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	N/A	N/A
<b>Off-balance sheet exposures</b>	<b>6,411,532</b>	<b>5,473,831</b>
<b>Excluded exposures</b>		
(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-1,496,517	-1,487,959
(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-9,463,980	-9,418,922
(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
(Excluded guaranteed parts of exposures arising from export credits)	-	-
(Excluded excess collateral deposited at triparty agents)	-	-
(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
<b>(Total exempted exposures)</b>	<b>-10,960,497</b>	<b>-10,906,881</b>
<b>Capital and total exposure measure</b>		
<b>Tier 1 capital</b>	<b>8,400,021</b>	<b>8,341,576</b>
<b>Total exposure measure</b>	<b>129,657,643</b>	<b>122,972,378</b>
<b>Leverage ratio</b>		
Leverage ratio (%)	6.5%	6.8%
Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.5%	6.8%
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	6.5%	6.8%
Regulatory minimum leverage ratio requirement (%)	3.0%	3.0%
Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%
of which: to be made up of CET1 capital	0.0%	0.0%
Leverage ratio buffer requirement (%)	0.0%	0.0%
Overall leverage ratio requirement (%)	3.0%	3.0%
<b>Choice on transitional arrangements and relevant exposures</b>		
Choice on transitional arrangements for the definition of the capital measure	N/A	N/A
<b>Disclosure of mean values</b>		
Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	4,971,636	3,168,631
Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	4,453,742	2,883,900
Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	130,175,537	123,257,109
Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	130,175,537	123,257,109
Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.5%	6.8%
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.5%	6.8%



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

As at 12.31.2023 In € thousands	CRR leverage ratio exposures
<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>117,895,070</b>
Trading book exposures	-
Banking book exposures, of which:	117,895,070
Covered bonds	2,610,197
Exposures treated as sovereigns	20,254,486
Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	6,445,002
Institutions	3,128,922
Secured by mortgages of immovable properties	34,959,759
Retail exposures	23,671,097
Corporates	18,091,279
Exposures in default	913,873
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	7,820,455

## 5. Capital adequacy

The Internal Capital Adequacy Assessment Process (ICAAP) is one of the four components of the Supervisory Review and Evaluation Process (SREP).

The internal capital adequacy assessment corresponds to the measurement of the solvency level expressed through:

- a standardized approach: projection of solvency ratios under central and stress scenarios, while ensuring compliance with the risk appetite framework;
- an economic approach: internal assessment of unexpected losses on all material risks (economic capital) of the bank and ensuring that they are covered by available capital for business continuity purposes (internal capital).

The ICAAP is fully integrated into the risk governance framework. Its starting point is the identification of material risks incurred by Crédit Mutuel Arkéa using a global risk mapping of the Group which is updated each year.

The standardized approach is based on a standardized assessment according to regulation and is common to all banks. The standardized approach aims to ensure that the institution is able to meet its capital requirements (under Pillar 1 and Pillar 2) at all times. Based on budget projections, the Crédit Mutuel Arkéa group projects its regulatory ratios over a three-year horizon according to various scenarios (central and adverse), taking into account all the effects of these scenarios on future ratios (impact on the income statement and capital, RWA, etc.). The forward-looking stress tests applied to forecasts are based on severe but plausible economic scenarios, taking into account the Group's main vulnerabilities and the current economic environment.

The economic approach is based on an internal assessment performed by the institution in order to better adapt to its risk profile. It therefore deviates from the regulatory assessment of the standardized approach. Within the Crédit Mutuel Arkéa group, this economic approach primarily relies on methods consistent with those used to calculate regulatory capital requirements under Pillar 1, supplemented by approaches based on stress scenarios.

The ICAAP makes it possible to assess the capital adequacy of the Crédit Mutuel Arkéa group by ensuring:

- prospective compliance with all prudential requirements and thresholds of the risk appetite framework for regulatory ratios (under central and stress scenarios); and
- broad coverage of economic capital by internal capital.

The results of the ICAAP, which are regularly presented to the Crédit Mutuel Arkéa group's management bodies, are used to demonstrate that the group has an adequate level of capital to cover its risk exposure, in line with its risk appetite thresholds. The solvency safety level, measured using both the standardized approach and the economic approach, is high, given the moderate risk profile of the Crédit Mutuel Arkéa group and the amount of its capital.

## 6. Credit risk

Credit risk is one of the Crédit Mutuel Arkéa group's main risks. Information on the structure and organization of the function responsible for credit risk management is provided in Crédit Mutuel Arkéa's 2023 Universal Registration Document, in the section entitled "Risks".

### 6.1. Exposures

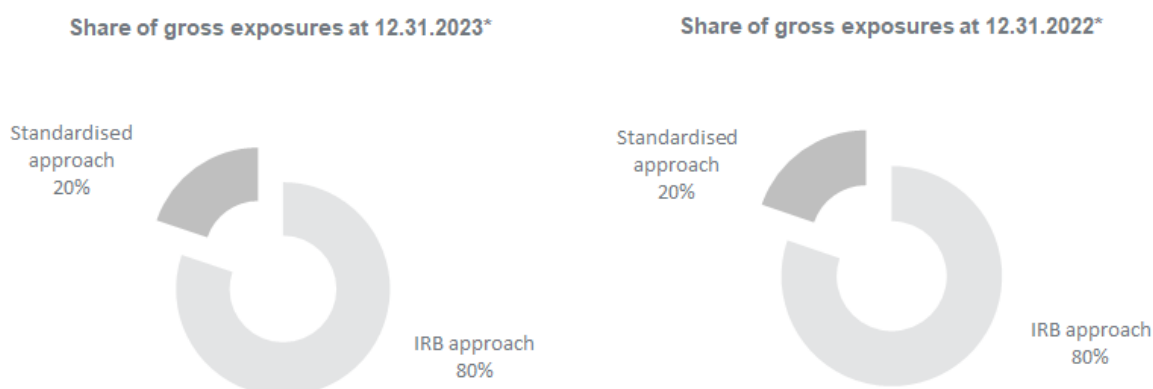
The Group uses its internal ratings system to calculate its regulatory capital requirements in respect of credit risk, following the authorization issued by the regulatory authorities:

- using the advanced method for the retail customer and the corporate portfolios, excluding large accounts;
- using the foundation method for large accounts and bank portfolios.

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

Crédit Mutuel, including the Crédit Mutuel Arkéa group, has upgraded its systems for calculating PD (Probability of Default), LGD (Loss Given Default) and CCF (Credit Conversion Factor) on Retail and Corporate portfolios to ensure compliance with the guidelines of the EBA. These changes were validated by the ECB in 2023, and the new risk parameters were incorporated into the calculation of weighted risks on 06.30.2023 for the Retail category and on 09.30.2023 for the Corporate category.

The percentage of exposures authorized under the advanced and foundation method was more than 80% as of December 31, 2023.



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

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

As at 12.31.2023 In € thousands	Net exposure value					Total
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
Loans and advances	3,560,669	4,670,296	24,784,078	67,844,738	164,507	101,024,288
Debt securities	-	1,832,805	3,797,146	3,586,999	-	9,216,950
<b>Total</b>	<b>3,560,669</b>	<b>6,503,101</b>	<b>28,581,224</b>	<b>71,431,737</b>	<b>164,507</b>	<b>110,241,238</b>

## 6.2. Credit quality of assets

### Non-performing exposures

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

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

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

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

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

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

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

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

### **Impairment provisions for credit risk**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2023, the breakdown of outstandings and provisions by bucket<sup>2</sup> was as follows:

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

In € thousands	Balance sheet provisionable outstandings	Provisions	In € thousands	Off-balance sheet provisionable outstandings	Provisions
Bucket 1	102,568,992	207,336	Bucket 1	15,469,798	19,065
Bucket 2	6,967,341	270,394	Bucket 2	734,897	7,716
Bucket 3	1,572,453	709,510	Bucket 3	82,906	13,098

### Consideration of the current macroeconomic context

At December 31, 2023, the economic outlook remains deteriorated despite a slowdown in inflation. External risks remain significant, due to difficulties in the US banking sector, Chinese real estate, geopolitical tensions in the Middle East, upcoming major elections and climatic hazards.

Based on macro-economic scenarios defined for Crédit Mutuel, default probabilities have been defined to estimate expected losses. These were determined using a new calculation methodology. Models linking macroeconomic data and observed default rates have been developed, providing a forward-looking view of risk for each individual scenario. The default probabilities finally retained are a weighted expression of the default probabilities specific to each scenario (central, pessimistic, neutral).

On these revised bases, the provisioning system for the portfolio is maintained:

- the credit risk identification models and processes, which make up the internal ratings system, remain efficient in the current economic environment;
- the Group has an early warning system that makes it possible to anticipate and detect early signs of client weakness;
- the parameters used to calculate expected losses, probability of default, loss given default and credit conversion factor, have been updated as at December 31, 2023, in accordance with the methodology in place;
- the weighting of the neutral scenario is set at 60%. The other scenarios are weighted accordingly at 30% and 10% for the pessimistic and optimistic scenarios respectively.

In order to anticipate environmental impacts on credit risk, a sectoral provision of €30 million has been booked at December 31, 2023. This makes it possible to include climate and biodiversity risks in the Group's overall forward-looking framework. Sectors of activity are selected on the basis of five external indicators:

- Eurostat: gross CO2 emissions, carbon intensity, environmental tax;
- ECB: identification as a risky sector;
- SasB: technological risk.

In this way, the sectoral overlay increases coverage of agriculture, forestry and fishing (Naces A), part of industry and construction (Naces C and F), road transport (Naces H49) and real estate (Naces 68).

### Forbone exposures

Exposures are restructured as a result of the debtor's financial difficulties. This involves the Group making concessions to the debtor (changes in the contract terms such as the rate or term, partial waiver, additional financing that would not have been granted in the absence of



such difficulties, etc.). The Crédit Mutuel Arkéa group has the means in its IT systems to identify restructured exposures in its performing and non-performing portfolios, which are defined using the principles set out by the EBA on October 23, 2013.

The notion of restructured loans is governed by a number of regulatory provisions:

- EBA forbearance-related guidelines of March 2015;
- Implementing Regulation (EU) 2017/1443;
- ECB guidelines on non-performing loans of March 2017;
- EBA guidelines on the management of non-performing and restructured exposures of 31/10/2018 ref EBA/GL/2018/06.

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, 2023 according to their business sector or counterparty type, their Basel treatment method and their geographic area.

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

As at 12.31.2023 In € thousands	Gross carrying amount/nominal amount of exposures with forbearance measures			
	Performing forbore	Non-performing forbore		
			Of which defaulted	Of which impaired
Cash balances at central banks and other demand deposits	-	-	-	-
Loans and advances	240,702	523,858	523,858	523,858
<i>Central banks</i>	-	-	-	-
<i>General governments</i>	-	-	-	-
<i>Credit institutions</i>	-	-	-	-
<i>Other financial corporations</i>	2,297	2,758	2,758	2,758
<i>Non-financial corporations</i>	160,087	323,644	323,644	323,644
<i>Households</i>	78,318	197,456	197,456	197,456
Debt Securities	-	-	-	-
Loan commitments given	4,368	3,547	3,547	3,547
<b>Total</b>	<b>245,070</b>	<b>527,405</b>	<b>527,405</b>	<b>527,405</b>

As at 12.31.2023 In € thousands	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
	On performing forbore exposures	On non-performing forbore exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
Cash balances at central banks and other demand deposits	-	-	-	-
Loans and advances	-19,391	-187,559	437,731	281,430
<i>Central banks</i>	-	-	-	-
<i>General governments</i>	-	-	-	-
<i>Credit institutions</i>	-	-	-	-
<i>Other financial corporations</i>	-16	-810	4,156	1,926
<i>Non-financial corporations</i>	-16,310	-113,232	283,352	187,610
<i>Households</i>	-3,065	-73,517	150,223	91,894
Debt Securities	-	-	-	-
Loan commitments given	-148	0	2,885	1,863
<b>Total</b>	<b>-19,539</b>	<b>-187,559</b>	<b>440,616</b>	<b>283,293</b>

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

As at 12.31.2023 In € thousands	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	
Cash balances at central banks and other demand deposits	13,905,828	13,905,828	-	-	-	-
Loans and advances	100,628,733	100,265,579	363,154	1,572,453	582,551	205,709
Central banks	-	-	-	-	-	-
General governments	9,535,105	9,528,237	6,868-	-	-	-
Credit institutions	13,572,134	13,572,134	-	-	-	-
Other financial corporations	2,057,218	2,057,052	166	13,077	6,161	201
Non-financial corporations	27,288,227	27,188,310	99,917	944,068	383,870	114,098
Of which SMEs	12,147,408	12,084,311	63,097	599,133	208,328	38,839
Households	48,176,049	47,919,846	256,203	615,308	192,520	91,410
Debt securities	9,224,766	9,224,766	-	-	-	-
Central banks	92,220	92,220	-	-	-	-
General governments	2,503,118	2,503,118	-	-	-	-
Credit institutions	5,608,924	5,608,924	-	-	-	-
Other financial corporations	266,736	266,736	-	-	-	-
Non-financial corporations	753,768	753,768	-	-	-	-
Off-balance-sheet exposures	32,071,689			82,906		
Central banks	13,942,537			-		
General governments	1,855,705			-		
Credit institutions	1,800,804			1,982		
Other financial corporations	1,861,269			805		
Non-financial corporations	9,574,161			58,897		
Households	3,037,213			21,222		
<b>Total</b>	<b>155,831,016</b>	<b>123,396,173</b>	<b>363,154</b>	<b>1,655,359</b>	<b>582,551</b>	<b>205,709</b>

As at 12.31.2023 In € thousands	Gross carrying amount/nominal amount					
	Non-performing exposures					
	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	-	-	-	-	-	-
Loans and advances	205,921	130,914	168,757	49,296	229,305	1,572,453
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	583	451	1,200	394	4,087	13,077
Non-financial corporations	75,150	86,610	118,693	29,353	136,294	944,068
Of which SMEs	62,108	57,373	75,196	27,976	129,313	599,133
Households	130,188	43,853	48,864	19,549	88,924	615,308
Debt securities	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
General governments	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-
Off-balance-sheet exposures						82,906
Central banks						-
General governments						-
Credit institutions						1,982
Other financial corporations						805
Non-financial corporations						58,897
Households						21,222
<b>Total</b>	<b>205,921</b>	<b>130,914</b>	<b>168,757</b>	<b>49,296</b>	<b>229,305</b>	<b>1,655,359</b>

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

As at 12.31.2023 In € thousands	Gross carrying/nominal amount			Accumulated impairment	Provisions on off- balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non- performing exposures	
		Of which non-performing (*)	Of which subject to impairment (*)				
							Of which defaulted
<b>On-balance-sheet exposures</b>	<b>111,425,952</b>		<b>1,572,453</b>		<b>-1,184,714</b>		-
France	104,023,484		1,560,458		-1,172,259		-
Germany	311,094		1		-318		-
Luxembourg	611,572		2,105		-2,952		-
Belgium	2,008,752		6,117		-2,752		-
United Kingdom	62,764		350		-320		-
Switzerland	91,647		177		-469		-
USA	234,118		2,456		-1,904		-
Spain	827,863		2		-286		-
Netherlands	640,862		-		-926		-
Canada	779,430		127		-479		-
Italy	230,281		2		-418		-
Singapore	14,121		-		-18		-
Australia	2,134		-		-2		-
Ireland	329,089		-		-99		-
Portugal	3,879		394		-390		-
Japan	335		-		-		-
Sweden	368,944		-		-235		-
Hong Kong	3,418		-		-34		-
Austria	121,740		-		-93		-
Monaco	2,551		-		-20		-
Russia	366		-		-		-
Ukraine	-		-		-		-
Belarus	-		-		-		-
Other countries	757,508		264		-740		-
<b>Off-balance-sheet exposures</b>	<b>32,154,595</b>		<b>82,906</b>			<b>39,879</b>	
France	31,923,952		82,906			39,763	
Germany	784		-			-	
Luxembourg	34,839		-			68	
Belgium	150,147		-			28	
United Kingdom	1,537		-			-	
Switzerland	11,461		-			6	
USA	3,736		-			1	
Spain	1,171		-			2	
Netherlands	57		-			-	
Canada	215		-			-	
Italy	372		-			1	
Singapore	467		-			-	
Australia	28		-			-	
Ireland	147		-			-	
Portugal	345		-			-	
Japan	12		-			-	
Sweden	68		-			-	
Hong Kong	13		-			-	
Austria	32		-			-	
Monaco	14,479		-			9	
Russia	4		-			-	
Ukraine	-		-			-	
Belarus	-		-			-	
Other countries	10,729		-			1	
<b>Total</b>	<b>143,580,547</b>		<b>1,655,359</b>		<b>-1,184,714</b>	<b>39,879</b>	

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

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

As at 12.31.2023	Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
		Of which non-performing (*)	Of which loans and advances subject to impairment (*)			
		Of which defaulted				
In € thousands						
Agriculture, forestry and fishing	2,327,204		135,036		-111,071	-
Mining and quarrying	27,269		383		-843	-
Manufacturing	1,147,909		140,699		-70,029	-
Electricity, gas, steam and air conditioning supply	613,433		13,666		-16,426	-
Water supply	119,080		2,979		-2,695	-
Construction	1,871,673		70,069		-61,597	-
Wholesale and retail trade	2,659,676		130,301		-98,508	-
Transport and storage	630,920		16,964		-11,474	-
Accommodation and food service activities	631,946		53,056		-35,452	-
Information and communication	232,953		12,375		-7,484	-
Financial and insurance activities	2,159,072		65,236		-46,642	-
Real estate activities	10,613,334		127,857		-136,797	-
Professional, scientific and technical activities	2,887,655		94,760		-63,435	-
Administrative and support service activities	1,109,775		47,381		-25,585	-
Public administration and defense, compulsory social security	50,366		-		-	-
Education	149,887		1,942		-1,918	-
Human health services and social work activities	390,517		9,563		-6,673	-
Arts, entertainment and recreation	262,187		14,423		-7,795	-
Other services	347,439		7,378		-6,377	-
<b>Total</b>	<b>28,232,295</b>		<b>944,068</b>		<b>-710,801</b>	

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

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

As at 12.31.2023 In € thousands	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	-	-
Other than PP&E	1,475	-421
Residential immovable property	1,475	-421
Commercial Immovable property	-	-
Movable property (auto, shipping, etc.)	-	-
Equity and debt instruments	-	-
Other collateral	-	0
<b>Total</b>	<b>1,475</b>	<b>-421</b>



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

As at 12.31.2023 In € thousands	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 3
Cash balances at central banks and other demand deposits	13,905,828	13,905,828	-	-	-	-
Loans and advances	100,628,733	93,664,755	6,899,900	1,572,453	-	1,395,691
Central banks	-	-	-	-	-	-
General governments	9,535,105	9,520,452	14,653	-	-	-
Credit institutions	13,572,134	13,572,134	-	-	-	-
Other financial corporations	2,057,218	1,936,544	120,187	13,077	-	10,711
Non-financial corporations	27,288,227	24,356,326	2,879,974	944,068	-	788,607
Of which SMEs	12,147,408	10,516,171	1,609,003	599,133	-	525,154
Households	48,176,049	44,279,299	3,885,086	615,308	-	596,373
Debt securities	9,224,766	8,978,120	14,000	-	-	-
Central banks	92,220	92,220	-	-	-	-
General governments	2,503,118	2,503,118	-	-	-	-
Credit institutions	5,608,924	5,608,924	-	-	-	-
Other financial corporations	266,736	261,992	-	-	-	-
Non-financial corporations	753,768	511,866	14,000	-	-	-
Off-balance-sheet exposures	32,071,689	31,336,792	730,008	82,906	-	51,335
Central banks	13,942,537	13,942,537	-	-	-	-
General governments	1,855,705	1,855,704	1	-	-	-
Credit institutions	1,800,804	1,800,804	-	1,982	-	1,982
Other financial corporations	1,861,269	1,838,479	22,771	805	-	328
Non-financial corporations	9,574,161	8,988,488	581,659	58,897	-	28,497
Households	3,037,213	2,910,780	125,577	21,222	-	20,528
<b>Total</b>	<b>155,831,016</b>	<b>147,885,495</b>	<b>7,643,908</b>	<b>1,655,359</b>	<b>-</b>	<b>1,447,026</b>

As at 12.31.2023 In € thousands	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
	Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 1	Of which stage 3		
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	-471,623	-200,022	-268,120	-705,275	-	-639,469	56,701,018	683,038
Central banks	-	-	-	-	-	-	-	-
General governments	-8,988	-8,144	-844	-	-	-	1,341,408	-
Credit institutions	-8,532	-8,532	0	-	-	-	717,329	-
Other financial corporations	-18,417	-6,913	-11,494	-6,487	-	-5,187	1,147,649	5,999
Non-financial corporations	-266,583	-111,532	-151,982	-444,218	-	-389,806	18,976,074	419,912
Of which SMEs	-129,334	-49,283	-77,955	-330,302	-	-290,128	7,454,486	208,820
Households	-169,103	-64,901	-103,800	-254,570	-	-244,476	34,518,558	257,127
Debt securities	-7,816	-7,795	-21	-	-	-	-	-
Central banks	-58	-58	-	-	-	-	-	-
General governments	-1,796	-1,796	-	-	-	-	-	-
Credit institutions	-1,979	-1,979	-	-	-	-	-	-
Other financial corporations	-3,320	-3,320	-	-	-	-	-	-
Non-financial corporations	-663	-642	-21	-	-	-	-	-
Off-balance-sheet exposures	-26,781	-19,065	-7,646	-13,098	-	-9,805	3,825,201	9,344
Central banks	-	-	-	-	-	-	645,138	-
General governments	-745	-745	-	-	-	-	2,869	-
Credit institutions	-383	-383	-	-1,715	-	-1,715	479,738	-
Other financial corporations	-709	-539	-170	-281	-	-281	63,703	477
Non-financial corporations	-22,207	-15,010	-7,128	-6,988	-	-3,761	1,797,647	7,505
Households	-2,737	-2,388	-348	-4,114	-	-4,048	836,106	1,362
<b>Total</b>	<b>-506,220</b>	<b>-226,882</b>	<b>-275,787</b>	<b>-718,373</b>	<b>-</b>	<b>-649,274</b>	<b>60,526,219</b>	<b>692,382</b>

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

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

In € thousands	Gross carrying amount
<b>Initial stock of non-performing loans and advances as at 12.31.2022</b>	<b>1,481,791</b>
Inflows to non-performing portfolios	599,812
Outflows from non-performing portfolios	-509,150
Outflows due to write-offs	-208,110
Outflow due to other situations	-301,040
<b>Final stock of non-performing loans and advances as at 12.31.2023</b>	<b>1,572,453</b>

The NPL rate of the Crédit Mutuel Arkéa group at December 31, 2023 does not exceed the 5% threshold. Consequently, the following tables are not displayed in the Crédit Mutuel Arkéa group's Pillar 3 report:

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

## 6.3. Standardized approach

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

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

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



**Table 25 (EU CR5): Standardised approach**

As at 12.31.2023		Risk weight								
In € thousands										
Exposure classes		0%	2%	4%	10%	20%	35%	50%	70%	75%
Central governments or central banks	16,416,636	-	-	-	-	-	-	-	-	-
Regional government or local authorities	68,347	-	-	-	-	6,394,978	-	-	-	-
Public sector entities	12,081,094	-	-	-	-	2,023,682	-	-	-	-
Multilateral development banks	281,518	-	-	-	-	-	-	-	-	-
International organisations	92,109	-	-	-	-	-	-	-	-	-
Institutions	214,063	-	-	-	-	12,877	-	5,964	-	-
Corporates	-	-	-	-	-	9,171	-	25,249	-	-
Retail exposures	-	-	-	-	-	-	-	-	-	4,180,284
Exposures secured by mortgages on immovable property	-	-	-	-	-	-	5,880,828	7,017	-	861,728
Exposures in default	-	-	-	-	-	-	-	-	-	-
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	9,026	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>29,153,768</b>	<b>-</b>	<b>-</b>	<b>9,026</b>	<b>8,440,708</b>	<b>5,880,828</b>	<b>38,230</b>	<b>-</b>	<b>5,042,012</b>	

As at 12.31.2023		Risk weight						Total	Of which unrated
In € thousands		100%	150%	250%	370%	1250%	Others		
Exposure classes		100%	150%	250%	370%	1250%	Others		
Central governments or central banks	-	-	-	-	-	-	-	16,416,636	-
Regional government or local authorities	-	-	-	-	-	-	-	6,463,326	-
Public sector entities	-	-	-	-	-	-	-	14,104,776	-
Multilateral development banks	-	-	-	-	-	-	-	281,518	-
International organisations	-	-	-	-	-	-	-	92,109	-
Institutions	-	-	-	-	-	-	-	232,905	37
Corporates	131,194	3,466	-	-	-	-	-	169,079	68,872
Retail exposures	-	-	-	-	-	-	-	4,180,284	4,180,284
Exposures secured by mortgages on immovable property	-	-	-	-	-	-	-	6,749,573	6,624,508
Exposures in default	261,657	4,813	-	-	-	-	-	266,470	266,470
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	9,026	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
Units or shares in collective investment undertakings	-	-	-	-	-	731	8,752	9,483	9,483
Equity exposures	16,573	-	-	-	-	-	-	16,573	16,573
Other items	1,046,154	-	-	-	-	-	-	1,046,154	1,046,154
<b>TOTAL</b>	<b>1,455,578</b>	<b>8,279</b>	<b>-</b>	<b>-</b>	<b>731</b>	<b>8,752</b>	<b>50,037,910</b>	<b>12,212,381</b>	

## 6.4. Internal ratings-based approach

### Rating procedures and parameters

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

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

The counterparty rating system is used throughout Crédit Mutuel.

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

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

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

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

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

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

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

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

uncertainty of estimates and the downturn nature of the LGD. The calculations are based on an internal record of defaults and losses covering more than fifteen years.

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

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

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

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

## Model map

Modeled parameter	Exposure class	Portfolios	Number of models	Methodology
PD	Banks	Financial institutions	2 models : Banks and covered bonds	Expert-type models based on grids comprising qualitative and quantitative variables
	Corporates	Large Accounts (revenue>€500M)	6 models according to the type of counterparty and sector	Expert-type models based on grids comprising qualitative and quantitative variables
		"Mass" corporates (revenue<€500M)	3 models	Quantitative-type models with expert qualitative grids
		Acquisition financing, large corporates	1 model	Expert-type model based on a grid comprising qualitative and quantitative variables
		Acquisition financing, corporates	1 model	Quantitative-type model combined with experts qualitative grids
			SF - assets: 6 models according to the type of asset	Expert-type models based on grids comprising qualitative and quantitative variables
		Specialized financing	SF - projects: 4 models according to the sector	
			SF - real estate: 1 model	
		Other corporates	2 models : Real estate companies and insurance companies	Expert-type models based on grids comprising qualitative and quantitative variables
	Retail	Individuals	6 models according to the type of loans (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 model
		Real estate trusts	1 model	Quantitative-type model
LGD	Corporates	"Mass" corporates	1 model applied to 11 segments according the type of loan, the nature of the collateral, the scoring algorithm and operating characteristics	Quantitative-type models based on internal collection flows
	Retail		1 model applied to 24 segments according the type of loan, the nature of the collateral, the scoring algorithm and operating characteristics	Quantitative-type models based on internal collection flows
CCF	Corporates	"Mass" corporates	1 model applied to 5 segments according the type of loan and operating characteristics	Quantitative-type model, CCFs calibrated using internal data
	Retail		1 model applied to 12 segments according the type of loan and operating characteristics	Quantitative-type model, CCFs calibrated using internal data

**Table 26 (EU CR6): IRB approach – Credit risk exposures by exposure class and PD range**

Advanced internal method

A-IRB														
As at 12.31.2023 In € thous and	PD range	On-balance s heat expos ures	Off-balance- s heat expos ures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Expos ure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Expos ure weighted average maturity (years)	Risk weighted expos ure amount after supporting factors	Dens ity of risk weighted expos ure amount	Expected loss amount	Value adjust- ments and provis ions	
<b>Corporates</b>														
	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	1,318,637	536,951	80%	1,510,276	0.24%	1 000 to 5 000	28.60%	2.50	431,581	29%	1,037	-	-
	0.25 to <0.50	3,409,124	1,036,420	83%	3,831,009	0.39%	5 000 to 10 000	25.18%	2.50	1,154,022	30%	3,795	-	-
	0.50 to <0.75	1,021,000	159,403	83%	1,110,543	0.67%	1 000 to 5 000	20.61%	2.50	306,975	28%	1,533	-	-
	0.75 to <2.50	5,193,730	2,195,334	86%	6,014,503	1.39%	5 000 to 10 000	25.72%	2.50	3,046,840	51%	21,205	-	-
	0.75 to <1.75	3,862,887	1,634,535	90%	4,470,066	1.17%	5 000 to 10 000	25.90%	2.50	2,181,362	49%	13,472	-	-
	1.75 to <2.5	1,330,843	560,799	81%	1,544,437	2.00%	1 000 to 5 000	25.19%	2.50	865,479	56%	7,733	-	-
	2.50 to <10.00	2,634,553	892,890	82%	2,997,195	3.87%	1 000 to 5 000	27.78%	2.50	2,297,988	77%	31,450	-	-
	2.5 to <5	2,149,057	791,813	80%	2,504,846	3.28%	1 000 to 5 000	28.38%	2.50	1,914,407	76%	23,094	-	-
	5 to <10	485,496	101,077	85%	492,349	6.85%	500 to 1 000	24.76%	2.50	383,580	78%	8,356	-	-
	10.00 to <100.00	371,563	57,956	81%	378,377	19.07%	100 to 500	23.06%	2.50	386,733	102%	16,982	-	-
	10 to <20	193,680	24,708	89%	198,669	12.06%	100 to 500	21.92%	2.50	165,582	83%	5,251	-	-
	20 to <30	170,072	27,350	78%	169,327	26.04%	100 to 500	24.64%	2.50	210,904	125%	10,903	-	-
	30.00 to <100.00	7,810	5,899	56%	11,381	37.79%	0 to 100	19.49%	2.50	10,247	90%	838	-	-
	100.00 (Default)	444,573	67,017	85%	396,880	100.00%	500 to 1 000	58.95%	2.50	197,232	50%	218,612	-	-
	Sub-total (Corporates)	14,393,179	4,945,972	83%	16,239,783	4.28%		26.64%	2.50	7,821,371	48%	194,624	-384,847	-
<b>Corporates - of which: SMEs</b>														
	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	637,925	232,300	81%	721,866	0.24%	500 to 1 000	29%	2.50	167,048	23%	496	-	-
	0.25 to <0.50	2,261,140	551,972	85%	2,500,801	0.37%	1 000 to 5 000	24%	2.50	601,776	24%	2,297	-	-
	0.50 to <0.75	884,252	140,129	81%	961,451	0.67%	1 000 to 5 000	20.58%	2.50	247,626	26%	1,326	-	-
	0.75 to <2.50	3,307,457	997,168	89%	3,716,785	1.41%	5 000 to 10 000	25.58%	2.50	1,991,810	43%	13,223	-	-
	0.75 to <1.75	2,466,374	735,423	93%	2,770,807	1.20%	1 000 to 5 000	25.70%	2.50	1,142,271	41%	8,442	-	-
	1.75 to <2.5	841,084	261,745	83%	945,978	2.02%	1 000 to 5 000	25.24%	2.50	449,539	48%	4,780	-	-
	2.50 to <10.00	1,485,678	452,193	77%	1,661,941	4.04%	1 000 to 5 000	26.19%	2.50	1,005,572	61%	17,318	-	-
	2.5 to <5	1,133,187	394,034	76%	1,312,262	3.29%	1 000 to 5 000	26.61%	2.50	767,553	58%	11,422	-	-
	5 to <10	352,490	58,159	80%	349,679	6.84%	500 to 1 000	24.62%	2.50	238,020	68%	5,895	-	-
	10.00 to <100.00	247,232	21,914	84%	250,561	17.67%	100 to 500	21.61%	2.50	198,264	79%	9,763	-	-
	10 to <20	152,445	11,756	88%	154,706	12.07%	100 to 500	20.66%	2.50	107,681	70%	3,859	-	-
	20 to <30	88,132	8,014	77%	87,056	25.60%	100 to 500	23.65%	2.50	83,958	96%	5,299	-	-
	30.00 to <100.00	6,655	2,144	36%	8,799	37.79%	0 to 100	18.22%	2.50	6,625	75%	606	-	-
	100.00 (Default)	288,699	19,748	90%	263,789	100.00%	100 to 500	58.15%	2.50	139,266	53%	142,559	-	-
	Sub-total (Corporates - of which: SMEs)	9,112,583	2,415,423	84%	10,077,193	4.42%		25.87%	2.50	3,951,361	39%	186,981	-217,055	-
<b>Corporates - of which: non-SMEs</b>														
	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	660,712	304,651	80%	788,410	0.24%	100 to 500	28.59%	2.50	264,533	34%	541	-	-
	0.25 to <0.50	1,147,983	484,449	80%	1,330,208	0.42%	1 000 to 5 000	26.75%	2.50	552,247	42%	1,498	-	-
	0.50 to <0.75	136,748	19,274	84%	148,093	0.67%	100 to 500	20.77%	2.50	59,349	40%	208	-	-
	0.75 to <2.50	1,856,273	1,198,166	84%	2,297,717	1.35%	1 000 to 5 000	25.94%	2.50	1,455,031	63%	7,982	-	-
	0.75 to <1.75	1,396,513	899,111	88%	1,699,258	1.13%	1 000 to 5 000	26.23%	2.50	1,039,090	61%	5,030	-	-
	1.75 to <2.5	489,759	299,055	79%	598,459	1.98%	100 to 500	25.11%	2.50	415,940	70%	2,953	-	-
	2.50 to <10.00	1,148,875	440,697	87%	1,335,254	3.66%	500 to 1 000	29.77%	2.50	1,292,415	97%	14,132	-	-
	2.5 to <5	1,015,870	397,779	85%	1,192,584	3.27%	100 to 500	30.33%	2.50	1,146,855	96%	11,672	-	-
	5 to <10	133,055	42,918	89%	142,670	6.88%	100 to 500	25.11%	2.50	145,561	102%	2,460	-	-
	10.00 to <100.00	124,331	36,042	75%	128,816	21.79%	100 to 500	25.87%	2.50	188,469	146%	7,229	-	-
	10 to <20	41,236	12,952	73%	43,963	12.02%	0 to 100	26.34%	2.50	57,901	132%	1,392	-	-
	20 to <30	81,940	19,336	79%	81,271	26.51%	0 to 100	25.68%	2.50	126,946	154%	5,605	-	-
	30.00 to <100.00	1,155	3,755	76%	2,582	37.79%	0 to 100	23.81%	2.50	3,622	140%	232	-	-
	100.00 (Default)	155,673	47,269	81%	133,091	100.00%	100 to 500	60.53%	2.50	57,966	44%	76,053	-	-
	Sub-total (Corporates - of which: non-SMEs)	5,280,797	2,530,548	83%	6,162,590	4.05%		27.90%	2.50	3,870,010	65%	107,643	-167,792	-
<b>Retail customers</b>														
	0.00 to <0.15	30,146,510	1,796,940	52%	31,125,018	0.06%	500 000 to 1 000 000	18.90%	-	1,038,684	3%	3,740	-	-
	0.00 to <0.10	23,311,213	1,452,420	55%	24,109,836	0.04%	500 000 to 1 000 000	18.86%	-	650,602	3%	2,032	-	-
	0.10 to <0.15	6,835,297	344,520	50%	7,015,182	0.13%	100 000 to 500 000	19.03%	-	388,082	6%	1,708	-	-
	0.15 to <0.25	946,615	182,308	52%	1,046,157	0.18%	50 000 to 100 000	20.32%	-	72,624	7%	376	-	-
	0.25 to <0.50	5,944,469	387,271	51%	6,106,886	0.30%	100 000 to 500 000	20.77%	-	685,265	11%	3,861	-	-
	0.50 to <0.75	2,198,592	194,035	50%	2,241,444	0.54%	10 000 to 50 000	22.02%	-	372,399	17%	2,654	-	-
	0.75 to <2.50	3,389,301	592,668	52%	3,645,001	1.49%	100 000 to 500 000	23.12%	-	1,010,708	28%	12,513	-	-
	0.75 to <1.75	2,515,177	307,501	52%	2,644,138	1.26%	100 000 to 500 000	23.85%	-	696,762	26%	8,116	-	-
	1.75 to <2.5	874,125	285,168	52%	1,000,863	2.10%	100 000 to 500 000	21.19%	-	313,946	31%	4,396	-	-
	2.50 to <10.00	1,784,525	184,050	52%	1,849,138	4.72%	50 000 to 100 000	25.23%	-	828,302	45%	22,497	-	-
	2.5 to <5	963,121	104,176	50%	1,009,967	3.35%	10 000 to 50 000	23.84%	-	408,602	40%	8,033	-	-
	5 to <10	821,405	79,874	53%	839,171	6.37%	10 000 to 50 000	26.90%	-	419,700	50%	14,464	-	-
	10.00 to <100.00	508,359	26,165	55%	510,044	21.29%	10 000 to 50 000	22.89%	-	356,373	70%	25,643	-	-
	10 to <20	152,906	11,923	51%	154,717	13.64%	10 000 to 50 000	23.74%	-	84,461	55%	5,211	-	-
	20 to <30	297,243	9,064	52%	302,002	22.81%	10 000 to 50 000	20.31%	-	228,623	76%	13,919	-	-
	30.00 to <100.00	58,210	5,178	76%	55,326	34.92%	1 000 to 5 000	34.98%	-	43,290	81%	6,513	-	-
	100.00 (Default)	646,756	14,453	54%	624,720	100.00%	10 000 to 50 000	56.81%	-	228,712	37%	337,437	-	-
	Sub-total (Retail customers)	45,565,128	3,377,890	52%	47,148,409	1.96%		20.44%	-	4,593,068	10%	408,723	-481,071	-

## A-IRB

As at 12.31.2023 In € thousands	PD range	On-balance sheet exposures	O#balance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust- ments and provisions
<b>Retail customers - of which: secured by mortgages on immovable property</b>													
	0.00 to <0.15	19,618,128	437,006	34%	19,775,425	0.05%	100 000 to 500 000	16.42%	-	535,821	3%	1,911	-
	0.00 to <0.10	15,931,331	377,016	36%	16,067,433	0.04%	100 000 to 500 000	16.45%	-	357,123	2%	1,135	-
	0.10 to <0.15	3,686,797	59,990	32%	3,707,992	0.13%	10 000 to 50 000	16.31%	-	178,698	5%	776	-
	0.15 to <0.25	112,079	834	30%	112,359	0.18%	1 000 to 5 000	15.64%	-	5,532	5%	32	-
	0.25 to <0.50	2,697,026	34,725	33%	2,709,407	0.29%	10 000 to 50 000	16.18%	-	239,176	9%	1,266	-
	0.50 to <0.75	942,234	14,358	31%	947,336	0.55%	5 000 to 10 000	16.22%	-	137,064	14%	838	-
	0.75 to <2.50	1,066,006	65,448	32%	1,089,303	1.54%	5 000 to 10 000	17.32%	-	311,818	29%	2,925	-
	0.75 to <1.75	768,530	14,800	32%	773,591	1.31%	5 000 to 10 000	17.14%	-	196,583	25%	1,751	-
	1.75 to <2.5	297,476	50,648	32%	315,712	2.11%	1 000 to 5 000	17.77%	-	115,235	36%	1,174	-
	2.50 to <10.00	632,525	9,925	36%	636,050	4.36%	5 000 to 10 000	17.20%	-	340,671	54%	4,807	-
	2.5 to <5	376,452	6,381	32%	378,707	3.17%	1 000 to 5 000	16.94%	-	171,305	45%	2,042	-
	5 to <10	256,074	3,544	40%	257,343	6.09%	1 000 to 5 000	17.58%	-	169,367	66%	2,765	-
	10.00 to <100.00	186,900	889	33%	187,211	20.43%	1 000 to 5 000	16.78%	-	177,464	95%	6,437	-
	10 to <20	42,840	427	32%	42,986	13.11%	100 to 500	16.74%	-	33,558	78%	952	-
	20 to <30	142,063	427	32%	142,215	22.45%	1 000 to 5 000	16.69%	-	141,277	99%	5,328	-
	30.00 to <100.00	1,998	35	36%	2,011	33.92%	0 to 100	23.30%	-	2,628	131%	157	-
	100.00 (Default)	230,212	1,250	32%	230,653	100.00%	1 000 to 5 000	55.69%	-	77,291	34%	122,557	-
Sub-total (Retail customers - of which: secured by mortgages on immovable property)		25,485,110	564,435	33%	25,687,744	1.31%		16.80%	-	1,824,837	7%	140,771	-181,755
<b>Retail customers - of which: secured by mortgages on immovable property - SMEs</b>													
	0.00 to <0.15	1,227,287	16,106	0%	1,232,640	0.12%	5 000 to 10 000	16.03%	-	47,176	4%	247	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	1,227,287	16,106	30%	1,232,640	0.12%	5 000 to 10 000	16.03%	-	47,176	4%	247	-
	0.15 to <0.25	111,846	831	30%	112,125	0.18%	1 000 to 5 000	15.63%	-	5,512	5%	32	-
	0.25 to <0.50	552,224	5,958	31%	554,219	0.40%	1 000 to 5 000	16.91%	-	52,256	9%	369	-
	0.50 to <0.75	109,414	1,762	28%	109,968	0.51%	500 to 1 000	19.77%	-	14,691	13%	112	-
	0.75 to <2.50	472,070	7,725	30%	474,530	1.34%	1 000 to 5 000	17.52%	-	105,219	22%	1,127	-
	0.75 to <1.75	361,391	6,396	30%	363,418	1.08%	1 000 to 5 000	17.86%	-	73,113	20%	723	-
	1.75 to <2.5	110,679	1,329	29%	111,111	2.21%	500 to 1 000	16.41%	-	32,106	29%	403	-
	2.50 to <10.00	147,687	2,405	36%	148,498	5.43%	1 000 to 5 000	18.49%	-	78,273	53%	1,485	-
	2.5 to <5	77,413	2,055	29%	78,107	4.00%	500 to 1 000	18.27%	-	35,008	45%	561	-
	5 to <10	70,274	350	43%	70,390	7.01%	500 to 1 000	18.73%	-	43,266	61%	924	-
	10.00 to <100.00	68,550	350	30%	68,666	20.31%	500 to 1 000	16.91%	-	53,495	78%	2,369	-
	10 to <20	29,212	212	30%	29,280	12.50%	100 to 500	17.08%	-	20,935	71%	636	-
	20 to <30	38,507	138	30%	38,555	25.98%	100 to 500	16.49%	-	31,318	81%	1,652	-
	30.00 to <100.00	831	-	0%	831	32.22%	0 to 100	30.34%	-	1,242	149%	81	-
	100.00 (Default)	102,776	149	29%	102,820	100.00%	500 to 1 000	58.41%	-	25,849	25%	58,088	-
Sub-total (Retail customers - of which: secured by mortgages on immovable property - SMEs)		2,791,853	35,286	31%	2,803,465	4.84%		18.29%	-	382,472	14%	63,827	-77,418
<b>Retail customers - of which: secured by mortgages on immovable property - Non-SMEs</b>													
	0.00 to <0.15	18,390,840	420,901	36%	18,542,785	0.05%	100 000 to 500 000	16.45%	-	488,645	3%	1,665	-
	0.00 to <0.10	15,931,331	377,016	36%	16,067,433	0.04%	100 000 to 500 000	16.45%	-	357,123	2%	1,135	-
	0.10 to <0.15	2,459,510	43,885	36%	2,475,352	0.13%	10 000 to 50 000	16.45%	-	131,522	5%	529	-
	0.15 to <0.25	233	4	32%	235	0.17%	0 to 100	21.30%	-	20	8%	0	-
	0.25 to <0.50	2,144,803	28,766	36%	2,155,187	0.26%	10 000 to 50 000	15.99%	-	186,920	9%	897	-
	0.50 to <0.75	832,820	12,596	36%	837,367	0.55%	5 000 to 10 000	15.75%	-	122,373	15%	726	-
	0.75 to <2.50	593,936	57,723	36%	614,774	1.70%	5 000 to 10 000	17.17%	-	206,599	34%	1,798	-
	0.75 to <1.75	407,139	8,404	36%	410,173	1.52%	1 000 to 5 000	16.50%	-	123,470	30%	1,027	-
	1.75 to <2.5	186,797	49,319	35%	204,601	2.05%	1 000 to 5 000	18.51%	-	83,129	41%	771	-
	2.50 to <10.00	484,838	7,520	36%	487,553	4.03%	1 000 to 5 000	16.81%	-	262,398	54%	3,322	-
	2.5 to <5	299,038	4,326	36%	300,600	2.96%	1 000 to 5 000	16.60%	-	136,297	45%	1,480	-
	5 to <10	185,800	3,194	36%	186,953	5.74%	1 000 to 5 000	17.15%	-	126,101	67%	1,841	-
	10.00 to <100.00	118,350	539	36%	118,545	20.50%	1 000 to 5 000	16.70%	-	123,969	105%	4,068	-
	10 to <20	13,628	215	36%	13,706	14.42%	100 to 500	16.00%	-	12,623	92%	316	-
	20 to <30	103,555	289	36%	103,659	21.14%	500 to 1 000	16.77%	-	109,959	106%	3,676	-
	30.00 to <100.00	1,167	35	36%	1,180	35.12%	0 to 100	18.35%	-	1,387	118%	76	-
	100.00 (Default)	127,436	1,101	36%	127,833	100.00%	1 000 to 5 000	53.50%	-	51,442	40%	64,466	-
Sub-total (Retail customers - secured by mortgages on immovable property - Non-SMEs)		22,693,257	529,150	36%	22,884,279	0.88%		16.62%	-	1,442,365	6%	76,944	-104,338
<b>Retail customers - revolving</b>													
	0.00 to <0.15	23,094	77,975	9%	27,621	0.08%	10 000 to 50 000	32.60%	-	471	2%	7	-
	0.00 to <0.10	17,394	68,185	9%	21,305	0.06%	10 000 to 50 000	32.60%	-	300	1%	4	-
	0.10 to <0.15	5,700	9,790	8%	6,316	0.13%	5 000 to 10 000	32.60%	-	172	3%	3	-
	0.15 to <0.25	4,592	12,072	8%	5,322	0.17%	5 000 to 10 000	32.60%	-	180	3%	3	-
	0.25 to <0.50	18,130	23,409	8%	19,666	0.35%	10 000 to 50 000	32.60%	-	1,197	6%	23	-
	0.50 to <0.75	3,788	2,654	9%	3,970	0.55%	1 000 to 5 000	32.60%	-	347	9%	7	-
	0.75 to <2.50	18,455	13,965	9%	19,458	1.45%	10 000 to 50 000	32.60%	-	3,531	18%	92	-
	0.75 to <1.75	10,929	8,632	8%	11,533	1.13%	5 000 to 10 000	32.60%	-	1,742	15%	42	-
	1.75 to <2.5	7,526	5,333	10%	7,925	1.91%	5 000 to 10 000	32.60%	-	1,788	23%	49	-
	2.50 to <10.00	12,976	3,617	9%	13,253	4.48%	5 000 to 10 000	32.60%	-	5,333	40%	193	-
	2.5 to <5	7,327	2,552	9%	7,520	3.22%	5 000 to 10 000	32.60%	-	2,451	33%	79	-
	5 to <10	5,649	1,065	9%	5,733	6.13%	1 000 to 5 000	32.60%	-	2,881	50%	115	-
	10.00 to <100.00	2,990	492	10%	3,029	19.90%	1 000 to 5 000	32.60%	-	2,860	94%	197	-
	10 to <20	779	217	10%	797	15.97%	500 to 1 000	32.60%	-	687	86%	41	-
	20 to <30	2,184	275	10%	2,205	21.14%	1 000 to 5 000	32.60%	-	2,144	97%	152	-
	30.00 to <100.00	27	0	15%	27	35.12%	0 to 100	32.60%	-	30	111%	3	-
	100.00 (Default)	3,111	24	9%	3,113	100.00%	500 to 1 000	71.73%	-	1,364	44%	2,129	-
Sub-total (Retail customers - revolving)		87,138	134,208	9%	95,431	4.94%		32.88%	-	15,283	16%	2,650	-3,161



## A-IRB

As at 12.31.2023 In € thousands	PD range	On-balance sheet exposures	Offbalance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust- ments and provisions
<b>Retail customers - other</b>													
	0.00 to <0.15	10,505,288	1,281,958	66%	11,321,973	0.07%	500 000 to 1 000 000	23.18%	-	502,391	4%	1,822	-
	0.00 to <0.10	7,362,488	1,007,219	78%	8,021,098	0.05%	100 000 to 500 000	23.64%	-	293,180	4%	893	-
	0.10 to <0.15	3,142,800	274,739	60%	3,300,874	0.13%	100 000 to 500 000	22.06%	-	209,212	6%	929	-
	0.15 to <0.25	829,944	169,402	64%	928,476	0.18%	50 000 to 100 000	20.82%	-	66,912	7%	342	-
	0.25 to <0.50	3,229,313	329,138	63%	3,377,814	0.31%	100 000 to 500 000	24.39%	-	444,893	13%	2,573	-
	0.50 to <0.75	1,252,569	177,023	59%	1,290,139	0.53%	10 000 to 50 000	26.24%	-	234,989	18%	1,809	-
	0.75 to <2.50	2,304,840	513,255	62%	2,536,240	1.47%	100 000 to 500 000	25.54%	-	695,359	27%	9,496	-
	0.75 to <1.75	1,735,718	284,069	63%	1,859,014	1.24%	100 000 to 500 000	26.59%	-	498,436	27%	6,323	-
	1.75 to <2.5	569,122	229,186	62%	677,226	2.09%	100 000 to 500 000	22.65%	-	196,923	29%	3,173	-
	2.50 to <10.00	1,139,024	170,507	62%	1,199,835	4.92%	50 000 to 100 000	29.41%	-	482,299	40%	17,498	-
	2.5 to <5	579,342	95,243	61%	623,740	3.46%	10 000 to 50 000	27.93%	-	234,846	38%	5,913	-
	5 to <10	559,682	75,264	63%	576,095	6.50%	10 000 to 50 000	31.01%	-	247,452	43%	11,585	-
	10.00 to <100.00	318,469	24,785	65%	319,804	21.81%	10 000 to 50 000	26.37%	-	176,050	55%	19,010	-
	10 to <20	109,287	11,280	60%	110,934	13.82%	10 000 to 50 000	26.39%	-	50,215	45%	4,218	-
	20 to <30	152,997	8,362	62%	157,588	23.16%	10 000 to 50 000	23.40%	-	85,202	54%	8,439	-
	30.00 to <100.00	56,185	5,142	83%	51,288	34.96%	1 000 to 5 000	35.44%	-	40,632	79%	6,353	-
	100.00 (Default)	413,433	13,179	64%	390,954	100.00%	10 000 to 50 000	57.35%	-	150,056	38%	212,751	-
	Sub-total (Retail customers - other)	19,992,880	2,679,247	63%	21,365,234	2.73%		24.76%	-	2,752,949	13%	265,301	-296,155
<b>Retail customers - other - SMEs</b>													
	0.00 to <0.15	1,827,389	129,576	0%	1,886,850	0.13%	10 000 to 50 000	20.93%	-	98,025	5%	496	-
	0.00 to <0.10	0	3	0%	3	0.04%	0 to 100	26.97%	-	0	4%	0	-
	0.10 to <0.15	1,827,388	129,573	46%	1,886,847	0.13%	10 000 to 50 000	20.93%	-	98,025	5%	496	-
	0.15 to <0.25	690,297	123,614	42%	750,389	0.18%	5 000 to 10 000	17.60%	-	42,217	6%	238	-
	0.25 to <0.50	1,183,944	154,874	46%	1,200,537	0.37%	10 000 to 50 000	26.46%	-	157,114	13%	1,122	-
	0.50 to <0.75	823,761	137,305	45%	844,712	0.52%	10 000 to 50 000	27.85%	-	147,803	17%	1,241	-
	0.75 to <2.50	1,669,672	263,818	47%	1,746,858	1.43%	10 000 to 50 000	25.10%	-	422,319	24%	6,273	-
	0.75 to <1.75	1,332,956	199,445	46%	1,385,339	1.22%	10 000 to 50 000	26.61%	-	344,321	25%	4,724	-
	1.75 to <2.5	336,716	64,372	48%	361,519	2.22%	1 000 to 5 000	19.29%	-	77,998	22%	1,549	-
	2.50 to <10.00	757,270	119,559	44%	777,656	5.33%	10 000 to 50 000	31.11%	-	304,858	39%	12,846	-
	2.5 to <5	341,281	56,154	41%	354,449	3.68%	5 000 to 10 000	29.33%	-	125,524	35%	3,687	-
	5 to <10	415,988	63,404	46%	423,207	6.71%	5 000 to 10 000	32.60%	-	179,334	42%	9,159	-
	10.00 to <100.00	231,970	20,967	47%	230,218	22.43%	5 000 to 10 000	26.10%	-	115,910	50%	14,115	-
	10 to <20	94,920	10,357	41%	95,996	13.61%	1 000 to 5 000	26.01%	-	40,677	42%	3,556	-
	20 to <30	81,341	5,475	45%	83,419	24.95%	1 000 to 5 000	20.47%	-	35,008	42%	4,255	-
	30.00 to <100.00	55,709	5,134	60%	50,803	34.96%	1 000 to 5 000	35.50%	-	40,224	79%	6,304	-
	100.00 (Default)	331,515	12,070	51%	308,057	100.00%	5 000 to 10 000	57.35%	-	115,754	38%	167,843	-
	Sub-total (Retail customers - other - SMEs)	7,515,819	961,781	46%	7,745,279	5.66%		25.78%	-	1,404,000	18%	204,174	-230,692
<b>Retail customers - other - Non-SMEs</b>													
	0.00 to <0.15	8,677,899	1,152,382	77%	9,435,122	0.06%	500 000 to 1 000 000	23.63%	-	404,366	4%	1,326	-
	0.00 to <0.10	7,362,487	1,007,216	78%	8,021,095	0.05%	100 000 to 500 000	23.64%	-	293,180	4%	893	-
	0.10 to <0.15	1,315,412	145,166	76%	1,414,027	0.13%	50 000 to 100 000	23.56%	-	111,187	8%	433	-
	0.15 to <0.25	139,647	45,788	92%	178,087	0.17%	50 000 to 100 000	34.39%	-	24,696	14%	104	-
	0.25 to <0.50	2,045,368	174,264	85%	2,177,276	0.28%	100 000 to 500 000	23.25%	-	287,779	13%	1,452	-
	0.50 to <0.75	428,808	39,718	80%	445,426	0.55%	10 000 to 50 000	23.19%	-	87,186	20%	568	-
	0.75 to <2.50	635,168	249,438	80%	789,381	1.57%	100 000 to 500 000	26.51%	-	273,040	35%	3,223	-
	0.75 to <1.75	402,761	84,623	82%	473,675	1.31%	100 000 to 500 000	26.52%	-	154,116	33%	1,599	-
	1.75 to <2.5	232,406	164,814	77%	315,707	1.95%	50 000 to 100 000	26.50%	-	118,925	38%	1,624	-
	2.50 to <10.00	381,754	50,949	88%	422,179	4.16%	50 000 to 100 000	26.27%	-	177,441	42%	4,651	-
	2.5 to <5	238,061	39,089	89%	269,291	3.16%	10 000 to 50 000	26.08%	-	109,322	41%	2,226	-
	5 to <10	143,693	11,860	87%	152,888	5.91%	10 000 to 50 000	26.60%	-	68,118	45%	2,426	-
	10.00 to <100.00	86,498	3,818	92%	89,586	20.22%	10 000 to 50 000	27.06%	-	60,140	67%	4,895	-
	10 to <20	14,367	923	86%	14,938	15.19%	5 000 to 10 000	28.84%	-	9,538	64%	662	-
	20 to <30	71,655	2,887	83%	74,163	21.14%	10 000 to 50 000	26.69%	-	50,194	68%	4,184	-
	30.00 to <100.00	476	8	148%	485	35.12%	0 to 100	28.69%	-	408	84%	49	-
	100.00 (Default)	81,918	1,110	82%	82,897	100.00%	10 000 to 50 000	57.33%	-	34,303	41%	44,909	-
	Sub-total (Retail customers - other - Non-SMEs)	12,477,061	1,717,467	84%	13,619,955	1.07%		24.17%	-	1,348,950	10%	61,127	-65,463
	<b>Total</b>	<b>59,958,307</b>	<b>8,323,862</b>	<b>60%</b>	<b>63,388,192</b>	<b>2.56%</b>		<b>22.03%</b>	<b>2.50</b>	<b>12,414,439</b>	<b>20%</b>	<b>703,347</b>	<b>-865,918</b>

## Internal foundation method

F-IRB	PD range	On-balance sheet exposures	Offbalance- sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust- ments and provisions
Credit institution													
	0.00 to <0.15	6,850,519	78,318	48%	6,881,258	0.04%	100 to 500	32%	2.5	962,069	14%	813	-
	0.00 to <0.10	6,334,358	78,089	53%	6,365,051	0.03%	0 to 100	32%	2.5	757,660	12%	605	-
	0.10 to <0.15	516,161	228	20%	516,206	0.10%	0 to 100	40%	2.5	204,409	40%	208	-
	0.15 to <0.25	100,323	-	0%	100,323	0.22%	0 to 100	37%	2.5	56,866	57%	83	-
	0.25 to <0.50	46,100	-	0%	46,100	0.36%	0 to 100	45%	2.5	39,701	86%	74	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	0	-	0%	0	2.67%	0 to 100	45%	2.5	0	169%	0	-
	2.5 to <5	0	-	0%	0	2.67%	0 to 100	45%	2.5	0	169%	0	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	25	-	0%	25	100.00%	0 to 100	0	2.5	0	0%	21	-
Sub-total (Credit institution)		6,996,967	78,318	48%	7,027,706	0.05%		33%	2.5	1,058,636	15%	990	-3,264
Corporates													
	0.00 to <0.15	1,496,120	747,413	61%	1,913,008	0.10%	100 to 500	45%	2.5	613,547	32%	843	-
	0.00 to <0.10	329,958	191,674	54%	433,380	0.06%	0 to 100	45%	2.5	101,316	23%	111	-
	0.10 to <0.15	1,166,163	555,739	70%	1,479,628	0.11%	100 to 500	45%	2.5	512,232	35%	732	-
	0.15 to <0.25	898,067	575,030	63%	1,223,306	0.20%	100 to 500	45%	2.5	593,087	48%	1,101	-
	0.25 to <0.50	1,421,708	1,098,206	68%	2,072,992	0.33%	500 to 1 000	45%	2.5	1,305,894	63%	3,081	-
	0.50 to <0.75	1,432,869	920,333	69%	1,853,319	0.73%	500 to 1 000	45%	2.5	1,676,684	90%	6,090	-
	0.75 to <2.50	717,145	327,886	67%	864,715	1.40%	100 to 500	45%	2.5	968,871	114%	5,457	-
	0.75 to <1.75	717,145	327,886	67%	864,715	1.40%	100 to 500	45%	2.5	968,871	114%	5,457	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	418,225	209,280	68%	523,515	3.91%	100 to 500	45%	2.5	801,553	153%	9,211	-
	2.5 to <5	418,225	209,280	68%	523,515	3.91%	100 to 500	45%	2.5	801,553	153%	9,211	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	79,973	51,457	65%	113,846	10.13%	0 to 100	45%	2.5	243,958	214%	5,190	-
	10 to <20	79,973	51,457	65%	113,846	10.13%	0 to 100	45%	2.5	243,958	214%	5,190	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	115,373	1,180	88%	104,855	100.00%	0 to 100	45%	2.5	0	0%	40,379	-
Sub-total (Corporates)		6,579,479	3,930,785	67%	8,669,556	2.00%		45%	2.5	6,223,595	72%	71,352	-85,487
Corporates - of which: non-SMEs													
	0.00 to <0.15	1,496,120	747,413	59%	1,913,008	0.10%	100 to 500	45%	2.5	613,547	32%	843	-
	0.00 to <0.10	329,958	191,674	53%	433,380	0.06%	0 to 100	45%	2.5	101,316	23%	111	-
	0.10 to <0.15	1,166,163	555,739	68%	1,479,628	0.11%	100 to 500	45%	2.5	512,232	35%	732	-
	0.15 to <0.25	898,067	575,030	67%	1,223,306	0.20%	100 to 500	45%	2.5	593,087	48%	1,101	-
	0.25 to <0.50	1,421,708	1,098,206	68%	2,072,992	0.33%	500 to 1 000	45%	2.5	1,305,894	63%	3,081	-
	0.50 to <0.75	1,432,869	920,333	69%	1,853,319	0.73%	500 to 1 000	45%	2.5	1,676,684	90%	6,090	-
	0.75 to <2.50	717,145	327,886	67%	864,715	1.40%	100 to 500	45%	2.5	968,871	114%	5,457	-
	0.75 to <1.75	717,145	327,886	67%	864,715	1.40%	100 to 500	45%	2.5	968,871	114%	5,457	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	418,225	209,280	67%	523,515	3.91%	100 to 500	45%	2.5	801,553	153%	9,211	-
	2.5 to <5	418,225	209,280	67%	523,515	3.91%	100 to 500	45%	2.5	801,553	153%	9,211	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	79,973	51,457	88%	113,846	10.13%	0 to 100	45%	2.5	243,958	214%	5,190	-
	10 to <20	79,973	51,457	88%	113,846	10.13%	0 to 100	45%	2.5	243,958	214%	5,190	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	115,373	1,180	88%	104,855	100.00%	0 to 100	45%	2.5	0	0%	40,379	-
Sub-total (Corporates - of which: non-SMEs)		6,579,479	3,930,785	68%	8,669,556	2.00%		45%	2.5	6,223,595	72%	71,352	-85,487
Total		13,576,446	4,009,102	58%	15,697,263	1.13%		39%	2.5	7,282,231	46%	72,342	-88,751

**Table 27 (EU CR6-A): Scope of the use of IRB and SA approaches**

As at 12.31.2023 In € thousands	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
Central governments or central banks	-	36,517,494	100%	0%	-
Of which Regional governments or local authorities		6,463,326	100%	0%	-
Of which Public sector entities		14,104,776	100%	0%	-
Institutions	7,027,706	7,260,611	3%	97%	-
Corporates	26,518,469	26,687,548	1%	99%	-
Of which Corporates - Specialised lending, excluding slotting approach		-	-	-	-
Of which Corporates - Specialised lending under slotting approach		970,631	0%	100%	-
Retail	47,350,781	58,280,638	19%	81%	-
of which Retail – Secured by real estate SMEs		2,807,875	0%	100%	-
of which Retail – Secured by real estate non-SMEs		29,629,442	23%	77%	-
of which Retail – Qualifying revolving		95,431	0%	100%	-
of which Retail – Other SMEs		8,432,365	6%	94%	-
of which Retail – Other non-SMEs		17,315,524	21%	79%	-
Equity	5,045,999	5,062,572	0%	100%	-
Other non-credit obligation assets	-	1,046,154	100%	0%	-
<b>Total</b>	<b>85,942,955</b>	<b>134,855,017</b>	<b>36%</b>	<b>64%</b>	<b>-</b>

## Back-testing

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

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

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

Default probabilities are monitored annually before any new estimates of the regulatory parameter. Depending on the portfolios, this is supplemented with interim monitoring on a half-yearly basis. This mainly consists of ensuring that the default rate by risk class remains within the confidence interval around the PD.

The arrangements for monitoring loss given default (LGD) and the conversion factors (CCF) for off-balance sheet commitments are implemented annually. Their main objective is to validate the values taken by these parameters for each segment. In the case of LGD, this validation is carried out mainly by checking the robustness of the methods for calculating the prudential margins and by comparing the LGD estimators with the most recent data and actual figures. As regards the CCF, it is validated by reconciling the estimators with the most recent CCFs observed.

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

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

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

### **Permanent and periodic control**

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

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

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

## Additional quantitative information

**Table 28 (EU CR8): RWEA flow statements of credit risk exposures under the IRB approach**

In € thousands	Risk weighted exposure amount
<b>Risk weighted exposure amount as at 09.30.2023</b>	<b>20,108,324</b>
Asset size (+/-)	236,424
Asset quality (+/-)	-89,710
Model updates (+/-)	9,092
Methodology and policy (+/-)	-
Acquisitions and disposals (+/-)	-
Foreign exchange movements (+/-)	-
Other (+/-)	-
<b>Risk weighted exposure amount as at 12.31.2023</b>	<b>20,264,130</b>

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

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

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

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

**Table 29 (EU CR10.1): Specialised lending - Project finance (Slotting approach)**

As at 12.31.2023 In € thousands Regulatory categories	Remaining maturity	On- balancesheet exposure	Off- balancesheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	14,419	44,348	50%	47,679	24,562	-
	Equal to or more than 2.5 years	570,224	161,156	70%	691,091	454,675	2,764
Category 2	Less than 2.5 years	-	-	70%	-	-	-
	Equal to or more than 2.5 years	2,608	502	90%	2,985	2,799	24
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	-	-	115%	-	-	-
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
<b>Total</b>	<b>Less than 2.5 years</b>	<b>14,419</b>	<b>44,348</b>		<b>47,679</b>	<b>24,562</b>	<b>-</b>
	<b>Equal to or more than 2.5 years</b>	<b>572,833</b>	<b>161,658</b>		<b>694,076</b>	<b>457,474</b>	<b>2,788</b>



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

As at 12.31.2023 In € thousands Regulatory categories	Remaining maturity	On- balancesheet exposure	Off- balancesheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	84,042	10,098	50%	91,615	47,731	-
	Equal to or more than 2.5 years	90,817	6,606	70%	95,771	69,856	383
Category 2	Less than 2.5 years	21,639	-	70%	21,639	15,783	87
	Equal to or more than 2.5 years	504	-	90%	504	473	4
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	-	-	115%	-	-	-
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
<b>Total</b>	<b>Less than 2.5 years</b>	<b>105,680</b>	<b>10,098</b>		<b>113,254</b>	<b>63,515</b>	<b>87</b>
	<b>Equal to or more than 2.5 years</b>	<b>91,322</b>	<b>6,606</b>		<b>96,276</b>	<b>70,329</b>	<b>387</b>

**Table 31 (EU CR10.3): Specialised lending - Object finance (Slotting approach)**

As at 12.31.2023 In € thousands Regulatory categories	Remaining maturity	On- balancesheet exposure	Off- balancesheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	-	-	50%	-	-	-
	Equal to or more than 2.5 years	19,346	-	70%	19,346	14,111	77
Category 2	Less than 2.5 years	-	-	70%	-	-	-
	Equal to or more than 2.5 years	-	-	90%	-	-	-
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	-	-	115%	-	-	-
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
<b>Total</b>	<b>Less than 2.5 years</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
	<b>Equal to or more than 2.5 years</b>	<b>19,346</b>	<b>-</b>		<b>19,346</b>	<b>14,111</b>	<b>77</b>

**Table 32 (EU CR10.5): Equity exposures under the simple risk-weighted approach**

As at 12.31.2023 Categories In € thousands	On- balancesheet exposure	Off- balancesheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures	801,246	-	190%	801,246	1,522,367	6,410
Exchange-traded equity exposures	173,048	-	290%	173,048	501,839	1,384
Other equity exposures	2,856,747	2,658	370%	2,859,405	10,579,799	68,626
<b>Total</b>	<b>3,831,041</b>	<b>2,658</b>		<b>3,833,699</b>	<b>12,604,005</b>	<b>76,420</b>



## 7. Counterparty credit risk

Counterparty credit risk corresponds to the risk incurred on:

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

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

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

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

It should be noted that if its credit rating is downgraded by three notches, the impact on the amount of collateral provided by the Group would not be significant, being limited to 3.1%.

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

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

**Table 33 (EU CCR1): Analysis of CCR exposure by approach**

As at 12.31.2023 In € thousands	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
SA-CCR (for derivatives)	274,038	366,889		1.4	897,298	897,298	897,280	219,220
IMM (for derivatives and SFTs)			-	-	-	-	-	-
Of which securities financing transactions netting sets			-		-	-	-	-
Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
Of which from contractual cross-product netting sets			-		-	-	-	-
Financial collateral simple method (for SFTs)					-	-	-	-
Financial collateral comprehensive method (for SFTs)					4,453,742	4,453,742	4,453,742	243,972
VaR for SFTs					-	-	-	-
<b>Total</b>					<b>5,351,040</b>	<b>5,351,040</b>	<b>5,351,022</b>	<b>463,192</b>

**Table 34 (EU CCR2): Transactions subject to own funds requirements for CVA risk**

As at 12.31.2023 In € thousands	Exposure value	RWEA
Total transactions subject to the Advanced method	-	-
(i) VaR component (including the 3× multiplier)		-
(ii) stressed VaR component (including the 3× multiplier)		-
Transactions subject to the Standardised method	109,342	77,452
Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>109,342</b>	<b>77,452</b>

**Table 35 (EU CCR3): Standardised approach - CCR exposures by regulatory exposure class and risk weights**

As at 12.31.2023 In € thousands	Risk weight												Total exposure value
Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional government or local authorities	-	-	-	-	218,608	-	-	-	-	-	-	-	218,608
Public sector entities	30,875	-	-	-	807	-	-	-	-	-	-	-	31,682
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	387,878	-	-	-	-	-	-	-	-	-	-	387,878
Corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total exposure value</b>	<b>30,875</b>	<b>387,878</b>	<b>-</b>	<b>-</b>	<b>219,415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>638,168</b>

**Table 36 (EU CCR4): IRB approach - CCR exposures by exposure class and PD scale**

Advanced internal method

A-IRB	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
In € thousands As at 12.31.2023								
<b>Corporates</b>								
	0.00 to <0.15	-	-	-	-	-	-	-
	0.15 to <0.25	7,301	0.24%	0 to 100	45%	2.5	3,035	-
	0.25 to <0.50	13,003	0.43%	0 to 100	45%	2.5	7,746	-
	0.50 to <0.75	1,495	0.67%	0 to 100	45%	2.5	997	-
	0.75 to <2.50	49,540	1.32%	100 to	45%	2.5	43,883	-
	2.50 to <10.00	28,607	3.36%	100 to	45%	2.5	35,236	-
	10.00 to <100.00	901	18.78%	0 to 100	45%	2.5	1,753	-
	100.00 (Default)	969	100.00%	0 to 100	75%	2.5	-	-
Sub-total (Corporates)		101,816	2.78%		45%	2.5	92,650	91%
<b>Corporates - of which: SMEs</b>								
	0.00 to <0.15	-	-	-	-	-	-	-
	0.15 to <0.25	5,197	0.24%	0 to 100	45%	2.5	1,924	-
	0.25 to <0.50	6,772	0.42%	0 to 100	45%	2.5	3,299	-
	0.50 to <0.75	1,058	0.67%	0 to 100	45%	2.5	619	-
	0.75 to <2.50	31,040	1.31%	0 to 100	45%	2.5	23,637	-
	2.50 to <10.00	13,482	3.57%	0 to 100	45%	2.5	13,764	-
	10.00 to <100.00	525	23.62%	0 to 100	45%	2.5	907	-
	100.00 (Default)	27	100.00%	0 to 100	75%	2.5	-	-
Sub-total (Corporates - of which: SMEs)		58,101	1.87%		45%	2.5	44,151	76%
<b>Corporates - of which: non-SMEs</b>								
	0.00 to <0.15	-	-	-	-	-	-	-
	0.15 to <0.25	2,104	0.24%	0 to 100	45%	2.5	1,111	-
	0.25 to <0.50	6,230	0.44%	0 to 100	45%	2.5	4,447	-
	0.50 to <0.75	437	0.67%	0 to 100	45%	2.5	377	-
	0.75 to <2.50	18,500	1.33%	0 to 100	45%	2.5	20,246	-
	2.50 to <10.00	15,126	3.17%	0 to 100	45%	2.5	21,472	-
	10.00 to <100.00	376	12.02%	0 to 100	45%	2.5	846	-
	100.00 (Default)	942	100.00%	0 to 100	75%	2.5	-	-
Sub-total (Corporates - of which: non-SMEs)		43,715	4.00%		46%	2.5	48,499	111%
<b>Retail customers</b>								
	0.00 to <0.15	3	0.13%	0 to 100	45%	-	0	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	12	0.36%	0 to 100	45%	-	3	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	2	1.88%	0 to 100	45%	-	1	-
	2.50 to <10.00	8	6.28%	0 to 100	45%	-	6	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	9	100.00%	0 to 100	75%	-	-	-
Sub-total (Retail customers)		33	29.36%		53%		10	30%
<b>Retail customers - other</b>								
	0.00 to <0.15	3	0.13%	0 to 100	45%	-	0	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	12	0.36%	0 to 100	45%	-	3	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	2	1.88%	0 to 100	45%	-	1	-
	2.50 to <10.00	8	6.28%	0 to 100	45%	-	6	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	9	100.00%	0 to 100	75%	-	-	-
Sub-total (Retail customers - other)		33	29.36%		53%		10	30%

A-IRB	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
In € thousands As at 12.31.2023								
<b>Retail customers - other - SMEs</b>								
	0.00 to <0.15	3	0	0 to 100	0	-	0	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	8	0.41%	0 to 100	45%	-	2	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-
	2.50 to <10.00	2	3.24%	0 to 100	45%	-	1	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
Sub-total (Retail customers - other - SMEs)		12	0.70%		45%		3	25%
<b>Retail customers - other - Non-SMEs</b>								
	0.00 to <0.15	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-
	0.25 to <0.50	4	0		0	-	1	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	2	1.88%	0 to 100	45%	-	1.1	-
	2.50 to <10.00	6	7.04%	0 to 100	45%	-	5	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	9	100.00%	0 to 100	1	-	0	-
Sub-total (Retail customers - other - Non-SMEs)		21	46.11%		58%		7	32%
<b>Total</b>		101,849	2.79%		45%	2.5	92,660	91%

### Internal foundation method

F-IRB	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
In € thousands As at 12.31.2023								
<b>Credit institution</b>								
	0.00 to <0.15	4,426,927	0.08%	0 to 100	45%	2.5	226,028	-
	0.15 to <0.25	128,594	0.22%	0 to 100	45%	2.5	54,718	-
	0.25 to <0.50	141	0.42%	0 to 100	45%	2.5	132	-
	0.50 to <0.75	-	-	-	-	-	-	-
	0.75 to <2.50	-	-	-	-	-	-	-
	2.50 to <10.00	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
Sub-total (Credit institution)		4,555,662	0.08%		45%	2.5	280,878	6%
<b>Corporates</b>								
	0.00 to <0.15	7,488	0.11%	0 to 100	45%	2.5	2,592	-
	0.15 to <0.25	12,572	0.20%	0 to 100	45%	2.5	6,095	-
	0.25 to <0.50	15,729	0.33%	0 to 100	45%	2.5	9,914	-
	0.50 to <0.75	14,610	0.73%	0 to 100	45%	2.5	13,214	-
	0.75 to <2.50	2,845	1.40%	0 to 100	45%	2.5	3,248	-
	2.50 to <10.00	1,804	3.91%	0 to 100	45%	2.5	2,762	-
	10.00 to <100.00	87	10.13%	0 to 100	45%	2.5	186	-
	100.00 (Default)	224	100.00%	0 to 100	45%	2.5	-	-
Sub-total (Corporates)		55,361	0.97%		45%	2.5	38,013	69%
<b>Corporates - of which: non-SMEs</b>								
	0.00 à <0.15	7,488	0.11%	0 to 100	45%	2.5	2,592	-
	0.15 à <0.25	12,572	0.20%	0 to 100	45%	2.5	6,095	-
	0.25 à <0.50	15,729	0.33%	0 to 100	45%	2.5	9,914	-
	0.50 à <0.75	14,610	0.73%	0 to 100	45%	2.5	13,214	-
	0.75 à <2.50	2,845	1.40%	0 to 100	45%	2.5	3,248	-
	2.50 à <10.00	1,804	3.91%	0 to 100	45%	2.5	2,762	-
	10.00 à <100.00	87	10.13%	0 to 100	45%	2.5	186	-
	100.00 (défaut)	224	100.00%	0 to 100	45%	2.5	-	-
Sub-total (Corporates - of which: non-SMEs)		55,361	0.97%		45%	2.5	38,013	69%
<b>Total</b>		4,611,023	0.09%		45%	2.5	318,891	7%

**Table 37 (EU CCR8): Exposures to CCPs**

As at 12.31.2023 In € thousands	Exposure value	RWEA
<b>Exposures to QCCPs (total)</b>		<b>7,758</b>
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	387,878	7,758
(i) OTC derivatives	387,878	7,758
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-
<b>Exposures to non-QCCPs (total)</b>		<b>-</b>
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) OTC derivatives	-	-
(ii) Exchange-traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-

## 8. Credit risk mitigation techniques

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

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

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

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

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

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

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

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

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

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

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

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



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

### Main categories of protection providers

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

**Table 38 (EU CR3): CRM techniques overview - Disclosure of the use of credit risk mitigation techniques**

As at 12.31.2023 In € thousands	Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral	Of which secured by financial guarantees	
					Of which secured by credit derivatives
Loans and advances	57,546,060	57,384,056	42,007,545	15,376,511	-
Debt securities	9,216,950	-	-	-	-
<b>Total</b>	<b>66,763,010</b>	<b>57,384,056</b>	<b>42,007,545</b>	<b>15,376,511</b>	<b>-</b>
Of which non-performing exposures	184,140	683,038	662,811	20,227	-
Of which defaulted	184,140	683,038			

**Table 39 (EU CR4): Standardised approach - Credit risk exposure and CRM effects**

As at 12.31.2023 In € thousands	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance- sheet exposures	Off-balance- sheet exposures	On-balance- sheet exposures	Off-balance- sheet exposures	RWAs	RWAs density (%)
Central governments or central banks	15,575,766	-	16,416,636	-	-	0%
Regional government or local authorities	6,445,002	1,070,669	6,445,002	18,323	1,278,996	20%
Public sector entities	13,769,074	817,950	13,769,074	335,702	404,736	3%
Multilateral development banks	281,518	-	281,518	-	-	0%
International organisations	92,109	-	92,109	-	-	0%
Institutions	232,905	-	232,905	-	5,558	2%
Corporates	155,981	115,246	155,981	13,098	134,756	80%
Retail	4,089,538	456,957	4,089,538	90,745	3,048,817	73%
Secured by mortgages on immovable property	6,711,982	75,183	6,711,982	37,592	2,707,727	40%
Exposures in default	266,343	5,952	266,343	127	268,876	101%
Exposures associated with particularly high risk	-	-	-	-	-	-
Covered bonds	9,026	-	9,026	-	903	10%
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investment undertakings	9,478	5	9,478	5	22,113	233%
Equity	16,573	-	16,573	-	16,573	100%
Other items	1,046,154	-	1,046,154	-	1,046,154	100%
<b>TOTAL</b>	<b>48,701,448</b>	<b>2,541,962</b>	<b>49,542,318</b>	<b>495,592</b>	<b>8,935,208</b>	<b>18%</b>

Outstandings measured using the standardized approach mainly concern:

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

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

**Table 40 (EU CR7-A): IRB approach - Disclosure of the extent of the use of CRM techniques**

Advanced internal method

A-IRB	Total exposures	Credit risk Mitigation techniques				
		Funded credit Protection (FCP)				
		Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)
As at 12.31.2023						
In € thousands						
Central governments and central banks	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	16,239,783	-	-	-	-	-
Of which Corporates – SMEs	10,077,193	-	-	-	-	-
Of which Corporates – Specialised lending	-	-	-	-	-	-
Of which Corporates – Other	6,162,590	-	-	-	-	-
Retail	47,148,409	-	-	-	-	-
Of which Retail – Immovable property SMEs	2,803,465	-	-	-	-	-
Of which Retail – Immovable property non-SMEs	22,884,279	-	-	-	-	-
Of which Retail – Qualifying revolving	95,431	-	-	-	-	-
Of which Retail – Other SMEs	7,745,279	-	-	-	-	-
Of which Retail – Other non-SMEs	13,619,955	-	-	-	-	-
<b>Total</b>	<b>63,388,192</b>	-	-	-	-	-

A-IRB	Credit risk Mitigation techniques						Credit risk Mitigation methods in the calculation of RWEAs	
	Funded credit Protection (FCP)				Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
As at 12.31.2023								
In € thousands								
Central governments and central banks	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	2.67%	-	8,119,611	7,821,371
Of which Corporates – SMEs	-	-	-	-	2.04%	-	4,082,662	3,951,361
Of which Corporates – Specialised lending	-	-	-	-	-	-	-	-
Of which Corporates – Other	-	-	-	-	3.71%	-	4,036,949	3,870,010
Retail	-	-	-	-	0.43%	-	4,647,315	4,593,068
Of which Retail – Immovable property SMEs	-	-	-	-	-	-	382,472	382,472
Of which Retail – Immovable property non-SMEs	-	-	-	-	-	-	1,442,365	1,442,365
Of which Retail – Qualifying revolving	-	-	-	-	-	-	15,283	15,283
Of which Retail – Other SMEs	-	-	-	-	2.61%	-	1,458,246	1,404,000
Of which Retail – Other non-SMEs	-	-	-	-	-	-	1,348,950	1,348,950
<b>Total</b>	-	-	-	-	<b>1.00%</b>	-	<b>12,766,926</b>	<b>12,414,439</b>

## Internal foundation method

F-IRB	As at 12.31.2023 In € thousands	Total exposures	Credit risk Mitigation techniques				
			Funded credit Protection (FCP)				
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)
Central governments and central banks		-	-	-	-	-	-
Institutions		7,027,706	-	-	-	-	-
Corporates		9,640,188	-	-	-	-	-
Of which Corporates – SMEs		-	-	-	-	-	-
Of which Corporates – Specialised lending		970,631	-	-	-	-	-
Of which Corporates – Other		8,669,556	-	-	-	-	-
<b>Total</b>		<b>16,667,894</b>	-	-	-	-	-

F-IRB	As at 12.31.2023 In € thousands	Credit risk Mitigation techniques						Credit risk Mitigation methods in the calculation of RWEAs	
		Funded credit Protection (FCP)				Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
		Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
Central governments and central banks		-	-	-	-	-	-	-	-
Institutions		-	-	-	-	-	-	1,058,636	1,058,636
Corporates		-	-	-	-	2.12%	-	7,053,251	6,853,586
Of which Corporates – SMEs		-	-	-	-	-	-	-	-
Of which Corporates – Specialised lending		-	-	-	-	-	-	629,991	629,991
Of which Corporates – Other		-	-	-	-	2.36%	-	6,423,261	6,223,595
<b>Total</b>		-	-	-	-	<b>1.23%</b>	-	<b>8,111,887</b>	<b>7,912,221</b>

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

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

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

**Table 41 (EU CCR5): Composition of collateral for CCR exposures**

As at 12.31.2023	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
In € thousands								
Cash – domestic currency	191,139	343,835	645,667	110,655	-	26,604	-	16,783
Cash – other currencies	-	-	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-	-	633,193
Other sovereign debt	-	-	-	-	-	657,944	-	334,540
Government agency debt	-	-	-	-	-	-	-	248,011
Corporate bonds	-	-	-	-	-	2,735,925	-	1,505,455
Equity securities	-	-	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-	-	-
<b>Total</b>	<b>191,139</b>	<b>343,835</b>	<b>645,667</b>	<b>110,655</b>	<b>-</b>	<b>3,420,473</b>	<b>-</b>	<b>2,737,982</b>

## 9. Securitisation

At December 31, 2023, the Crédit Mutuel Arkéa group held, as an investor, a number of securitization positions in the Banking Book portfolio.

### Objectives

Investments are made exclusively in the ABS (Asset-Backed Securities) portfolio for LCR management.

For the most part, the risks are credit risks on underlying assets and liquidity risks, which are due in particular to changes in ECB eligibility criteria.

The securitization portfolio is therefore prudently managed and consists of senior securities of very good credit quality (AAA tranche). The portfolio was limited to outstandings of €84.6 million at end-December 2023.

### Capital market monitoring and control procedures

The market risks of securitization positions are monitored on a regular basis so as to monitor changes in them.

The credit quality of the securitization tranches is observed by tracking the ratings of external credit rating agencies. Where justified by the securitization and underlying exposures, specific controls are performed on past due loans, prepayment rates and collection rates.

These analyses assess the credit level of the position and the performance of the underlying asset.

A report of new investments and changes in existing investments is produced weekly.

A report for the management bodies is distributed monthly.

### Prudential approaches and methods

For all positions with an external rating, the External-Ratings-Based Approach (SEC-ERBA) is used. In all other cases, the standardized approach (SEC-SA) is applied.

### Accounting principles and methods

Securitization securities are recognized in the same way as other debt securities, i.e. based on their accounting classification. A security is classified:

- at amortized cost, if it is held with a view to collecting the contractual cash flows, and if its characteristics are similar to those of a so-called basic contract;
- at fair value through equity, if the instrument is held with a view to both collecting contractual cash flows and selling it when the opportunity arises, but not for trading purposes, and if its characteristics are similar to those of a so-called basic agreement that implicitly entails a high predictability of the related cash flows (hold to collect and sell model);
- at fair value through profit or loss if:

- it is not eligible for the two aforementioned categories (as it does not meet the “basic” criterion and/or is managed in accordance with the “other” business model);
- the group makes an irrevocable election at initial recognition to classify it in this way. This option is used to reduce an accounting mismatch in relation to another associated instrument.

All securitizations held in the portfolio at end-December 2023 are classified at amortized cost.

**Table 42 (EU SEC1): Securitisation exposures in the non-trading book**

As at 12.31.2023 In € thousands	Institution acts as originator					Institution acts as sponsor				Institution acts as investor			
	Traditional		Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS	Non-STS	of which SRT	of which SRT		STS	Non-STS			STS	Non-STS		
<b>Total exposures</b>	-	-	-	-	-	-	-	-	-	<b>84,631</b>	-	-	-
Retail (total)	-	-	-	-	-	-	-	-	-	84,631	-	-	-
Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit card	-	-	-	-	-	-	-	-	-	-	-	-	-
Other retail exposures	-	-	-	-	-	-	-	-	-	84,631	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-

**Table 43 (EU SEC4): Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor**

As at 12.31.2023 In € thousands	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
<b>Total exposures</b>	<b>84,631</b>	-	-	-	-	-	<b>84,631</b>	-	-
Traditional securitisation	84,631	-	-	-	-	-	84,631	-	-
Securitisation	84,631	-	-	-	-	-	84,631	-	-
Retail underlying	84,631	-	-	-	-	-	84,631	-	-
Of which STS	84,631	-	-	-	-	-	84,631	-	-
Wholesale	-	-	-	-	-	-	-	-	-
Of which STS	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-
Synthetic securitisation	-	-	-	-	-	-	-	-	-
Securitisation	-	-	-	-	-	-	-	-	-
Retail underlying	-	-	-	-	-	-	-	-	-
Wholesale	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-



As at 12.31.2023	RWEA (by regulatory approach)				Capital charge after cap			
In € thousands	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
<b>Total exposures</b>	-	<b>12,695</b>	-	-	-	<b>1,016</b>	-	-
Traditional securitisation	-	12,695	-	-	-	1,016	-	-
Securitisation	-	12,695	-	-	-	1,016	-	-
Retail underlying	-	12,695	-	-	-	1,016	-	-
Of which STS	-	12,695	-	-	-	1,016	-	-
Wholesale	-	-	-	-	-	-	-	-
Of which STS	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-
Synthetic securitisation	-	-	-	-	-	-	-	-
Securitisation	-	-	-	-	-	-	-	-
Retail underlying	-	-	-	-	-	-	-	-
Wholesale	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-

As Crédit Mutuel Arkéa acts as an investor, the following tables are not displayed in the Group's Pillar 3 report:

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

## 10. Market risk

Information on the structure and organization of the function responsible for market risk management is provided in Crédit Mutuel Arkéa's 2023 Universal Registration Document, in the section entitled "Risks".

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

At the end of December 2023, there is no market risk as the Crédit Mutuel Arkéa group has no portfolio in the trading book. Consequently, the following table is not displayed in the Group's Pillar 3 report:

- EU MR1: Market risk under the standardised approach.

## 11. Interest rate risk in the banking book

Information on the structure and organization of the function responsible for interest rate risk management is provided in Crédit Mutuel Arkéa's 2023 Universal Registration Document, in the section entitled "Risks".

### Definition of interest rate risk

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

### Assessment and monitoring

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

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

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

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

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

At the end of 2023, the NPV sensitivities related to the Group's Tier 1 capital under the 6 EBA scenarios are as follows:

- parallel up (+200 bp): -5.68%;
- parallel down (-200 bp): +1.05%;
- steepener (short rates down, long rates up): +1.20%;
- flattener (short rates up, long rates down): -3.96%;
- short rate up: -4.93%;
- short rate down: +2.62%.

The NPV sensitivities respect the Group's management threshold. The maximum exposure is nearly -477 million euros in the scenario of a 200 bp increase in interest rate.

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

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

At the end of 2023, the static interest-rate impasse is in a short-term transformation position. Beyond that, the interest rate position is reduced across all maturities, with an overall neutral exposure in the central scenario and in rate shock scenarios of +/- 100 bp. The levels of exposure on interest rate impasses respect the Group's management thresholds and reflect the Group's low risk appetite for interest rate risk.

The **sensitivity of the interest margin** measures the gain (or loss) of a change (up or down) in interest rates on the Group's interest margin. It is expressed as a percentage of the net banking and insurance income (hereinafter "**NBI**"), according to different rate shocks in a static view. It is constructed from static rate impasses and the impact of option risks that are projected over five years on the contracts in stock. At December 31, 2023, over a 5-year horizon, the sensitivity of annual stock revenues is between +/- 0.9% of NBI.

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

Since the regulatory technical standards governing IRRBB came into force, Crédit Mutuel Arkéa has been calculating the sensitivity of its net interest margin to shocks of +/-200 bp on a constant balance sheet basis (SOT-NII). It is calculated according to the guidelines recommended by the EBA (constant outstandings over a sliding one-year horizon integrating commercial margins with rate shocks of +/-200 bp). At the end of 2023, MNI sensitivities in relation to Crédit Mutuel Arkéa's Tier 1 capital comply with regulatory thresholds and internal requirements, and stand at the following levels:

- upward interest rate shock (+200 bp): +0.3% of Tier 1 capital;
- downward interest-rate shock (-200 bp) : -0.2% of Tier 1 capital.

In addition, dynamic indicators are also produced to determine the impact of future loan and deposit production (constant balance sheet and dynamic balance sheet) on the net interest margin in the Group's central economic scenario and under different stressed rate environments.

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

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

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

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

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

In the current uncertain environment as regards future interest-rate movements, the Group maintains a prudent policy and a high level of interest-rate backing, that is consistent with the risk appetite framework set by the Board of Directors. It thus retains limited exposure to interest-rate risk in order to protect its margin and value, which is corroborated by the level of impasses and the sensitivity indicator for net interest margin and value.

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

The modeling assumptions are carried out through internally developed models.

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

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

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

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

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

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

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

The average Crédit Mutuel Arkéa group's demand deposits maturity calculation is carried out quarterly. On December 31, 2023, the average maturity of demand deposits in euros is 3.2 years, and therefore complies with the 5-year limit indicated in paragraph 115-o of the EBA guidelines.

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

In € thousands			In € thousands		
Period	ΔEVE		Period	ΔNII <sup>(*)</sup>	
	12.31.2023	06.30.2023		12.31.2023	06.30.2023
Parallel up (+200 bps)	-477,222	-531,736	Parallel up (+200 bps)	27,999	
Parallel down (-200 bps)	88,196	274,076	Parallel down (-200 bps)	-14,154	
Steepener	100,458	174,420			
Flattener	-332,472	-469,683			
Short rate up	-414,120	-600,181			
Short rate down	220,270	323,285			
Period	12.31.2023	06.30.2023			
Tier 1 capital	8,400,021	8,341,574			

<sup>(\*)</sup> The MNI sensitivities declared in the Pillar 3 report at 12.31.2023 are calculated according to the guidelines recommended by the EBA (constant outstandings over a sliding one-year horizon integrating commercial margins with rate shocks of +/-200 bp). The MNI sensitivities presented in the Pillar 3 report of 06.30.2023 used a different methodology based on internal assumptions and models with rate scenarios of +100 bp (-31.327 M€ sensitivity) and -100 bp (+36.868 M€ sensitivity).



## 12. Liquidity risk

Information on the structure and organization of the function responsible for liquidity risk management is provided in Crédit Mutuel Arkéa's 2023 Universal Registration Document, in the section entitled "Risks".

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

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

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

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

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

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

### Strategy and processes implemented

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

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

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

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

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

The Group implemented a policy aimed at reducing its level of dependence on the financial markets and increasing its reserves of liquid assets. The loan-to-deposit ratio was 102.8% at the end of 2023. The liquidity reserves (made up of available cash, securities that are LCR-eligible and assets that are ECB-eligible immediately or in the short term) represent more than twice the requirements in connection with the LCR, at €33 billion.

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

At the end of 2023, the Group management thresholds and limits set by the management body (Executive Management and Board of Directors) were complied with in full for all the key liquidity indicators in the risk appetite framework.

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

Three levels of management bodies are responsible for liquidity management.

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

The ALM and Capital Management Committee is responsible for the Group's strategic management. Chaired by the Group's Chief Executive Officer, its members include the effective managers and the central managers in collaboration with the ALM Department. This committee, which is an "ad hoc committee" within the meaning of Article 228 of the administrative order of November 3, 2014 on internal control, meets at least four times a year (it met seven times in 2023).

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

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

The Operational ALM committees of the Group and the subsidiaries are responsible for the day-to-day ALM of the corresponding entity, by delegation of authority and based on guidelines defined by the Group ALM and Capital Management Committee. The Group's

Operational ALM Committee meets monthly. Chaired by the group's Head of Finance and Global Performance, its role is to:

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

The main operational structures are:

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

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

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

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

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

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

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

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

The Group's market refinancing program is defined annually by taking into account the impact of the projected commercial activity on the main liquidity indicators and in accordance with the Group system of multi-year projections with which it is in line. It aims to ensure long-term compliance (three to four years) with internal standards. It can be updated every quarter based on actual and projected trends in commercial activity and the financial market environment (see section 4.5.3 of the 2023 Universal Registration Document on liquidity risk for more details).

## **Explanation of how stress testing is used**

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

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

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

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

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

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

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

This indicator models two scenarios :

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

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

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

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

In addition, each year the management body (made up of Crédit Mutuel Arkéa's Board of Directors and Executive Management) approves a statement on liquidity risk. This statement, which is sent to the ECB, covers the main aspects of liquidity risk management: organization, the measurement and monitoring system, the Group's risk appetite, management procedures (both in normal and stress situations), the levels of the main indicators, the refinancing strategy, etc. The statement in respect of 2023 ended as follows :

*"In light of the above factors and the fact that 2023 was marked by the continuation of monetary tightening by the ECB, which began in the summer of 2022, and tensions on the interbank markets following the difficulties experienced by US regional banks, Crédit Mutuel Arkéa's Board of Directors and Executive Committee are satisfied with the robustness and agility of the liquidity mechanism.*

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

*As such, the survival indicator calculated by the Crédit Mutuel Arkéa group is significantly higher than its twelve-month internal limit. The Group has significant room for maneuver and good quality liquidity reserves, enabling it to cope with changes in the economic and financial environment, even in the event of unfavorable changes in customer activity.*

*The projections for the coming years confirm the robustness of the ILAAP mechanism , with a level of liquidity that enables the Group to pursue its development while maintaining a high level of financial security.*

*The centralized structure of liquidity management and the associated governance are appropriate to the vital nature of liquidity risk management. The management system is appropriate and documented; it covers the various aspects of liquidity risk and is tailored to the Crédit Mutuel Arkéa group's risk profile.*

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

*In accordance with its principles of good management and the expectations of the ECB, Crédit Mutuel Arkéa's Board of Directors and Executive Committee are committed to*

*promoting the ILAAP approach by continuing to monitor on an ongoing basis the adequacy of the Group's liquidity and financing in light of its risk appetite."*

### **Short-term liquidity ratio information**

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

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

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

The minimum required level of the LCR was 100% in 2023. The Group met the regulatory requirement over the fourth quarter of 2023, with significant room for maneuver. The average LCR from January to December 2023 was 150%. At the end of December 2023, Group's consolidated LCR ratio was 140%, down 8.2 points compared with the end of September 2023.

The Crédit Mutuel Arkéa group's liquid assets totaled €21.274 billion and consisted mainly of deposits at central banks. These represented 61% of liquid assets at the end of December 2023, stable compared with the end of September 2023.

Net cash outflows over 30 days amounted to €16.800 billion, most of which corresponded to customer deposits. This represented an increase of €1,467 million compared with the end of September 2023.

Net cash inflows over 30 days amounted to €1.573 billion, most of which corresponded to customer loans and maturing debt securities. This represented a decrease of €550 billion compared with the end of September 2023.



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

In € thousands	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on	12.31.2023	09.30.2023	06.30.2023	03.31.2023	12.31.2023	09.30.2023	06.30.2023	03.31.2023
Number of data points used in the calculation of averages : 12								
<b>HIGH-QUALITY LIQUID ASSETS</b>								
Total high-quality liquid assets (HQLA)					21,267,316	21,976,753	21,760,165	21,468,013
<b>CASH - OUTFLOWS</b>								
Retail deposits and deposits from small business customers, of which:	42,168,233	41,671,945	41,783,910	42,891,899	2,758,402	2,753,668	2,773,927	2,844,651
Stable deposits	29,887,059	29,547,387	29,841,903	31,084,110	1,494,353	1,477,369	1,492,095	1,554,206
Less stable deposits	11,276,102	11,379,795	11,405,456	11,464,852	1,254,317	1,264,939	1,267,224	1,271,800
Unsecured wholesale funding	21,832,242	22,273,305	22,571,206	22,859,017	10,786,858	11,084,601	11,297,770	11,183,008
Operational deposits (all counterparties) and deposits in networks of cooperative banks	2,201,006	2,193,086	2,067,362	2,146,673	221,294	226,254	216,409	230,029
Non-operational deposits (all counterparties)	18,965,439	19,403,148	19,869,834	20,174,284	9,899,766	10,181,274	10,447,350	10,414,918
Unsecured debt	665,797	677,072	634,010	538,060	665,797	677,072	634,010	538,060
Secured wholesale funding					108,117	76,767	86,102	71,866
Additional requirements	11,956,783	12,056,636	12,294,302	12,243,876	2,094,749	2,062,001	2,051,539	1,986,502
Outflows related to derivative exposures and other collateral requirements	402,626	372,907	372,127	328,246	402,626	372,907	372,127	328,246
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	11,554,157	11,683,729	11,922,176	11,915,631	1,692,123	1,689,095	1,679,413	1,658,256
Other contractual funding obligations	592,016	586,710	487,616	492,149	592,016	586,710	487,616	492,149
Other contingent funding obligations	595,748	633,388	731,944	824,435	70,103	77,591	95,376	113,860
TOTAL CASH OUTFLOWS					16,410,245	16,641,338	16,792,330	16,692,036
<b>CASH - INFLOWS</b>								
Secured lending (e.g. reverse repos)	420,134	484,572	466,200	382,386	140,291	178,831	161,388	151,516
Inflows from fully performing exposures	1,657,141	1,586,974	1,628,349	1,760,990	1,075,746	1,022,303	1,082,157	1,237,164
Other cash inflows	1,008,826	1,080,175	1,330,109	1,281,677	1,008,826	1,080,175	1,330,109	1,281,677
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
(Excess inflows from a related specialised credit institution)					-	-	-	-
TOTAL CASH INFLOWS	3,086,101	3,151,721	3,424,658	3,425,053	2,224,863	2,281,309	2,573,654	2,670,356
Fully exempt inflows	83,333	125,000	166,667	83,333	83,333	125,000	166,667	83,333
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	3,002,768	3,026,721	3,257,991	3,341,720	2,141,529	2,156,309	2,406,988	2,587,023
<b>TOTAL ADJUSTED VALUE</b>								
LIQUIDITY BUFFER					21,267,316	21,976,753	21,760,165	21,468,013
TOTAL NET CASH OUTFLOWS					14,185,383	14,360,029	14,218,676	14,021,679
LIQUIDITY COVERAGE RATIO					150%	153%	153%	153%

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

## Concentration of funding and liquidity sources

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

- the loan-to-deposit ratio in order to check the balance of the commercial business and dependence on market refinancing;
- the level of dispersion of interbank refinancing in order to ensure control of its dependence on certain counterparties;
- refinancing volumes by maturity to avoid a concentration of the maturities of the refinancing lines.

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

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

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

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

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

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

At December 31, 2023, the liquidity reserves amounted to €33 billion, a decrease of €0.3 billion since December 31, 2022.

### Liquidity reserves

In € billion	12.31.2023	12.31.2022
Central bank deposits	13.2	23.4
LCR securities eligible for the 3G pool (after haircut)	7.8	2.2
Other assets eligible for the 3G pool (after haircut)	11.9	7.7
<b>Total</b>	<b>33.0</b>	<b>33.3</b>

Crédit Mutuel Arkéa strives to maintain liquidity reserves of more than nearly twice the amount of the net cash outflows of the LCR. This liquidity buffer allows it to cope with extreme crisis situations at all times and reflects the Group's commitment to prudent liquidity risk management. On December 31, 2023, the liquidity reserves represented 39% of Crédit Mutuel Arkéa's gross deposits.

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

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

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

In addition, the calculation of the LCR includes an additional cash outflow corresponding to additional collateral requirements that would result from an adverse market scenario; the amount was valued at close to €717 million at December 31, 2023, which is not material in view of the amount of liquid assets.

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

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

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

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

The Group met the regulatory requirement in the second half of 2023, with significant room for maneuver. The average annual NSFR from January to December 2023 was 111.6%. At the end of December 2023, the NSFR ratio stood at 111.9%, up 0.4 points on the end of June 2023.

The amount of weighted liabilities available at one year was €90.619 billion, most of which corresponded to customer deposits and issues (negotiable medium-term notes, negotiable certificates of deposit, etc.). This represented an increase of €4.483 billion compared with the end of June 2023.

The amount of weighted assets to be financed over one year was €80.995 billion, most of which corresponded to loans to non-financial customers. This represented an increase of €3.716 billion compared with the end of June 2023.

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

As at 12.31.2023 In € thousands	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
Capital items and instruments	8,709,162	-	-	2,166,315	10,875,476
Own funds	8,709,162	-	-	2,166,315	10,875,476
Other capital instruments		-	-	-	-
Retail deposits		44,317,504	-	-	41,402,461
Stable deposits		30,334,154	-	-	28,817,446
Less stable deposits		13,983,350	-	-	12,585,015
Wholesale funding:		39,762,829	3,780,600	22,701,702	37,042,309
Operational deposits		1,967,918	-	-	983,959
Other wholesale funding		37,794,912	3,780,600	22,701,702	36,058,350
Interdependent liabilities		9,175,233	-	-	-
Other liabilities:	49,061	4,104,321	-	1,298,982	1,298,982
NSFR derivative liabilities	49,061				
All other liabilities and capital instruments not included in the above categories		4,104,321	-	1,298,982	1,298,982
Total available stable funding (ASF)					90,619,229
Required stable funding (RSF) Items					
Total high-quality liquid assets (HQLA)					1,020,769
Assets encumbered for a residual maturity of one year or more in a cover pool		552,819	534,352	12,316,207	11,392,872
Deposits held at other financial institutions for operational purposes		-	-	-	-
Performing loans and securities:		9,538,412	6,210,765	64,626,644	58,027,473
Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	657,944	-	328,972
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,626,257	1,533,648	2,748,668	3,655,965
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		6,364,444	3,196,706	46,513,569	52,778,627
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		732,446	710,753	19,052,861	17,516,225
Performing residential mortgages, of which:		532,121	526,856	14,698,743	-
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		170,579	172,976	6,268,034	-
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		1,015,590	295,611	665,665	1,263,909
Interdependent assets		9,175,233	-	-	-
Other assets:		4,445,455	-	7,843,716	9,879,399
Physical traded commodities				-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		641,066	-	-	544,906
NSFR derivative assets		-			-
NSFR derivative liabilities before deduction of variation margin posted		108,934			5,447
All other assets not included in the above categories		3,695,456	-	7,843,716	9,329,047
Off-balance sheet items		12,120,951	-	28,417	634,464
Total RSF					80,954,977
Net Stable Funding Ratio (%)					112%

## 13. Information on encumbered and unencumbered assets

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

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

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

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

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

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

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

The median ratio of encumbered assets to total regulated assets was 16.47% at December 31, 2023.



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

As at 12.31.2023 In € thousands	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
<b>Assets of the disclosing institution</b>	<b>21,890,374</b>	<b>2,261,997</b>			<b>108,857,593</b>	<b>5,327,387</b>		
Equity instruments	-	-	-	-	1,725,626	-	1,725,626	-
Debt securities	2,540,804	2,261,997	2,540,804	2,261,997	6,070,467	5,327,387	6,058,989	2,746,321
of which: covered bonds	349,309	349,309	349,309	349,309	-	-	-	-
of which: securitisations	-	-	-	-	-	-	-	-
of which: issued by general governments	1,531,404	1,442,677	1,531,404	1,442,677	65,352	37,690	75,856	29,658
of which: issued by financial corporations	831,195	576,590	831,195	576,590	4,655,677	4,577,998	4,644,199	2,303,996
of which: issued by non-financial corporations	43,463	43,463	43,463	43,463	888,834	544,652	888,834	239,001
Other assets	<b>19,349,570</b>	-			<b>103,182,517</b>	-		

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

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

As at 12.31.2023 In € thousands	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
<b>Collateral received by the disclosing institution</b>	<b>296,687</b>	<b>296,687</b>	<b>3,654,670</b>	-
Loans on demand	-	-	-	-
Equity instruments	-	-	-	-
Debt securities	296,687	296,687	2,830,343	-
of which: covered bonds	-	-	1,398,598	-
of which: securitisations	-	-	-	-
of which: issued by general governments	231,650	231,650	638,709	-
of which: issued by financial corporations	65,037	65,037	810,772	-
of which: issued by non-financial corporations	-	-	-	-
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	-	-	1,109,965	-
<b>Own debt securities issued other than own covered bonds or securitisations</b>	-	-	-	-
<b>Own covered bonds and securitisations issued and not yet pledged</b>			-	-
<b>Total collateral received and own debt securities issued</b>	<b>22,187,061</b>	<b>2,558,684</b>		

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

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

As at 12.31.2023 In € thousands	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
Carrying amount of selected financial liabilities	14,939,505	22,187,061

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



## 14. Operational risk

Information on the structure and organization of the function responsible for operational risk management is provided in Crédit Mutuel Arkéa's 2023 Universal Registration Document, in the section entitled "Risks".

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

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

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

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

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

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

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

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

### Authorized use of the AMA method

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

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

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

Operational risk mitigation techniques include:

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

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

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

### **Use of insurance techniques**

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

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

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

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

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

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

As at 12.31.2023 In € thousands	Relevant indicator			Own funds requirements	Risk exposure amount
	Year-3	Year-2	Last year		
Banking activities subject to basic indicator approach (BIA)	239,075	218,240	244,555	35,094	438,669
Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	109,611	112,109	126,185	13,880	173,503
Subject to TSA:	109,611	112,109	126,185		
Subject to ASA:	-	-	-		
Banking activities subject to advanced measurement approaches AMA	1,375,965	1,782,482	1,863,234	197,962	2,474,524

## 15. ESG Risk

### 15.1. Definition of ESG risks

ESG (environmental, social and governance) factors can impact an entity's financial position negatively or positively. From a prudential point of view, for a financial institution, ESG risks are the negative materialization of ESG factors affecting its financial position, financial results and cash flows as a result of impacts on its counterparties or assets.

ESG risks are factors that determine other existing risks to which the Crédit Mutuel Arkéa group is exposed, which include credit risk, operational risk and other categories of financial risk. Crédit Mutuel Arkéa therefore gradually integrates ESG risk factors into its governance, strategy and overall risk management framework.

#### 15.1.1. Environmental risks

Economic activity, and the financial system in particular, is affected by environmental damage and climate change. Environmental risks should be understood as the financial risks arising from a banking institution's exposure to counterparties or investments that may be impacted by environmental factors or contribute to the adverse effects of environmental factors, such as climate change and other forms of environmental degradation.

Environmental risks include climate risks and risks related to biodiversity loss.

##### 15.1.1.1. Climate risks

Climate risks are generally broken down into two main categories, along with liability and reputational risk.

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



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

**Liability** risk corresponds to the damages that a legal entity would be required to pay if it were found to be responsible for global warming. This risk may arise from legal action.

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

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

TRANSMISSION CHANNELS FROM MAIN CLIMATE RISKS TO OTHER RISKS

EXAMPLES OF IMPACTS		OPERATIONAL RISK	MARKET RISK	CREDIT RISK	LIQUIDITY RISK	REPUTATIONAL RISK
	<b>PHYSICAL RISKS</b>					
	Inaccessibility / damage to assets	✓				
	Decline in asset performance		✓	✓		
	Decline in real estate value		✓	✓	✓	
	<b>TRANSITION RISKS</b>					
	Decline in household wealth			✓	✓	
	Increase in legal costs	✓		✓		✓
	Increased cost of compliance			✓		
	Decline in corporate profitability			✓		

### 15.1.1.2. Risks related to biodiversity loss

Biodiversity is assessed by considering ecosystem, species and genetic diversity in space and time, as well as interactions within and between these levels of organization. Various concepts center around this notion of biodiversity and its benefits for society, namely natural capital and ecosystem services. Ecosystem services include all the goods and services that biodiversity provides to society and that are necessary for its functioning, such as the supply of water and natural resources, the regulation of erosion, climate, diseases, pollination, etc.

Financial risks related to biodiversity loss (or to nature) are the risks of adverse effects on economies, financial institutions and companies resulting from physical and transition risks:

- **Physical risks**<sup>3</sup> refer to financial losses associated with damage caused by the decline in ecosystem services and biodiversity. These risks result from the degradation of nature and the loss of ecosystem services on which economic activities depend. The degradation or loss of certain ecosystem services may weaken the value chain and the business model of an activity or sector. That is why physical risk is assessed through both pressures on biodiversity and dependence on ecosystem services. Physical risks can be chronic (e.g. gradual decline in pollinator populations in a region over several years) or acute (e.g. zoonosis, natural disasters).

- The **transition risk**<sup>1</sup> of an economic player related to biodiversity loss results from a misalignment between its practices and society's expectations in terms of protecting, restoring and reducing biodiversity erosion. Like climate risk, transition risk can be driven by changes in regulations, policies, case law, investor sentiment, consumer preferences and technological innovations.

In the same way as climate risks, risks related to biodiversity loss can lead to liability and reputational risk.

<sup>3</sup> Definitions from the Taskforce on Nature-related Financial Disclosures (TNFD)

### 15.1.2. Social risks

In its report on management and supervision of ESG risks, the EBA defines social risk factors as social matters that may have a positive or negative impact on the financial position of an entity.

There are many social factors. They may refer to human rights, the well-being and interests of people and communities, issues related to inequality, health, inclusiveness, labor relations, workplace health and safety, human capital, consumer protection and product liability.

The EBA has identified three drivers of social risk:

- environmental risks. Indeed, the continuous deterioration of environmental conditions entails social risks (e.g. climate migrants);
- changes in social policy;
- changes in market sentiment linked to the social transformation towards a more inclusive, fair society.

The transmission channels of social risks are generally similar to those of environmental risks. For instance, social risks impact economic activities which in turn impact the financial system through transmission channels that include:

- a decline in companies' profitability,
- a decline in companies' productivity,
- an increase in compliance costs,
- an increase in legal costs,
- an increase in insurance costs,
- a decline in household wealth,
- damage to reputation and image,
- changes in consumer and customer demand,
- changes in employee expectations.

### 15.1.3. Governance risks

The EBA defines governance factors as all issues related to measures, rules, decision-making, reporting and supervisory bodies that may have a positive or negative impact on the financial position of an entity.

Governance factors cover governance practices, including management, executive pay, audits and internal controls, tax avoidance, board independence, shareholder rights, corruption and bribery, as well as the way in which entities include environmental and social factors in their policies and procedures. It should be noted that governance factors in the context of ESG factors do not refer to the governance arrangements of supervised institutions, but rather to the governance factors of the counterparties and invested assets of institutions.



## 15.2. ESG risk governance

### 15.2.1. Role and involvement of governance bodies in the supervision and management of ESG risks

At Crédit Mutuel Arkéa, the framework, supervision and management of ESG risks are reviewed and approved at the highest level of the company's governance.

#### 15.2.1.1. Supervisory body

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

A status update on fulfillment of the commitments under the Group's climate strategy is presented to the Board of Directors once a year, along with an assessment of the progress made as part of the follow-up on the Group's Medium-Term Plan.

#### 15.2.1.2. Effective managers

Crédit Mutuel Arkéa's Executive Committee is directly involved in the assessment and management of climate-related and environmental risks and opportunities. Its main role is to help the Group's Executive Management with strategic governance. It recommends strategic policies to the Board of Directors and then oversees the implementation of the strategy approved by the Board and monitors the resulting risks. Pursuant to its prerogatives and powers and to ensure the relevance and quality of its decisions, Crédit Mutuel Arkéa's Executive Management has structured its organization around specialized committees.

Since 2020, members of Crédit Mutuel Arkéa's Board of Directors and Executive Committee have received regular training on ESG issues and risks (training in 2022 on risks related to biodiversity loss, training on environmental risks in 2023).

#### 15.2.1.3. Specialized committees

ESG risks are fully integrated into the Group's risk management framework and validated by the internal governance bodies. The governance of ESG risks is structured around various specialized committees. To validate the Group's strategic policies and ensure its risk monitoring role, the Board of Directors and the Executive Committee rely on the informed opinions of these committees. The special emphasis that must be placed on integrating ESG issues is formalized in each committee's charter.

Setting up this governance structure provides the ability to:

- make it easier to implement the ESG risk management systems,
- create the conditions for effective communication between ESG risks and financial risks,
- establish and monitor indicators that allow the governance team to manage ESG risks.

## **Supervisory committees:**

### The Strategy and Societal Responsibility Committee (SSRC)

Its mission is to drive Crédit Mutuel Arkéa's strategic vision and assist the Board of Directors with its work. Its role is to monitor the progress of the strategic project and ensure the integration of sustainable finance into the Group's strategy.

### The Risk and Internal Control Committee (RICC)

This committee's mission is to help the Board of Directors perform its duties with respect to monitoring Crédit Mutuel Arkéa's risks and internal control system. It is responsible for defining the Group's risk appetite framework and monitoring compliance with it. As such, the RICC has worked to integrate ESG risks into the Group's risk appetite framework. This integration, which involves setting limits, has implications for all the lines of defense.

Since 2021, Crédit Mutuel Arkéa has strengthened its ESG/climate governance by appointing two lead directors to the SSRC and RICC.

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

### The Executive Management Committee

At the beginning of 2023, the decision was made to integrate sustainable finance issues into the Executive Management Committee, thereby increasing the number of participants in the work. This committee is responsible for:

- recommending strategic policies and commitments related to sustainable finance to the Executive Committee and Board of Directors, in line with the Raison d'être, as well as the related framework policies;
- planning the implementation of these policies at all the Group's business lines and processes and ensuring their proper integration;
- overseeing and reporting on the progress of their implementation to the Executive Committee and Board of Directors every six months.

### The Risk Monitoring Committee (RMC)

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

### The Counterparties Committee

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

Crédit Mutuel Arkéa's Counterparties Committee is actively involved in analyzing and monitoring the ESG risks of the market counterparties it monitors. It takes into consideration the sustainability risk score of issuers subject to its approval. The sustainability risk score supplements the traditional credit risk analysis. Depending on the score assigned, the committee may refuse certain requests for listing as an eligible counterparty.

### Other committees

Other Crédit Mutuel Arkéa management committees, such as the Referencing Committee, are further integrating ESG risks into their area of activity. The governance bodies at the Group's subsidiaries also take ESG issues into account.

### **15.2.2. Adaptation of the organizational structure**

In order to integrate the short-, medium- and long-term effects of ESG risks, Crédit Mutuel Arkéa optimized its organizational and operational structure in line with the changes made to its governance.

Crédit Mutuel Arkéa's Risk Department is responsible for managing ESG risks. The ESG risks team supports Crédit Mutuel Arkéa's ESG risk objectives and responds to the growing expectations of regulators.

It consists of seven people and its responsibilities are:

- identifying, measuring, managing and monitoring ESG risks;
- integrating ESG risks into financial risks, disseminating the risk culture and supporting the entities in their own integration;

The Risk Department implemented a cross-functional organization through the creation in 2020 of an ESG risk coordination committee.

#### ***15.2.2.1. Integration of ESG risks into the risk appetite framework by the supervisory body***

Crédit Mutuel Arkéa's Board of Directors approved the inclusion of ESG risks in the risk appetite framework so as to incorporate them in a clear, detailed way for Crédit Mutuel Arkéa as a whole.

#### ***15.2.2.2. ESG risks taken into account by the internal control functions***

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

- Risk Management Function (RMF)

The Risk Management Function (RMF) currently implements the environmental risk management system developed by Crédit Mutuel Arkéa's Risk Department. The system is being rolled out gradually at all the Group's entities and covers all ESG risks.

ESG risk correspondents, the main points of contact of the ESG Risk department, have been appointed at each subsidiary. They have been involved in creating the environmental risk appetite framework to be implemented at their entity. The steps taken to coordinate and support this new network of correspondents continued in 2023.

- Compliance function

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

In this regard, the compliance framework policies now incorporate ESG risks into their analyses:

- the framework policy on prior approval by Compliance (e.g. analysis of ESG risks associated with the marketing of new products and projects);
- the framework policy on product governance and supervision which incorporates compliance with sustainability obligations and objectives;
- the obligations resulting from delegated directive 2021/1270 and delegated regulation 2021/1255 on sustainability risks added to the conflict of interest prevention and management policy;
- policies that apply to investment services which now incorporate sustainability factors into their analyses.

The Permanent Control unit of the Compliance and Permanent Control Department, together with the Sustainable Finance department, developed the cross-functional control frameworks for the coal, oil and gas and tobacco sector policies, compliance with the SFDR regulation and compliance with the French Duty of Care law implemented in the 2023 plans of the entities concerned.

Lastly, the Compliance Function rolled out the AMF Sustainable Finance certification module for the relevant operational staff. To date, 77 employees have been certified.

- Internal audit

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

### **15.2.2.3. ESG risks taken into account by the business lines**

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

In addition, the **Sustainable Finance Function**, created in early 2021, consists of the entities' Sustainable Finance managers and the central Sustainable Finance team. It recommends framework policies related to sustainable finance and implements the associated action plans.

The entities' Sustainable Finance managers play a key role in disseminating the Group's ESG ambition: they coordinate the implementation of the actions laid out in the sustainable finance roadmap and climate strategy that apply to their entity. The central Sustainable Finance team, which includes 11 people, reports to Crédit Mutuel Arkéa's General Secretariat Department.

### **15.2.3. Alignment of the compensation policy with the institution's ESG risk objectives**

Crédit Mutuel Arkéa has set objectives related to its company with a mission status. Objectives related to Crédit Mutuel Arkéa's sustainability strategy were incorporated into the variable compensation criteria for the Group's corporate officers and key executives in 2023.

Variable compensation is based on financial and/or non-financial achievements measured on the basis of actual performance, and on individual assessments related to fulfillment of the objectives set.

The variable compensation of non-employee corporate officers, approved by Crédit Mutuel Arkéa's Board of Directors on the proposal of the Compensation Committee, is partly tied to sustainability-related indicators. These indicators concern the monitoring of the company with a mission objectives and the MTP (strategic plan) and to the climate impact, including the carbon footprint reduction trajectory.

For the Group's key executives, following approval by the Executive Committee, an indicator related to the objectives of the company with a mission roadmap has been included in the variable compensation criteria. These indicators, which reflect the objectives of the company with a mission roadmap approved by the Mission Committee, are adapted to employees based on their entity in order to define relevant objectives, some of which meet sustainability obligations.

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

## **15.3. ESG risk strategy**

### **15.3.1. Integration of ESG risks into the strategy and banking model**

#### **15.3.1.1. Integration into the business strategy**

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

By adopting its Raison d'être in 2020 and then the status of a company with a mission in May 2022, Crédit Mutuel Arkéa confirmed its commitment to serving the local territories and future transitions.

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

Four of these commitments focus on environmental, social and societal issues:

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

In keeping with its Raison d'être, Crédit Mutuel Arkéa has set targets for curbing global warming as part of a climate strategy, because the impact of climate issues on the business models of financial services groups is becoming increasingly obvious.

Crédit Mutuel Arkéa's strategy in terms of human capital development was formalized under the "Transitions HR 2024" strategic plan. It focuses mainly on the importance of Crédit Mutuel Arkéa's primary strength: its human capital.

For example, environmental, social and societal factors are integrated into Crédit Mutuel Arkéa's business model in the form of policies that formalize the Group's commitment to support customers and stakeholders in sectors that are particularly affected by environmental and social transitions (for instance, real estate financing and farming/wine-growing/agrifood sector policy).

In early 2024, Crédit Mutuel Arkéa adopted its first human rights policy, in which it confirms its long-term commitment to defending human rights and describes the measures already in place.

#### **15.3.1.2. Adjustment of the business model**

In keeping with its Raison d'être, Crédit Mutuel Arkéa's business model is constantly being adjusted to take into account major social, societal and environmental issues.

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

Adjustment of the business model is reflected in a number of commitments made pursuant to the Group's company with a mission roadmap and climate strategy, such as adopting sector policies, setting objectives to decarbonize financing and investment portfolios, and mobilizing savings in support of the environmental transition. It is also illustrated by updates to the Group's risk management system to incorporate ESG risks and regulatory requirements and/or new industry standards (ECB, TCFD, TNFD, etc.).

It is important to note that the Crédit Mutuel Arkéa group's climate-related objectives do not represent all the environmental issues that it recognizes as important (respect for biodiversity, protection of the oceans, etc.). These topics are themselves dependent on the social issues on which the Crédit Mutuel Arkéa group strives to be a committed player.

Supporting customers, stakeholders and local territories in social and societal transitions is a focal point of Crédit Mutuel Arkéa's business model. The Crédit Mutuel Arkéa group's non-financial performance statement describes the way in which they are supported.

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

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



### 15.3.1.3. Changes in the business environment

Crédit Mutuel Arkéa contributes to the development and standardization of industry practices in an effort to promote the financial sector's awareness of sustainability issues. For instance, it has joined, or supports, several recognized initiatives:

- United Nations Global Compact
- Principles for Responsible Banking
- Finance for Biodiversity Pledge
- CDP (formerly Carbon Disclosure Project)
- Taskforce on Climate-related Financial Disclosures (TCFD)
- Net-Zero Banking Alliance (NZBA)
- signing of the Towards the Zero Gender Gap manifesto at the Women's Forum for the Economy & Society
- FAIR

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

### 15.3.2. Objectives, targets and limits for assessing ESG risks

#### 15.3.2.1. Definition process

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

Various committees are involved in designing the strategy and setting objectives and targets, including the Strategy and Social Responsibility Committee (SSRC) and the Executive Management Committee.

The limit system for managing ESG risks is the responsibility of the Board of Directors. The limits related to ESG risks are detailed in chapter 15.4.3.1.2.

#### 15.3.2.2. Objectives, targets and limits related to environmental risks

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

- a policy on financing and investments in **thermal coal** was implemented in 2019. In early 2021, the Group decided to completely phase out thermal coal by the end of 2027.
- a policy on financing and investments related to **oil and gas** has been in effect since early 2022. The Group is committed to phasing out companies engaged in unconventional fossil fuels (UFF) by the end of 2030 based on certain criteria. To define this policy, the Group has taken into account the goals of the Paris Agreement, the recommendations of the International Energy Agency and the recommendations of the Scientific and Expert Committee on unconventional hydrocarbons.
- a policy on financing of **air transport** activities. A number of criteria apply to financing of aircraft and financing granted to air transport operators with a view to decarbonizing the sector.

- a **real estate** policy through which the Group agrees to support its stakeholders' real estate projects, while contributing to improvement in energy performance and the decarbonization of buildings.

These policies are available at [cm-arkea.com](https://cm-arkea.com).

As part of its direct environmental trajectory (related to its internal operations), Crédit Mutuel Arkéa also pledged to reduce its greenhouse gas emissions by 25% between 2019 and 2024.

The Group joined the Finance For Biodiversity Pledge initiative in 2021 with the goal of increasing awareness of biodiversity-related issues at its business lines. In 2024, the Group published its first "Biodiversity and Natural Capital" report, which presents the various measures taken to integrate biodiversity issues into financing and investment activities, support its stakeholders and incorporate these issues into its own business practices.

Crédit Mutuel Arkéa joined the Net-Zero Banking Alliance (NZBA) in 2022, thereby pledging to align its investments and financing portfolios with the goal of "net zero emissions" by 2050 and to set an intermediate target for 2030, based on the alliance's guidelines.

Carbon intensity targets by 2030 have been set for several business sectors (steel, cement, air transport, residential real estate). The scopes, scenarios and quantified targets are detailed in section 15.5 (template 3: Alignment metrics)

### **15.3.2.3. Investment activities in support of environmental objectives and EU taxonomy-aligned activities**

Crédit Mutuel Arkéa wishes to increase its positive environmental impact in order to contribute to the low-carbon transition. To this end, it has pledged to measure and increase the share of its green activities in its investment and financing operations. As of December 31, 2023, and for the first time, the Group measured its Green Asset Ratio in connection with the implementation of the European Taxonomy. Tables 6 to 8 below detail Crédit Mutuel Arkéa's Green Asset Ratio. The tables only cover the first two objectives of the Taxonomy.

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

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

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

In 2022, as part of the company with a mission roadmap, the Group set environmental objectives for 2024:

- a target of €900 million in annual financing in support of the environmental transition,  
→ status at 12/31/2023: €1.003 billion (€860 million at 12/31/2022)
- a target of €300 million in gross annual savings inflows for the environmental transition (products or products listed by manufacturers).  
→ status at 12/31/2023: €689 million (€182 million at 12/31/2022)

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

Schelcher Prince Gestion, one of Crédit Mutuel Arkéa's asset management subsidiaries, created the Infrastructure Transition Platform to finance the development of low-carbon infrastructure by investing in projects that contribute positively to one of the six objectives of the European Taxonomy.

In the banking sector, an Environmental Transition function was created at Arkéa Banque Entreprises et Institutionnels. Its goal is to accelerate and structure the development of local financing related to renewable energy, renovation and energy efficiency projects. The function analyzes the taxonomy alignment of financed projects.

#### **15.3.2.4. Objectives, targets and limits related to social risks**

Crédit Mutuel Arkéa has developed a human rights policy in which it confirms its long-term commitment to defending human rights. This policy describes how human rights issues are integrated into financial activities, the Group's human resources management and purchasing of products and services.

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

Exercise of the French Duty of Care law is coordinated by a cross-functional Steering Committee. Management indicators are defined to better monitor the effectiveness of the vigilance plan.

Since 2017 and in accordance with the French Duty of Care law, the department responsible for the Group's purchasing has conducted an annual assessment of potential environmental, ethical, health/personal safety and human rights impacts. The Group's contracts with suppliers and service providers include clauses concerning compliance with labor law and anti-corruption efforts. A supplier code of conduct has also been attached to the Group's framework contracts since 2017.

Crédit Mutuel Arkéa takes steps to manage social risks as part of the development and marketing of its products and services while ensuring compliance with customer protection rules.

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

In line with its internal practices, Crédit Mutuel Arkéa is sensitive to social issues. The Group recognizes and complies with international principles and rules aimed at ensuring minimum standards in the area of human rights. In addition to current regulatory requirements, the Crédit Mutuel Arkéa group takes specific steps to limit risks and potential negative impacts in Human Resources management, such as promoting inclusiveness and diversity, reducing work-related stress, preventing psychological and sexual harassment, combating violence against women, etc.

A whistleblowing and reporting system focusing on the risks of serious harm to health/safety, human rights and the environment is available to employees, service providers or anyone outside the company, particularly via its website.

As part of the company with a mission roadmap, the Group has set the following social objectives for 2024:

- an annual meeting rate for financially vulnerable persons > 60%  
→ status at 12/31/2023: 60.3% (59.3% at 12/31/2022)
- a target of 100% of main entities that have implemented a customer satisfaction measurement strategy by the end of 2023  
→ status at 12/31/2023: 100% (80% at 12/31/2022)
- a target of maintaining the level of the workplace equality index  
→ status at 12/31/2023: 92.4 (92.9 at 12/31/2022)
- a target of +0.5 pt every year for the rate of Group employees with disabilities  
→ status at 12/31/2023: 3.99% (3.5% at 12/31/2022)

In 2023, the limit system included an indicator related to social risks (workplace equality index). Discussions to outline the implementation of a social risk management system for the Crédit Mutuel Arkéa group have begun. Work will continue in 2024.

## 15.4. Integration of ESG risks

### 15.4.1. Identification of ESG risks

Crédit Mutuel Arkéa ensures compliance with regulatory requirements and takes into account the recommendations and publications of European and national supervisors (ACPR, EBA, ECB) to identify, measure and manage ESG risks.

To structure the integration of climate risks into its organization and risk management, Crédit Mutuel Arkéa refers to the TCFD (Taskforce on Climate-related Financial Disclosures) international guidelines. The Group also relied on the TNFD (Taskforce on Nature-related Financial Disclosures) to initiate work on biodiversity loss risks. The ECB guidance on climate-related and environmental risks and the EBA report on management and supervision of ESG risks are also reference texts. For all ESG risks, Crédit Mutuel Arkéa uses the definitions provided in these texts.

The identification of ESG factors and risks also requires close monitoring of current events and relevant regulations. A team within the Risk Department is responsible for regulatory watch, including regulations related to ESG risks.

In addition, a Sustainable Finance Policy committee created by the Legal Department meets regularly to analyze ESG regulatory developments.

#### 15.4.1.1. ESG risk mapping

Environmental risks have been integrated into Crédit Mutuel Arkéa's risk mapping according to the main risk factors:

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

They have all been measured in the internal classification scale (from 1 to 5) based on a current assessment and a three-year forward-looking vision).

Discussions are underway to integrate social and governance risks into the risk mapping in 2024.

### 15.4.1.2. ESG risk materiality and link to financial risks

ESG risks, particularly environmental risks, have a different timeframe to financial risks, with risk materializing at different time horizons and over a longer timeframe than that of strategic planning.

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













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

- the IPCC's RCP 8.5 scenario for physical risk, which shows a pessimistic trend in greenhouse gas emissions and climate change.
- the NGFS' orderly transition scenario for transition risk.

CRÉDIT MUTUEL ARKÉA CONSOLIDATED MATERIALITY MATRIX						
Risk category / Horizon	Physical risk			Transition risk		
	Short-term < 3 years ⌚	Medium-term 3-10 years ⌚⌚	Long-term > 10 years ⌚⌚⌚	Short-term < 3 years ⌚	Medium-term 3-10 years ⌚⌚	Long-term > 10 years ⌚⌚⌚
Credit risks	+	++	+++	+	+++	++
Operational risks	+	++	+++	+	++	++
Market risks	+	++	++	+	++	++
Interest rate risks	+	+	+	+	+	+
Liquidity risks	+	+	+	+	+	+
Conglomerate insurance risks	++	++	++	+	++	++
Equity and portfolio company risks	+	+	+	+	+	+
Strategic and business risks	+	+	++	++	+++	+++

In 2023, Crédit Mutuel Arkéa also developed a materiality matrix for biodiversity loss risks. As for climate risks, the objective of this matrix is to assess the potential impact of biodiversity loss risks on all banking risks. For the sake of comparability of the climate risk and biodiversity loss risk matrices, a separate scenario for each of the two risks (physical and transition) has been used. The scenarios used are among those proposed by the TNFD.

MATERIALITY MATRIX USED BY CRÉDIT MUTUEL ARKÉA TO ASSESS ITS BIODIVERSITY LOSS RISKS

Risk category / Horizon	Physical risk related to biodiversity			Transition risk related to biodiversity		
	Short-term < 3 years 	Medium term 3-10 years  	Long-term > 10 years   	Short-term < 3 years 	Medium term 3-10 years  	Long-term > 10 years   
Credit risks	+	+	++	+	+++	++
Operational risks	+	++	++	+	++	++
Strategic and business risks	+	+	++	+	+++	++
Insurance risks of the conglomerate	+	++	++	+	++	++

## 15.4.2. ESG risk measurement

Crédit Mutuel Arkéa has developed various processes to identify and assess activities and exposures that are sensitive and vulnerable to ESG risks. The methodologies used are mainly based on impact modeling (stress test) and exposure to ESG risks (via sectoral and geographical approaches and an assessment of counterparties' ESG risks).

### 15.4.2.1. Processes and tools for measuring environmental and climate risks

#### • Sectoral approach

In a context where understanding exposure to environmental risks is complex, and where external analysis standards are insufficiently detailed and sometimes contradictory, Crédit Mutuel Arkéa has identified the need to create a sector reference framework for exposure to environmental risks. This reference framework is currently used to manage credit and counterparty risks to measure the proportion of outstanding loans at risk.

It classifies sectors' exposures to climate risks (physical and transition) and biodiversity loss risks based on a three-degree scale (low, medium, high).

#### • Geographical approach

Crédit Mutuel Arkéa has developed a tool for the assessment and geographic measurement of physical climate risks at the municipality level (granularity: postal code) for mainland France which covers the following six climate-related hazards:

- Acute risks: floods, droughts, hail and snow storms
- Chronic risks: rising air temperature, changes in rainfall patterns and rising sea levels.

For certain hazards (including increase in temperature and rising sea levels), the tool includes a prospective climate projection dimension based on the IPCC's scenarios by 2050.

This tool is used to measure exposure to physical climate risks and to identify the proportion of the most risky assets for:

- real estate financed and pledged as collateral (residential and commercial)
- business counterparties (assessment limited to the company's registered office)
- Crédit Mutuel Arkéa's real estate assets (own buildings)



- **Sectoral policies and trajectories**

Crédit Mutuel Arkéa has adopted sector policies for the Coal and Oil & Gas sectors, two sectors that are key to the transition to a low-carbon economy and produce high emissions. Monitoring these policies makes it possible to measure the Group's exposure to these sectors that have a severe impact on the environment.

The Group also has six other sector policies:

- Farming/Wine-growing/Agribusiness policy
- Regional health support policy
- Tobacco policy
- Controversial Weapons and Defense Policy
- Air transport policy
- Real estate financing policy

As a member of the NZBA, Crédit Mutuel Arkéa has adopted initial alignment trajectories by 2030 for certain carbon-emitting sectors.

In the steel sector, the Group is committed to achieving an average CO2 emissions intensity (scopes 1 and 2) of 1,024 kg CO2/tonne of steel by 2030 in its steel financing portfolio.

In the cement sector, the Group is committed to achieving an average CO2 emissions intensity (scopes 1 and 2) of 463 kg CO2/tonne of cement by 2030, i.e. a decrease of 24% compared with its portfolio at 12/31/2022.

- **Scenario approach**

In parallel with the supervisors' stress tests (ACPR, EBA, then ECB in 2022), Crédit Mutuel Arkéa's Risk Department and Financial Markets Department carried out a project focusing on climate scenarios. This project is contributing to the development of its own stress test methodology. Thanks to preliminary modeling work, the objective is to apply recognized climate scenarios (IPCC, NGFS, IEA, etc.) to macroeconomic and financial indicators and, ultimately, impacts on Crédit Mutuel Arkéa's activities and the resilience of its business model.

Crédit Mutuel Arkéa was assisted by TAC Economics in developing the quantitative tool SPICE (Forward-looking Scenarios for Climate Impacts on the Economy) to model the economic and financial consequences of a climate scenario on a set of indicators:

- Market indicators: sovereign credit spread, listed equity markets (CAC 40, S&P 500, Euro Stoxx 50), yield curves, etc.
- Macroeconomic indicators: GDP, inflation, unemployment, etc.
- Departmental indicators: GDP, population, etc.

To test the SPICE tool and prepare for future stress tests, Crédit Mutuel Arkéa launched an internal climate stress test POC (proof of concept) in collaboration with its Risk function.

### **15.4.2.2. ESG risk measurement processes and tools**

Crédit Mutuel Arkéa has implemented or acquired several processes and tools aimed at identifying and assessing ESG risks:

- **ESG risk scores for business customers**

In its corporate lending activities and to comply with the European Banking Authority's guidelines on loan origination and monitoring, the Crédit Mutuel Arkéa group has implemented an ESG risk scoring system since June 2022. Known as GRETA (for Global Risk ESG Topics Assessment), it is based on a questionnaire that is used to collect ESG risk data from corporate borrowers with revenues of more than €10 million in order to determine their ESG risk score. Its primary purpose is to assess the measures taken by companies to mitigate the ESG risks to which they are exposed based on their business sector. In 2023, the questionnaire focused on three environmental factors (biodiversity and physical and transition climate risks) and two social factors (employee health & safety and human rights, and product compliance). Other ESG factors, including governance factors, will be added in 2024.

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

- **Sustainability risk scores for market counterparties**

Companies that operate in the capital markets and/or make cash investments are monitored by Crédit Mutuel Arkéa's Counterparties Committee. They are subject to a sustainability risk analysis and a controversy analysis. This non-financial data is provided by the Sustainalytics ratings agency. The sustainability risk score takes into account a company's exposure to ESG risks due to its business sector and the measures it has implemented to mitigate them.

The governance criteria included in the score take into account all the aspects stipulated by the regulator (ethical considerations, strategy and risk management, inclusiveness, transparency, management of conflicts of interest, internal communication).

- **Internal Rating System (IRS)**

Crédit Mutuel Arkéa's IRS includes an assessment of counterparties' governance practices:

- management's level of expertise and stability
- management's risk attitude in terms of financial strategy
- management's past and present ability to react to market uncertainties and level of justification
- the strategy's compatibility with the Group's resources and market trends
- means of managing and controlling risks

The SNI is used to rate each counterparty or group of counterparties. It gives an indication of a counterparty's risk profile and measures the counterparty's likelihood of defaulting in the next 12 months. It helps to determine the decision-making powers at the time of loan origination and is included in the calculation of Crédit Mutuel Arkéa's capital requirement and provisions.

- **Vigilance plan**

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

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

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

### **15.4.2.3. Focus on the criteria used to analyze counterparties’ social and governance risks**

The sustainability risk score of market counterparties monitored by the Counterparties Committee consists of various ESG analysis criteria. The social and governance factors specifically requested by the regulator are an integral part of the sustainability risk score, as illustrated in the table below:

		Social criteria of ESG Risk Rating						Governance criteria of ESG Risk Rating				
		Access to basic services	Community Relations	Human Rights	Occupational Health and Safety	Product Governance	Human Capital	Corporate Governance	Bribery and corruption	Business Ethics	Data privacy and security	ESG Integration
Social	Activities towards the community and society	☑	☑									
	Employee relationships and labour standards				☑		☑					
	Customer protection and product responsibility					☑						
	Human rights			☑								
Governance	Ethical considerations								☑	☑		
	Strategy and risk management							☑			☑	
	Inclusiveness						☑					
	Transparency						☑			☑		
	Management of conflict of interest									☑		
	Internal communication on critical concerns							☑				

One of the areas of analysis, entitled “Corporate Governance”, assesses the role of the highest governance body responsible for approving the sustainability report and ESG issues. Governance of ESG factors is therefore taken into account in the sustainability assessment of market counterparties.

#### **15.4.2.4. Data availability, quality and accuracy**

Addressing the lack of non-financial data is a major challenge for identifying, assessing and managing ESG risks. To remedy the lack and quality of ESG data, Crédit Mutuel Arkéa has adopted a cross-cutting and coordinated strategy.

Internally, the Non-Financial Data Program (NFDP) has been in place at Crédit Mutuel Arkéa since 2021. Its aim is to ensure the governance of ESG data and centralize its management in order to pool the requirements (collection, storage, etc.) of the various departments, divisions or entities and coordinate projects. For example, under the NFDP the collection of data regarding (Energy Performance Certificate) EPCs was strengthened.

The Group may use approximation methods, in which case a methodology note outlines the limits and biases of the approach used. Despite the collection efforts, the lack of data will persist to some extent in the coming years. The use of estimation approaches will therefore remain significant for Crédit Mutuel Arkéa, which has enlisted the services of ESG data providers.

The Risk Department, for its part, has developed capabilities and skills within its Project Management function with the aim of facilitating the challenges associated with ESG data. Some employees are specifically assigned to ESG data in order to improve their collection and structure within Crédit Mutuel Arkéa's information system.

Many efforts are also being made to improve data aspects, particularly through the inclusion of climate data in the BCBS 239 project and participation in industry-wide projects.

#### **15.4.3. ESG risk management**

##### **15.4.3.1. Risk appetite framework**

ESG risk management is based on the ESG risk appetite statement and the integration of these risks into the risk appetite framework. Crédit Mutuel Arkéa's Board of Directors approved the inclusion of ESG risks in the risk appetite framework so as to incorporate them in a clear, detailed way for Crédit Mutuel Arkéa as a whole.

The purpose of the risk appetite framework is to measure and limit the Crédit Mutuel Arkéa group's risk in relation to ESG issues and therefore to formalize its intrinsic risk appetite level. ESG risks are gradually being integrated into it.

The risk appetite framework is the cornerstone of risk management and is formalized in two documents:

- **The risk appetite statement**, which describes the Group's appetite for each of the risks it faces.
- **The limit system** for managing these risks.

##### **15.4.3.1.1. Risk appetite statement**

ESG risks were included in the risk appetite statement, which was approved in 2020 by Crédit Mutuel Arkéa's Board of Directors.

Crédit Mutuel Arkéa's ESG risk appetite principles are as follows:

- ensuring that risk-taking is in line with the commitments made through the Group's Raison d'être, the company with a mission status and climate strategy;

- gradually integrating ESG risks and their transmission mechanisms to other types of risk (mainly credit risk) into the processes;
- taking into account the impacts of climate risks, in particular by monitoring exposures by ESG rating, by sector (according to their sensitivity to physical risk and transition risk) and by geographic location;
- controlling the carbon footprint generated by the conglomerate's activities.

#### 15.4.3.1.2. The limit system

Since 2021, the risk appetite statement has been gradually supplemented by quantitative indicators developed for monitoring ESG risks through the limit system.

One of the Group's key objectives is to be able to include ESG risks and their components in Crédit Mutuel Arkéa's risk appetite framework in a visible and detailed way. In the same way as risks already included in the risk appetite framework, the goal is to be able to determine the Group's sensitivity to ESG issues and therefore its intrinsic risk appetite level.

ESG risk indicators have been incorporated into the risk appetite framework, making it possible to manage and anticipate ESG risk-taking and its development in an informed way. These indicators are provided to the Risk Monitoring Committee. Relevant and efficient internal limit levels are set for each indicator.

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

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

The table below lists all the ESG risk indicators of Crédit Mutuel Arkéa's 2023 limit system:

<b>Environmental risks</b>
<b>Direct risks</b>
<b>Transition risk</b>
The carbon footprint of the conglomerate's activities (scope 1, 2 and partial 3)
<b>Physical risk</b>
Operating real estate exposed to a high acute physical risk not covered by a business continuity plan
<b>Indirect risks</b>
<b>Transition risk</b>
Investments and financing in companies in the coal sector
Investments and financing in companies in the oil and gas sectors
Sectoral exposure to transition climate risk
<b>Transition risk</b>
Sectoral exposure to physical climate risk
<b>Social risks</b>
<b>Direct risks</b>
Workplace equality index
<b>ESG risks</b>
<b>Indirect risks</b>

Companies rated E for ESG
Sustainability risk scores

The limit system for 2024, approved at the end of 2023, will incorporate six additional ESG risk indicators, including EPCs and geographic exposure to acute and chronic risks.

#### **15.4.3.2. Environmental risk management policy**

In order to structure environmental risk management, the Risk Department has established an internal environmental risk management policy (PGRE) which supplements the pre-existing internal policies by type of risk and aims to:

- present the general framework and context of environmental risks (definitions, issues, regulatory framework);
- organize risk management, particularly in terms of governance;
- identify and measure risks;
- mitigate risks;
- monitor and manage risks;
- control risks;
- communicate.

The understanding and management of environmental risks are documented so as to reflect the Group's commitments and how its environmental and climate strategy applies to risk.

The environmental risk management policy is gradually incorporating ESG risks and is reviewed at least annually, or more frequently as work progresses. Policies for other types of risk (credit, operational, liquidity, market) are being enhanced and gradually taking these issues into account, thus contributing to ESG risk management.

The various Crédit Mutuel Arkéa group entities also implement the environmental risk management policy developed by the Risk Department by adapting it at their own level.

#### **15.4.3.3. Estimated impact of environmental risk on the capital and liquidity risk profile (ICAAP and ILAAP)**

Climate and environmental risks have been integrated into the internal capital adequacy assessment process (ICAAP) and the annual internal control report (RACI). The process is gradually being expanded by advances in methodologies for analyzing ESG risk factors and interactions with traditional risks.

The possible coverage of environmental risks by a sufficient level of internal capital is being reviewed as part of the internal capital adequacy exercise (ICAAP). The analysis carried out concludes that there is no allocation of additional capital for climate risks.

With regard to the impact of environmental risk on potential liquidity requirements (ILAAP), a qualitative analysis of the transmission channels of physical and transition climate risks was carried out in 2023. Unlike physical risk (which does not appear to be a driver of real short-term liquidity risk), medium- to long-term transition risk (>10 years) must be taken into account as quickly as possible in banks' strategy for refinancing and diversifying their liquidity sources. Although limited due to its non-vital (little risk of significant and rapid outflow of short-term liquidity) and slow nature (giving institutions time to adapt their business practices), it does represent a significant challenge for banks, from a regulatory, competitive and image standpoint. Nevertheless, the analysis carried out concludes that there is no need to allocate additional liquidity buffers for Crédit Mutuel Arkéa's climate risks.



#### **15.4.3.4. Activities, commitments and exposures that contribute to mitigating ESG risks**

In order to mitigate risks, Crédit Mutuel Arkéa has defined limits for various ESG indicators, as described above. The limits allow informed management of ESG risk-taking, evolution and mitigation of these risks.

The Group's commitment to adopt a low-carbon alignment path for its financing by 2030 and the definition of quantitative carbon intensity targets for the steel, cement and aviation sectors support the implementation of decarbonization strategies and contribute to the mitigation of climate risks.

In general, the Crédit Mutuel Arkéa group has pledged to strengthen its stakeholders' financial and non-financial support tools, in particular by monitoring and engaging with companies in the highest emitting sectors so that they can set targets for reducing their greenhouse gas (GHG) emissions.

The above-mentioned GRETA questionnaire aims to assess the ESG risk exposure of Crédit Mutuel Arkéa's business customers and the mitigation measures taken by them.

The Pact Trajectoire ESG loan provides for a reduced interest rate once the customer's ESG objectives (environment, social and governance) are achieved. Arkéa Banque Entreprises et Institutionnels (ABEI) is assisted by the independent non-financial analysis agency, Ethifinance. This agency measures annual progress, which is the subject of a report with comments which the bank provides to the customer. The aim of this loan is to support each customer in its environmental and societal transition and, by reducing the cost of credit, recognize the mitigation measures taken by the customer to make progress in its CSR approach and reduce its ESG risks. ABEI is also stepping up its efforts to support its business and institutional customers and raise their awareness of sustainability issues. The "Pact Carbone" loan also allows customers wishing to do so to benefit from a carbon assessment and a reduced interest rate based on a reduction in their carbon intensity.

In the area of asset management, the Group's asset management companies carry out shareholder engagement initiatives:

- individually (constructive dialogue with targeted companies, particularly in the context of sector policies)
- collectively (participation in collaborative engagement activities alongside other investors).

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

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

Since September 2019, Crédit Mutuel Arkéa's trading room has issued four social bonds on the financial markets, becoming one of Europe's leading banks in this market. These bond issues, subscribed by institutional investors for a total of €2.4 billion, have made it possible to refinance projects in the social housing, health and education sectors, provide loans to

SMEs and support the economic and social development of the local territories during the health crisis.

#### 15.4.4. Reporting

Crédit Mutuel Arkéa is responsible for managing the integration of ESG risks. By producing a quarterly risk dashboard that includes ESG risks, Crédit Mutuel Arkéa's Risk Department is able to:

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

All the ESG risk indicators in the risk appetite framework presented above are monitored via the ESG risk dashboard. They are supplemented by other relevant ESG indicators such as sectoral exposure to biodiversity loss risk. The risk dashboard is made available to its management body (Risk Monitoring Committee, Executive Committee and Risk and Internal Control Committee) and sent to the European Central Bank.

In addition, to comply with regulatory requirements or as part of the Group's public commitments to a sustainable economy, Crédit Mutuel Arkéa publishes various documents on its website, including:

- the **non-financial performance statement**, which details the impact of the Group's performance and activities on environmental, social and societal aspects, as well as its governance method;
- the **vigilance plan**, which covers the risk of serious harm in terms of human rights and fundamental liberties, health and safety and the environment.
- the **climate report**, drawn up in accordance with the recommendations of the TCFD;
- the **NZBA report**, which presents the first commitments of the low-carbon alignment trajectory by 2030;
- the **mission report**, which presents Crédit Mutuel Arkéa's status as a company with a mission, its commitments, mission committee and roadmap;
- the various **sector policies**.

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

More specifically, for employee-related social risks, each year Crédit Mutuel Arkéa's Human Resources department prepares:

- a **company audit** for the Arkade UES scope in order to present and analyze data related to employment, compensation, health and safety conditions, working conditions and professional relations;
- a **single occupational risk assessment document**.

## 15.5. Quantitative information

**Table 51 (Template 1): Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity**

Sector/subsector	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures
As at 12.31.2023 In € thousands								
<b>Exposures towards sectors that highly contribute to climate change*</b>	<b>21,807,247</b>	<b>18,608</b>	<b>176,139</b>	<b>2,099,287</b>	<b>691,010</b>	<b>- 545,495</b>	<b>- 107,378</b>	<b>- 359,701</b>
A - Agriculture, forestry and fishing	2,430,322	-	0	340,958	135,036	- 111,099	- 23,300	- 78,407
B - Mining and quarrying	27,405	-	4	5,321	383	- 843	- 567	- 200
B.05 - Mining of coal and lignite	-	-	0	-	-	-	-	-
B.06 - Extraction of crude petroleum and natural gas	1,704	-	-	1,701	-	- 166	- 166	-
B.07 - Mining of metal ores	-	-	-	-	-	-	-	-
B.08 - Other mining and quarrying	23,304	-	4	3,620	383	- 672	- 401	- 200
B.09 - Mining support service activities	2,397	-	-	-	-	- 5	-	-
C - Manufacturing	1,501,398	-	13,005	133,488	140,699	- 70,248	- 6,046	- 59,568
C.10 - Manufacture of food products	435,846	-	-	38,877	29,764	- 16,955	- 2,074	- 13,897
C.11 - Manufacture of beverages	58,072	-	-	5,207	1,592	- 866	- 166	- 527
C.12 - Manufacture of tobacco products	-	-	-	-	-	-	-	-
C.13 - Manufacture of textiles	5,756	-	-	987	887	- 74	- 15	- 36
C.14 - Manufacture of wearing apparel	68,771	-	-	920	1,330	- 1,212	- 28	- 1,119
C.15 - Manufacture of leather and related products	351	-	-	56	85	- 70	- 5	- 63
C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	29,699	-	-	3,773	11,225	- 7,816	- 218	- 7,397
C.17 - Manufacture of paper and paper products	22,172	-	-	2,834	2,448	- 1,078	- 83	- 977
C.18 - Printing and reproduction of recorded media	17,497	-	-	4,148	880	- 527	- 72	- 432
C.19 - Manufacture of coke and refined petroleum products	-	-	-	-	-	-	-	-
C.20 - Manufacture of chemicals and chemical products	32,877	-	277	1,131	867	- 1,056	- 49	- 496
C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations	24,578	-	-	1,364	-	- 927	- 6	-
C.22 - Manufacture of rubber products	101,566	-	-	5,669	1,512	- 695	- 125	- 477
C.23 - Manufacture of other non-metallic mineral products	50,701	-	3	3,521	179	- 1,330	- 1,030	- 156
C.24 - Manufacture of basic metals	12,160	-	0	289	3,661	- 375	- 18	- 312
C.25 - Manufacture of fabricated metal products, except machinery and equipment	277,641	-	-	10,253	34,982	- 6,192	- 203	- 5,674
C.26 - Manufacture of computer, electronic and optical products	51,591	-	-	7,328	1,244	- 988	- 171	- 772
C.27 - Manufacture of electrical equipment	17,036	-	-	3,094	2,143	- 757	- 72	- 351
C.28 - Manufacture of machinery and equipment n.e.c.	113,354	-	532	23,812	25,688	- 24,150	- 1,263	- 22,515
C.29 - Manufacture of motor vehicles, trailers and semi-trailers	14,763	-	12,194	2,686	93	- 120	- 27	- 21
C.30 - Manufacture of other transport equipment	71,796	-	-	1,152	19,189	- 2,919	- 39	- 2,692
C.31 - Manufacture of furniture	12,328	-	-	2,791	1,001	- 760	- 58	- 648
C.32 - Other manufacturing	35,265	-	-	6,336	506	- 474	- 160	- 302
C.33 - Repair and installation of machinery and equipment	47,578	33	-	7,260	1,423	- 907	- 164	- 704
D - Electricity, gas, steam and air conditioning supply	620,016	17,798	15,515	18,413	13,666	- 16,427	- 1,949	- 12,222
D35.1 - Electric power generation, transmission and distribution	489,542	3,314	7,249	16,986	13,666	- 15,727	- 1,857	- 12,222
D35.11 - Production of electricity	482,143	3,313	7,248	16,986	13,666	- 15,709	- 1,857	- 12,222
D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	80,207	6,641	7,090	1,427	-	- 506	- 92	-
D35.3 - Steam and air conditioning supply	50,267	7,843	1,176	-	-	- 194	-	-
E - Water supply; sewerage, waste management and remediation activities	276,968	-	5,173	3,982	2,979	- 2,696	- 232	- 2,077
F - Construction	1,900,050	-	3,105	156,045	70,069	- 61,601	- 9,989	- 37,145
F.41 - Construction of buildings	1,247,611	-	3,017	93,949	22,563	- 39,187	- 8,132	- 20,979
F.42 - Civil engineering	321,624	-	2	5,818	2,403	- 3,087	- 155	- 409
F.43 - Specialised construction activities	330,815	-	86	56,278	45,103	- 19,327	- 1,702	- 15,757
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,759,430	778	9	317,634	130,301	- 98,581	- 14,930	- 73,987
H - Transportation and storage	806,239	-	99,530	89,911	16,964	- 11,724	- 4,168	- 5,826
H.49 - Land transport, and transport via pipelines	291,844	-	12	53,268	10,192	- 6,272	- 2,412	- 3,008
H.50 - Water transport	35,058	-	-	25,033	4,499	- 3,322	- 1,212	- 2,023
H.51 - Air transport	8,863	-	-	75	-	- 38	-	-
H.52 - Warehousing and support activities for transportation	469,985	-	99,517	11,528	1,872	- 1,827	- 544	- 577
H.53 - Postal and courier activities	489	-	-	7	401	- 265	-	- 218
I - Accommodation and food service activities	648,280	-	-	99,481	53,056	- 35,459	- 4,334	- 28,303
L - Real estate activities	10,837,139	-	39,797	934,054	127,857	- 136,817	- 41,863	- 61,966
<b>Exposures towards sectors other than those that highly contribute to climate change*</b>	<b>8,174,579</b>	<b>1,109</b>	<b>113,965</b>	<b>835,979</b>	<b>253,058</b>	<b>- 165,969</b>	<b>- 47,694</b>	<b>- 84,517</b>
K - Financial and insurance activities	2,460,127	-	22,197	221,788	65,236	- 46,692	- 15,411	- 20,183
Exposures to other sectors (NACE codes J, M - U)	5,714,452	1,109	91,767	614,191	187,822	- 119,277	- 32,283	- 64,334
<b>TOTAL</b>	<b>29,981,826</b>	<b>19,717</b>	<b>290,104</b>	<b>2,935,266</b>	<b>944,068</b>	<b>- 711,464</b>	<b>- 155,072</b>	<b>- 444,218</b>

Sector/subsector	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
		Of which Scope 3 financed emissions						
As at 12.31.2023 In € thousands								
<b>Exposures towards sectors that highly contribute to climate change*</b>				<b>8,247,748</b>	<b>4,941,704</b>	<b>6,506,518</b>	<b>2,111,277</b>	<b>9</b>
A - Agriculture, forestry and fishing				879,723	934,706	607,339	8,554	8
B - Mining and quarrying				15,953	9,041	2,411	-	6
B.05 - Mining of coal and lignite				-	-	-	-	0
B.06 - Extraction of crude petroleum and natural gas				-	1,704	-	-	9
B.07 - Mining of metal ores				-	-	-	-	0
B.08 - Other mining and quarrying				13,556	7,337	2,411	-	6
B.09 - Mining support service activities				2,397	-	-	-	3
C - Manufacturing				848,717	578,945	69,696	4,040	6
C.10 - Manufacture of food products				267,766	149,404	18,059	617	5
C.11 - Manufacture of beverages				34,766	16,277	7,029	-	5
C.12 - Manufacture of tobacco products				-	-	-	-	0
C.13 - Manufacture of textiles				4,153	919	684	-	4
C.14 - Manufacture of wearing apparel				8,799	59,956	16	-	8
C.15 - Manufacture of leather and related products				314	37	-	-	4
C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials				25,025	4,439	235	-	3
C.17 - Manufacture of paper and paper products				6,758	15,408	6	-	7
C.18 - Printing and reproduction of recorded media				15,086	2,288	123	-	4
C.19 - Manufacture of coke and refined petroleum products				-	-	-	-	0
C.20 - Manufacture of chemicals and chemical products				25,743	7,127	7	-	4
C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations				24,330	1	247	-	3
C.22 - Manufacture of rubber products				81,066	14,268	6,232	-	4
C.23 - Manufacture of other non-metallic mineral products				22,081	27,256	412	952	7
C.24 - Manufacture of basic metals				11,285	873	2	-	4
C.25 - Manufacture of fabricated metal products, except machinery and equipment				94,999	153,944	28,698	-	7
C.26 - Manufacture of computer, electronic and optical products				35,767	9,733	6,091	-	6
C.27 - Manufacture of electrical equipment				14,298	2,734	4	-	3
C.28 - Manufacture of machinery and equipment n.e.c.				82,288	30,205	861	-	5
C.29 - Manufacture of motor vehicles, trailers and semi-trailers				12,289	1	2	2,471	4
C.30 - Manufacture of other transport equipment				31,567	40,214	15	-	7
C.31 - Manufacture of furniture				8,589	3,269	470	-	5
C.32 - Other manufacturing				13,816	21,336	113	-	7
C.33 - Repair and installation of machinery and equipment				27,932	19,256	390	-	5
D - Electricity, gas, steam and air conditioning supply				78,714	118,866	296,474	125,962	14
D.35.1 - Electric power generation, transmission and distribution				69,222	72,170	228,022	120,128	14
D.35.11 - Production of electricity				69,196	71,954	220,865	120,128	14
D.35.2 - Manufacture of gas; distribution of gaseous fuels through mains				6,627	30,382	43,198	-	10
D.35.3 - Steam and air conditioning supply				2,865	16,314	25,254	5,834	13
E - Water supply; sewerage, waste management and remediation activities				66,536	162,077	48,191	164	9
F - Construction				1,449,366	205,488	176,863	68,333	5
F.41 - Construction of buildings				930,069	113,303	147,126	57,113	5
F.42 - Civil engineering				256,621	43,172	20,886	945	4
F.43 - Specialised construction activities				262,676	49,013	8,851	10,275	5
G - Wholesale and retail trade; repair of motor vehicles and motorcycles				1,836,925	701,205	220,079	1,221	5
H - Transportation and storage				411,336	251,837	127,496	15,570	6
H.49 - Land transport and transport via pipelines				173,519	72,156	46,116	53	6
H.50 - Water transport				13,076	20,362	1,614	6	5
H.51 - Air transport				8,856	-	5	2	4
H.52 - Warehousing and support activities for transportation				215,397	159,319	79,760	15,509	6
H.53 - Postal and courier activities				488	-	1	-	2
I - Accommodation and food service activities				244,039	218,584	184,877	780	8
L - Real estate activities				2,416,439	1,760,955	4,773,092	1,886,653	12
<b>Exposures towards sectors other than those that highly contribute to climate change*</b>				<b>4,923,652</b>	<b>2,064,536</b>	<b>961,732</b>	<b>224,659</b>	<b>7</b>
K - Financial and insurance activities				1,469,662	788,553	157,545	44,367	6
Exposures to other sectors (NACE codes J, M - U)				3,453,990	1,275,983	804,187	180,292	7
<b>TOTAL</b>				<b>13,171,400</b>	<b>7,006,240</b>	<b>7,468,250</b>	<b>2,335,936</b>	<b>9</b>

\* In accordance with Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU climate transition benchmarks and EU Paris-aligned benchmarks - Regulation on Climate Benchmarks - Recital 6: Sectors listed in sections A to H and section L of Annex I of Regulation (EC) No. 1893/2006.

To identify companies excluded from the Paris-aligned Benchmarks (PAB), the Crédit Mutuel Arkéa group has chosen to rely on data provided by the Urgewald NGO, which draws up and maintains two separate lists:

- the Global Coal Exit List (GCEL)
- the Global Oil & Gas Exit List (GOGEL)

Crédit Mutuel Arkéa refers to these lists to identify companies that are excluded from the "Paris Agreement" benchmarks and generate part of their revenue from coal (GCEL) and oil and gas (GOGEL) activities.

For companies that derive at least 50% of their revenue from electricity production activities with a greenhouse gas emission intensity of more than 100g CO<sub>2</sub>e/kWh, exposures associated with NACE code D35.11 "Electricity production" have been analyzed to determine the source of energy produced. Companies producing electricity from carbon sources (other than renewable energies or nuclear energy) are considered excluded from the "Paris Agreement" benchmarks.

Crédit Mutuel Arkéa believes that it does not have reliable information for identifying exposures that would undermine any of the environmental objectives of the taxonomy. No information is published by counterparties that could potentially undermine an environmental objective of the taxonomy. As a result, this point could not be included in the analysis as of December 31, 2023.

On the basis of this methodology, at 12.31.2023, the Crédit Mutuel Arkéa group's total exposure to companies excluded from the PAB indices amounts to €19.7 million, of which €6.1 million is dedicated to financing the environmental transition and renewable energies.

### ***Environmentally sustainable exposures***

To identify companies aligned with the climate change mitigation objective of the taxonomy, Crédit Mutuel Arkéa referred to information published by its counterparties in their Universal Registration Document at December 31, 2022, in which the aligned portion of their revenue was published.

### ***Financed greenhouse gas emissions***

The Crédit Mutuel Arkéa group is currently estimating its counterparties' greenhouse gas emissions (scopes 1 to 3). Projects to collect this data are being launched within the institution and various estimation methodologies are being reviewed. In accordance with regulatory requirements, the Crédit Mutuel Arkéa group will begin to disclose this information no later than June 30, 2024.



**Table 52 (Template 2): Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral**

Counterparty sector  
As at 12.31.2023  
In € thousands

	Total gross carrying amount amount						
	Level of energy efficiency (EP score in kWh/m² of collateral)						
	0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	
<b>Total EU area</b>	<b>43,283,660</b>	<b>5,235,504</b>	<b>14,658,751</b>	<b>16,844,376</b>	<b>4,151,165</b>	<b>967,654</b>	<b>1,426,210</b>
Of which Loans collateralised by commercial immovable property	3,049,786	530,171	1,112,169	635,930	353,367	232,521	185,628
Of which Loans collateralised by residential immovable property	40,232,399	4,705,077	13,546,044	16,208,138	3,797,627	735,021	1,240,492
Of which Collateral obtained by taking possession: residential and commercial immovable properties	1,475	256	538	308	171	112	90
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	28,435,517	3,482,097	9,651,115	10,920,541	2,743,216	679,106	959,442
<b>Total non-EU area</b>							
Of which Loans collateralised by commercial immovable property							
Of which Loans collateralised by residential immovable property							
Of which Collateral obtained by taking possession: residential and commercial immovable properties							
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated							

Counterparty sector  
As at 12.31.2023  
In € thousands

	Total gross carrying amount amount							Without EPC label of collateral	
	Level of energy efficiency (EPC label of collateral)								Of which level of energy efficiency (EP score in kWh/m² of collateral)
	A	B	C	D	E	F	G		
<b>Total EU area</b>	<b>769,332</b>	<b>768,032</b>	<b>3,180,474</b>	<b>5,477,294</b>	<b>2,938,098</b>	<b>1,101,467</b>	<b>613,445</b>	<b>28,435,518</b>	<b>100%</b>
Of which Loans collateralised by commercial immovable property	22,647	26,643	101,531	67,844	42,067	17,267	20,088	2,751,699	100%
Of which Loans collateralised by residential immovable property	746,685	741,389	3,078,943	5,409,450	2,896,031	1,084,200	593,357	25,682,344	100%
Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	1,475	100%
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated								28,435,517	100%
<b>Total non-EU area</b>									
Of which Loans collateralised by commercial immovable property									
Of which Loans collateralised by residential immovable property									
Of which Collateral obtained by taking possession: residential and commercial immovable properties									
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated									

Crédit Mutuel Arkéa has collected data on energy performance certificates (EPC) in its information system. Efforts have been made to supplement this data using the ADEME database, which includes EPCs carried out by diagnostics companies in France. All the EPCs available to Crédit Mutuel Arkéa (collected in the information system and through a



comparison with the ADEME database) have been considered in this template (including EPCs more than 10 years old).

For exposures for which Crédit Mutuel Arkéa only has the EPC label, a correspondence scale has been created to determine the associated energy consumption level (in kWh/m<sup>2</sup>) based on the median of the consumption scales per label.

For exposures for which Crédit Mutuel Arkéa has no EPC data, calculations are performed to estimate the energy consumption level (in kWh/m<sup>2</sup>). These calculations are based on a simple extrapolation aimed at applying to exposures with no EPC the breakdown obtained for exposures with EPC data, with a distinction between residential and commercial.

### **Template 3: Banking book - Indicators of potential climate change transition risk: Alignment metrics**

In accordance with its Climate Strategy approved in 2020, Crédit Mutuel Arkéa has pledged to take a low-carbon alignment trajectory for its financing by 2030.

This commitment was confirmed by its membership in the Net-Zero Banking Alliance (NZBA) in 2022.

The Group used the analysis of its financed emissions, available data and metrics and relevant scenarios to define and adopt the first 2030 alignment targets for certain carbon-emitting sectors.

Crédit Mutuel Arkéa has built two types of climate trajectories for 2030:





- 2030 targets for customers and/or counterparties: steel, cement, coal, oil/gas and aviation (airlines) sectors;
- carbon intensity targets for certain financed projects: aircraft and residential real estate.

#### ***Coal and Oil and Gas***

The Group has already made a voluntary commitment for many years, adopting exit trajectories for the coal and oil and gas sectors. These commitments are presented in the published sector policies.

#### ***Steel, Cement, Air Transport and Residential Real Estate***

An analysis of financed emissions, baseline climate scenarios and economic and regulatory trends in each sector enabled the definition of the following carbon intensity targets by 2030:

Sector	Scope covered	Baseline scenario	Scopes	Carbon intensity target by 2030
 <b>► STEEL</b>	Steel manufacturing companies with NACE Code 24.10 <sup>7</sup>	IEA NZE 2050 (2021 version)	scopes 1 and 2	1,024 kgCO <sub>2</sub> per tonne of steel produced
 <b>► CEMENT</b>	Cement manufacturing companies with NACE Code 23.51 <sup>7</sup>	IEA NZE 2050 (2021 version)	scopes 1 and 2	463 kgCO <sub>2</sub> per tonne of cement produced
 <b>► AVIATION</b>	Airlines with NACE Code 51.10 <sup>8</sup>	IEA NZE 2050 (version Sept. 2023)	scope 1	72 gCO <sub>2</sub> per passenger x kilometer
 <b>► RESIDENTIAL REAL ESTATE</b>	90% of the group's home loan portfolio measured <sup>9</sup>	—	scopes 1 and 2	12 kgCO <sub>2</sub> e per m <sup>2</sup> per year

► **International Energy Agency (IEA) NZE 2050 scenario:** the net zero emissions scenario for 2050 is a normative scenario which shows the path that the global energy sector must follow to achieve net zero CO<sub>2</sub> emissions by 2050.

It limits the increase in global temperature to 1.5°C relative to the pre-industrial era (with a probability of at least 50%), in line with the emissions reductions put forward in the Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report.

The group began its work using the 2021 version of the IEA figures, which were available until September 2023.

The IEA published an updated version of its scenario at that time. Data on climate issues in the aviation sector is therefore based on the version published in September 2023, while commitments related to the steel and cement sectors were made based on the 2021 figures available when those targets were set.

<sup>7</sup> Scope refocused on companies whose main activity is covered by the IEA's scenario. Financing provided by Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, Arkéa Crédit-Bail, Arkéa Banque Entreprises et Institutionnels and cash investments by the Crédit Mutuel Arkéa trading desk | <sup>8</sup> Scope refocused on companies whose core business is covered by the IEA scenario. Financing provided by Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, Arkéa Crédit-Bail, Arkéa Banque Entreprises et Institutionnels and cash investments by the Crédit Mutuel Arkéa trading desk | <sup>9</sup> Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest scope

Details of these targets and additional information regarding their construction are presented in the NZBA report published on Crédit Mutuel Arkéa's institutional website.

To achieve these decarbonization targets by 2030, Crédit Mutuel Arkéa will combine several levers:

- Selectivity in terms of loans, customers and counterparties, based on each sector's specific carbon intensity criteria;
- Support for projects, customers and counterparties in their decarbonization trajectory through appropriate offerings (see next point 3);
- The discontinuation of certain financing that is incompatible with these targets.

**Table 53 (Template 4): Climate change transition risk: Exposures to top 20 carbon-intensive firms**

As at 12.31.2023

In € thousands

Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate) (*)	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
5,360	0.004%	69.68	6	1

(\*) For counterparties among the top 20 carbon emitting companies in the world

To identify the top 20 carbon-intensive firms worldwide, the Crédit Mutuel Arkéa group refers to the [Carbon Majors](#) list prepared by the Climate Accountability Institute, published in 2020 and based on 2018 data (latest available data). This public list includes the scopes 1, 2 and 3 emissions estimated by this initiative.

Based on this list, at December 31, 2023, only one company was identified in Crédit Mutuel Arkéa's banking portfolio, for a total amount of €5.36 million, i.e. 0.004% of the assets covered by the analysis. 85% of this amount (i.e. 4.58 million euros) is dedicated to financing the environmental transition and renewable energies.

To identify exposures considered environmentally sustainable (aligned with the climate change mitigation objective), Crédit Mutuel Arkéa relied on information published by the relevant top 20 counterparties in their non-financial performance statement.

**Table 54 (Template 5): Climate change physical risk: Exposures subject to physical risk**

	Gross carrying amount						
As at 12.31.2023 In € thousands	of which exposures sensitive to impact from climate change physical events						
	Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity		
Variable: Geographical area subject to climate change physical risk - acute and chronic events							
A - Agriculture, forestry and fishing	2,430,322	3,402	2,100	2,767	-	7	36
B - Mining and quarrying	27,405	407	-	-	-	2	407
C - Manufacturing	1,501,398	17,669	9,325	297	-	5	14,603
D - Electricity, gas, steam and air conditioning supply	620,016	2,491	2,888	8,667	14,424	17	5,173
E - Water supply; sewerage, waste management and remediation activities	276,968	6,430	-	-	-	2	4,116
F - Construction	1,900,050	84,973	2,655	10,203	96	4	29,962
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,759,430	54,154	16,755	5,026	-	4	23,607
H - Transportation and storage	806,239	4,971	722	15,937	-	14	2,580
L - Real estate activities	10,837,139	100,249	71,727	146,936	74,262	12	215,824
Loans collateralised by residential immovable property	40,232,399	76,719	277,885	1,029,873	881,976	17	482,620
Loans collateralised by commercial immovable property	3,049,786	4,981	12,086	40,621	357	11	24,565
Reposessed collaterals	1,475	-	-	-	-	-	-
Other relevant sectors (breakdown below where relevant)							

	Gross carrying amount							
As at 12.31.2023 In € thousands	of which exposures sensitive to impact from climate change physical events							
	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
						of which Stage 2 exposures	Of which non-performing exposures	
Variable: Geographical area subject to climate change physical risk - acute and chronic events								
A - Agriculture, forestry and fishing	8,233	-	1,047	584	-	338	37	267
B - Mining and quarrying	-	-	-	-	-	-	-	-
C - Manufacturing	12,688	-	5,461	4,552	-	2,945	111	2,750
D - Electricity, gas, steam and air conditioning supply	23,298	-	-	-	-	105	-	-
E - Water supply; sewerage, waste management and remediation activities	2,314	-	251	-	-	12	2	-
F - Construction	67,965	-	7,649	4,002	-	7,743	329	5,710
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	52,327	-	11,262	8,160	-	4,691	470	3,980
H - Transportation and storage	19,048	-	410	196	-	112	8	54
L - Real estate activities	177,350	-	26,673	2,528	-	3,127	870	1,059
Loans collateralised by residential immovable property	1,783,833	-	151,746	15,354	-	2,944	1,020	423
Loans collateralised by commercial immovable property	33,480	-	5,589	962	-	-	-	-
Reposessed collaterals	-	-	-	-	-	-	-	-
Other relevant sectors (breakdown below where relevant)								

To measure its exposures sensitive to acute and chronic physical risks, the Crédit Mutuel Arkéa group has developed an internal tool for the assessment and geographic measurement of physical climate risks at the municipality level (granularity: postal code) for mainland France.

Known as PRISM (Physical Risk Internal Scoring Model), the tool currently covers six climate-related hazards based on scientific databases for identifying national (Géorisques, DRIAS) and international (PREPdata) climate risks and projections. Some hazards are based on statistical data on the risk of occurrence, while others incorporate a prospective aspect by 2050 based on the IPCC's SSP5-8.5 scenario.

The climate-related hazards considered in the assessment of acute risks are:

- floods
- droughts
- hail and snow storms.

The climate-related hazards considered in the assessment of chronic risks are:

- rising air temperatures
- changes in rainfall patterns
- rising sea levels.

For each hazard, a five-level risk scale was applied, ranging from 0 (very low risk) to 4 (very high risk).

A score is determined for acute risks by giving the hazards an equal weighting and, for chronic risks, by reducing the weighting of the "rising sea levels" hazard due to its lower granularity and by eliminating it for non-coastal municipalities.

Exposures considered sensitive to acute and chronic physical risks and presented in this template are those located in French municipalities assessed as very high risk (level 4 = very high risk).

For exposures outside mainland France, the Group applies a level of country granularity, based on the ND-Gain Country Index, using a five-level risk scale.

As exposures outside mainland France are insignificant, accounting for less than 3% of the Group's outstandings, the decision was made to disclose the data on an aggregate basis, without distinguishing between the various geographic regions.

**Table 55 (Template 6): Summary of GAR KPIs**

As at 12.31.2023 In € thousands	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	7.77%	0.00%	7.77%	74.14%
GAR flow	3.13%	0.00%	3.13%	100.00%

\* % of assets covered by the KPI over banks' total assets

**Table 56 (Template 7): Mitigating actions: Assets for the calculation of GAR**

As at 12.31.2023 In € thousands	Total gross carrying amount	Disclosure reference date T				
		Climate Change Mitigation (CCM)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Of which environmentally sustainable (Taxonomy-aligned)				
			Of which specialised lending	Of which transitional	Of which enabling	
<b>GAR - Covered assets in both numerator and denominator</b>						
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	60,618,115	45,558,596	7,979,035	252,594	129,739	109,202
<b>Financial corporations</b>	<b>10,210,597</b>	<b>2,330,023</b>	<b>130,271</b>	<b>104,519</b>	<b>1,020</b>	<b>7,058</b>
Credit institutions	7,352,652	2,119,231	104,519	104,519	-	-
Loans and advances	3,400,099	1,017,313	-	-	-	-
Debt securities, including UoP	3,952,360	1,101,909	104,519	104,519	-	-
Equity instruments	192	10	-	-	-	-
Other financial corporations	2,857,945	210,791	25,752	-	1,020	7,058
of which investment firms	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-
of which management companies	177,698	56,484	5,298	-	-	3,653
Loans and advances	22,173	10,544	1,645	-	-	-
Debt securities, including UoP	155,525	45,940	3,653	-	-	3,653
Equity instruments	-	-	-	-	-	-
of which insurance undertakings	2,680,247	154,307	20,453	-	1,020	3,405
Loans and advances	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-
Equity instruments	2,680,247	154,307	20,453	-	1,020	3,405
<b>Non-financial corporations (subject to NFRD disclosure obligations)</b>	<b>1,485,724</b>	<b>609,746</b>	<b>290,105</b>	<b>83,982</b>	<b>128,719</b>	<b>102,143</b>
Loans and advances	954,889	343,750	133,941	12,380	16,263	3,051
Debt securities, including UoP	480,017	227,964	152,140	71,602	112,456	99,092
Equity instruments	50,818	38,031	4,024	-	-	-
<b>Households</b>	<b>48,791,357</b>	<b>42,489,866</b>	<b>7,494,566</b>	<b>7,494,566</b>	-	-
of which loans collateralised by residential immovable property	40,232,399	40,232,399	7,494,566	7,494,566	-	-
of which building renovation loans	861,054	861,054	-	-	-	-
of which motor vehicle loans	2,025,837	1,396,413	-	-	-	-
<b>Local governments financing</b>	<b>128,961</b>	<b>128,961</b>	<b>64,093</b>	<b>64,093</b>	-	-
Housing financing	64,868	64,868	-	-	-	-
Other local governments financing	64,093	64,093	64,093	64,093	-	-
Collateral obtained by taking possession: residential and commercial immovable properties	1,475	-	-	-	-	-
<b>TOTAL GAR ASSETS</b>	<b>60,618,115</b>	<b>45,558,596</b>	<b>7,979,035</b>	<b>252,594</b>	<b>129,739</b>	<b>109,202</b>
<b>Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>						
<b>EU Non-financial corporations (not subject to NFRD disclosure obligations)</b>	<b>32,111,968</b>					
Loans and advances	29,597,703					
Debt securities	885,222					
Equity instruments	1,629,042					
<b>Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)</b>	<b>1,182,963</b>					
Loans and advances	5,090					
Debt securities	1,156,303					
Equity instruments	21,570					
Derivatives	3,945,278					
On demand interbank loans	473,159					
Cash and cash-related assets	146,987					
Other assets (e.g. Goodwill, commodities etc.)	4,188,358					
<b>TOTAL ASSETS IN THE DENOMINATOR (GAR)</b>	<b>102,666,827</b>					
<b>Other assets excluded from both the numerator and denominator for GAR-calculation</b>						
Sovereigns	21,148,587					
Central banks exposure	14,180,334					
Trading book	474,406					
<b>TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR</b>	<b>35,803,327</b>					
<b>TOTAL ASSETS</b>	<b>138,470,154</b>					

As at 12.31.2023 In € thousands	Disclosure reference date T								
	Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
	Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				
		Of which specialised lending	Of which adaptation	Of which enabling		Of which specialised lending	Of which transitional/adaptation	Of which enabling	
<b>GAR - Covered assets in both numerator and denominator</b>									
Loans and advances, debt securities and equity instruments not HTF eligible for GAR calculation	6,939	3,794	-	506	45,565,534	7,982,829	252,594	129,739	109,707
<b>Financial corporations</b>	<b>1,535</b>	<b>696</b>	<b>-</b>	<b>0</b>	<b>2,331,558</b>	<b>130,967</b>	<b>104,519</b>	<b>1,020</b>	<b>7,058</b>
Credit institutions	839	-	-	-	2,120,071	104,519	104,519	-	-
Loans and advances	-	-	-	-	1,017,313	-	-	-	-
Debt securities, including UoP	839	-	-	-	1,102,748	104,519	104,519	-	-
Equity instruments	-	-	-	-	10	-	-	-	-
Other financial corporations	696	696	-	0	211,487	26,447	-	1,020	7,058
of which investment firms	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-
of which management companies	-	-	-	-	56,484	5,298	-	-	3,653
Loans and advances	-	-	-	-	10,544	1,645	-	-	-
Debt securities, including UoP	-	-	-	-	45,940	3,653	-	-	3,653
Equity instruments	-	-	-	-	-	-	-	-	-
of which insurance undertakings	696	696	-	0	155,003	21,149	-	1,020	3,405
Loans and advances	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-
Equity instruments	696	696	-	0	155,003	21,149	-	1,020	3,405
<b>Non-financial corporations (subject to NFRD disclosure obligations)</b>	<b>5,404</b>	<b>3,098</b>	<b>-</b>	<b>506</b>	<b>615,149</b>	<b>293,203</b>	<b>83,982</b>	<b>128,719</b>	<b>102,649</b>
Loans and advances	5,404	3,098	-	506	349,154	137,039	12,885	16,263	3,557
Debt securities, including UoP	-	-	-	-	227,964	152,140	71,602	112,456	99,092
Equity instruments	-	-	-	-	38,031	4,024	-	-	-
<b>Households</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,489,866</b>	<b>7,494,566</b>	<b>7,494,566</b>	<b>-</b>	<b>-</b>
of which loans collateralised by residential immovable property	-	-	-	-	40,232,399	7,494,566	7,494,566	-	-
of which building renovation loans	-	-	-	-	861,054	-	-	-	-
of which motor vehicle loans	-	-	-	-	1,396,413	-	-	-	-
<b>Local governments financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,961</b>	<b>64,093</b>	<b>64,093</b>	<b>-</b>	<b>-</b>
Housing financing	-	-	-	-	64,868	-	-	-	-
Other local governments financing	-	-	-	-	64,093	64,093	64,093	-	-
Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-
<b>TOTAL GAR ASSETS</b>	<b>6,939</b>	<b>3,794</b>	<b>-</b>	<b>506</b>	<b>45,565,534</b>	<b>7,982,829</b>	<b>252,594</b>	<b>129,739</b>	<b>109,707</b>
<b>Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>									
<b>EU Non-financial corporations (not subject to NFRD disclosure obligations)</b>									
Loans and advances									
Debt securities									
Equity instruments									
<b>Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)</b>									
Loans and advances									
Debt securities									
Equity instruments									
Derivatives									
On demand interbank loans									
Cash and cash-related assets									
Other assets (e.g. Goodwill, commodities etc.)									
<b>TOTAL ASSETS IN THE DENOMINATOR (GAR)</b>									
<b>Other assets excluded from both the numerator and denominator for GAR calculation</b>									
Sovereigns									
Central banks exposure									
Trading book									
<b>TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR</b>									
<b>TOTAL ASSETS</b>									

\* Table 56 (Template 7): Row 33 includes non-NFRD financial and non-financial companies.



**Table 57 (Template 8): GAR (%)**

Disclosure reference date T: KPIs on stock																
As at 12.31.2023 In € thousands	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					
	Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable					
	% (compared to total covered assets in the denominator)	Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which adaptation	Of which enabling		Of which specialised lending	Of which transitional/adaptation	Of which enabling				
GAR	44%	8%	8%	0%	0%	0%	0%	0%	0%	0%	44%	8%	8%	0%	0%	100%
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	75%	13%	13%	0%	0%	0%	0%	0%	0%	0%	75%	13%	13%	0%	0%	59%
Financial corporations	23%	1%	1%	0%	0%	0%	0%	0%	0%	0%	23%	1%	1%	0%	0%	10%
Credit institutions	29%	1%	1%	0%	0%	0%	0%	0%	0%	0%	29%	1%	1%	0%	0%	7%
Other financial corporations	7%	1%	0%	0%	0%	0%	0%	0%	0%	0%	7%	1%	0%	0%	0%	3%
of which investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
of which management companies	32%	3%	0%	0%	2%	0%	0%	0%	0%	0%	32%	3%	0%	0%	2%	0%
of which insurance undertakings	6%	1%	0%	0%	0%	0%	0%	0%	0%	0%	6%	1%	0%	0%	0%	3%
Non-financial corporations subject to NFRD disclosure obligations	41%	20%	6%	9%	7%	0%	0%	0%	0%	0%	41%	20%	6%	9%	7%	1%
Households	87%	15%	0%	0%	0%						87%	15%	15%	0%	0%	48%
of which loans collateralised by residential immovable property	100%	19%	0%	0%	0%						100%	19%	19%	0%	0%	39%
of which building renovation loans	100%	0%	0%	0%	0%						100%	0%	0%	0%	0%	1%
of which motor vehicle loans	69%	0%	0%	0%	0%						69%	0%	0%	0%	0%	2%
Local government financing	100%	50%	50%	0%	0%						100%	50%	50%	0%	0%	0%
Housing financing	100%	0%	0%	0%	0%						100%	0%	0%	0%	0%	0%
Other local governments financing	100%	100%	100%	0%	0%						100%	100%	100%	0%	0%	0%
Collateral obtained by taking possession: residential and commercial immovable properties	0%	0%	0%	0%	0%						0%	0%	0%	0%	0%	0%

Disclosure reference date T: KPIs on flows																
As at 12.31.2023 In € thousands	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total new assets covered
	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
	Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable					
	% (compared to total covered assets in the denominator)	Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which adaptation	Of which enabling		Of which specialised lending	Of which transitional/adaptation	Of which enabling				
GAR	44%	2%	2%	0%	0%	0%	0%	0%	0%	0%	44%	2%	2%	0%	0%	100%
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	68%	3%	3%	0%	0%	0%	0%	0%	0%	0%	68%	3%	1%	0%	0%	65%
Financial corporations	30%	0%	0%	0%	0%	0%	0%	0%	0%	0%	30%	0%	0%	0%	0%	29%
Credit institutions	30%	0%	0%	0%	0%	0%	0%	0%	0%	0%	30%	0%	0%	0%	0%	29%
Other financial corporations	99%	12%	0%	0%	0%	0%	0%	0%	0%	0%	99%	12%	0%	0%	0%	0%
of which investment firms	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
of which management companies	99%	12%	0%	0%	0%	0%	0%	0%	0%	0%	99%	12%	0%	0%	0%	0%
of which insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Non-financial corporations subject to NFRD disclosure obligations	26%	15%	8%	9%	1%	0%	0%	0%	0%	0%	26%	15%	8%	9%	1%	1%
Households	100%	4%	4%	0%	0%						100%	4%	4%	0%	0%	35%
of which loans collateralised by residential immovable property	100%	5%	5%	0%	0%						100%	5%	5%	0%	0%	28%
of which building renovation loans	100%	0%	0%	0%	0%						100%	0%	0%	0%	0%	2%
of which motor vehicle loans	100%	0%	0%	0%	0%						100%	0%	0%	0%	0%	4%
Local government financing	100%	98%	98%	0%	0%						100%	98%	98%	0%	0%	0%
Housing financing	100%	0%	0%	0%	0%						100%	0%	0%	0%	0%	0%
Other local governments financing	100%	100%	100%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%	0%	0%	0%
Collateral obtained by taking possession: residential and commercial immovable properties	0%	0%	0%	0%	0%						0%	0%	0%	0%	0%	0%

The European Green Taxonomy is a classification system for economic activities that is used to identify activities that are environmentally sustainable. The Green Asset Ratio (GAR)

measures the proportion of the bank's assets invested in sustainable economic activities (in accordance with the classification of the taxonomy).

The qualitative elements concerning templates 6, 7 and 8 related to the first two objectives of the European taxonomy (Climate Change Mitigation and Climate Change Adaptation) are detailed in Crédit Mutuel Arkéa's non-financial performance statement.

**Table 58 (Template 10): Other climate change mitigating actions that are not covered in the EU Taxonomy**

As at 12.31.2023 In € thousands	Type of counterparty	Gross carrying amount	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
Type of financial instrument					
Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	497,339	YES	NO	See n°1 and n°2
	Non-financial corporations	19,358	YES	NO	
	Of which Loans collateralised by				
	Other counterparties	25,849	YES	YES	
Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	38,590	YES	NO	See n°3 and n°4
	Non-financial corporations	738,612	YES	NO	
	Of which Loans collateralised by	20,136	YES	NO	
	Households	-	-	-	
	Of which Loans collateralised by	-	-	-	
	Of which building renovation loans	-	-	-	
	Other counterparties	338,080	YES	NO	

In this template, the Crédit Mutuel Arkéa group documents bond subscriptions (notes 1 and 2) and loans offered to customers (notes 3 and 4) that are not covered by Regulation (EU) 2020/852: European taxonomy, at December 31, 2023.

## BONDS

Green and sustainable bonds help to finance the green transition and are therefore a means of mitigating transition risk associated with climate change.

Some bonds include actions to mitigate physical risks (for example, in the green buildings category with an analysis of vulnerability to physical risks and adaptation of buildings to climatic-related hazards).

### Note 1: Green bonds:

The Crédit Mutuel Arkéa group subscribes to green bonds. These bonds are issued by financial companies, non-financial companies and sovereign entities. The principles of the ICMA (International Capital Market Association) establish a voluntary framework for best practices in terms of transparency of disclosures regarding green bonds: "The Green Bond Principles". The ICMA framework allows investors to decide whether a bond is green.

Assets for which the counterparty is a sovereign entity are not eligible for Regulation (EU) No. 2020/852; the green bonds subscribed to these counterparties are entered in this template. The alignment of bonds with Regulation (EU) 2020/852 is documented by the issuer, and the share of non-aligned green bonds is entered in this template.

**Note 2: Sustainable bonds:**

The Crédit Mutuel Arkéa group subscribes to sustainable bonds. These bonds are issued by sovereign entities. The principles of the ICMA (International Capital Market Association) establish a voluntary framework for best practices in terms of transparency of disclosures regarding sustainable bonds: “Sustainability Bond Guidelines”. The ICMA framework allows investors to decide whether a bond is sustainable.

Assets for which the counterparty is a sovereign entity are not eligible for Regulation (EU) No. 2020/852; the sustainable bonds subscribed to these counterparties are entered in this template. The alignment of bonds with Regulation (EU) 2020/852 is documented by the issuer, and the share of non-aligned sustainable bonds is entered in this template.

**LOANS****Note 3: DTE loans:**

The Crédit Mutuel Arkéa group, through the Environmental Transition Department (DTE) of its Arkéa Banque E&I subsidiary, finances companies and institutions. These operations finance renewable energy, energy renovation of buildings and energy efficiency projects. The main objective is to reduce greenhouse gases, thereby contributing to climate change mitigation.

The DTE loans shown in this template are not covered by Regulation (EU) 2020/852 as they involve counterparties not subject to the disclosure obligations of Directive 2014/95/EU – Non-Financial Reporting Directive (NFRD).

**Note 4: PACT loans:**

Through its Arkéa Banque E&I subsidiary, the Crédit Mutuel Arkéa group offers Pact Trajectoire ESG loans to SMEs, mid-caps, institutions and real estate professionals. This loan is non-specific financing that encourages companies to begin or accelerate their societal and environmental transformation over five to 15 years. The PACT Trajectoire ESG loan offers better financial terms annually for borrowers that improve their ESG rating. The environmental component includes indicators to monitor climate change mitigation, such as the counterparty’s greenhouse gas emissions, which help to mitigate transition risk.

The PACT Trajectoire ESG loans shown in this template are not covered by Regulation (EU) 2020/852 as they involve counterparties not subject to the disclosure obligations of Directive 2014/95/EU – Non-Financial Reporting Directive (NFRD).

## 16. Corporate governance and compensation policy

### 16.1. Diversity policy

#### **Diversity policy applicable to members of management bodies in their supervisory functions**

Crédit Mutuel Arkéa's organization as a cooperative and mutual company allows every member to participate in collective decision-making, either directly or indirectly. At the local banks, volunteer directors are elected by and from among the members. This system ensures real representation of the diversity of members on the Boards of Directors of each of the local banks, the regional federations and Crédit Mutuel Arkéa.

The federations general secretariats monitor changes in this diversity, particularly with regard to the age and gender of the elected directors and the socio-professional categories to which they belong.

The cooperative directors who sit on Crédit Mutuel Arkéa's Board of Directors (16 of 22 members) and, more generally, on the boards of subsidiaries, are proposed by the federations from among this group of first-level directors and therefore reflect this diversity. This approach also ensures optimal regional representation of the directors. Given that these governance arrangements are based on values of mutualism and representation, the notion of diversity is central to Crédit Mutuel Arkéa's selection processes.

In addition, the training policy overseen by the Appointments and Governance Committee adapts training programs to directors' profiles, which further ensures a broad range of skills.

Since a Board's most important quality is the balance of its composition, and the competence and ethics of its members, when reviewing applications for appointments or reappointments to the Board of Directors of Crédit Mutuel Arkéa or the Group's integrated subsidiaries, the Appointments and Governance Committee endeavors to:

- increase the number of persons of the underrepresented gender and ensure compliance with laws related to gender diversity (Copé-Zimmerman law and Rixain law in particular);
- seek diversity and complementary backgrounds for effective and proven operation;
- create supervisory bodies that include elected directors from the local banks of the Crédit Mutuel Arkéa federations, except in special cases.

The selection of member profiles must also take regulators' expectations into consideration.

As of December 31, 2023, the Board's members represented the following areas: accounting and management control, human resources, marketing, communication, agriculture and agri-food, legal, IT and new technologies, higher education and medical research, local governments and social action and management and corporate governance.

Two directors not from the cooperative movement and two non-voting members are also Board members and were selected by the Committee for their outside perspective and their specific expertise in such areas as governance, compliance and private equity.

Lastly, two directors representing employees, elected by the Group Committee, sit on the Board, with the choice of these two profiles made by the representative trade unions.

The Board also consists of active and retired directors, most of whom are active.

The Board also has generational diversity, with directors aged 38 to 67, and an average age of 56.

The gender equality rate is 45%.

### **Diversity policy applicable to members of management bodies in their executive functions**

Since 2015, Crédit Mutuel Arkéa has implemented a gender diversity strategy, particularly through the creation of a special task force and awareness and training workshops. This resulted in the establishment of a special department to continue the work carried out. The existence of a balanced representation of men and women within the management bodies, in their executive function and more generally in management functions, is regularly monitored via performance indicators and a process for identifying potential. Specific programs are also offered to support the development of female talent, and a network of ambassadors continues to actively promote cultural awareness.

The Appointments and Governance Committee also strengthened its policy on appointments of key executives by requiring that a female candidate and a male candidate always be nominated for executive director positions at all the Group's entities, including those not subject to any legal obligation.

In the specific case of Crédit Mutuel Arkéa, the Executive Committee consists of eight members, including the Chief Executive Officer and the Deputy Chief Executive Officers, and the percentage of women on the Board was 37.5% as of December 31, 2023. In addition to the Chief Executive Officer, the members are the directors of the Group's various divisions and have wide-ranging expertise in areas such as accounting, actuarial, human resources, IT and telecommunications, commerce, marketing and finance that cover most of the Group's activities.

## **16.2. Composition and role of the Compensation Committee**

The Crédit Mutuel Arkéa group's compensation policy is defined by Crédit Mutuel Arkéa's Board of Directors at the recommendation of its Compensation Committee, with the corporate departments assisting with its preparation and implementation.

The Crédit Mutuel Arkéa group's Compensation Committee consists of a Chairman and members of Crédit Mutuel Arkéa's Board of Directors who do not hold an executive management position at the institution. One of the members of the Committee is a director representing employees and has voting rights on Crédit Mutuel Arkéa's Board of Directors.

The Chairman and members of the Compensation Committee are appointed by Crédit Mutuel Arkéa's Board of Directors for the term of their directorship.

At December 31, 2023, the Compensation Committee had six members:

- Luc Moal, Chairman
- Colette Séné
- Philippe Chupin
- Valérie Barloix-Leroux
- Sophie Violleau
- Marie Vignal-Renault, Employee Representative

The Head of Human Dynamics and Relations attends Compensation Committee meetings. To fulfill its duties, the Committee relies on studies, as it deems necessary, and benchmarks developed by an independent consulting firm.

The operation of the Compensation Committee is governed by a charter approved by Crédit Mutuel Arkéa's Board of Directors.

The Compensation Committee's role is to :

- develop the Group's compensation principles and policies, review them annually and ensure that they are implemented;
- ensure the overall consistency of the compensation policy within the Group, in terms of principles, budgets and individual allocations, with the objectives of the Group's ESG-climate roadmap, the criteria associated with the Group's risk appetite framework and the Group's long-term interests;
- review the compensation policies and variable compensation schemes of the Group's regulated entities on an annual basis;
- prepare decisions to be taken by the supervisory function regarding compensation of Crédit Mutuel Arkéa's corporate officers (i.e. members of the Board of Directors and effective managers);
- oversee the compensation of:
  - the members of Executive Management of Crédit Mutuel Arkéa and of the subsidiaries subject on an individual basis to European prudential banking regulations (hereinafter the "**CRD Regulation**");
  - senior executives who perform internal control functions at Crédit Mutuel Arkéa and at the subsidiaries subject on an individual basis to the CRD Regulation, particularly that of the managers of the Group's risk management, compliance and internal audit functions;
  - the effective managers of the Group's regulated entities;
- oversee the compensation packages of other staff members whose professional activities have a material impact on the risk profile of the company or of the Group to which this policy applies in accordance with Article L. 511-71 of the French Monetary and Financial Code (other members of the Regulated Population);
- conduct an annual review of:
  - the scope of the Regulated Population defined pursuant to the CRD Regulation;
  - the variable compensation policy applicable to the Regulated Population;
- periodically review the amount of compensation awarded to directors and members of the supervisory bodies of Crédit Mutuel Arkéa and/or its subsidiaries.

In performing its duties, the Compensation Committee seeks the opinion of the Risk and Internal Control Committee when necessary and may be assisted by external compensation consultants, after estimating the cost of their services.

Crédit Mutuel Arkéa's Board of Directors, at the recommendation of the Compensation Committee, approves the Group's compensation policy annually and oversees its implementation.

Thus, the Compensation Committee regularly reports on its work to Crédit Mutuel Arkéa's Board of Directors and to the supervisory bodies of the Group's regulated subsidiaries, which receive information about them contained in the annual review of the compensation policy.

In 2023, the Compensation Committee met 13 times and its work focused on the following topics :



- the Crédit Mutuel Arkéa group's compensation policy and practices;
- annual reports on the Group's compensation policy and practices;
- compensation paid to the Crédit Mutuel Arkéa group's directors and corporate officers;
- scope of the regulated population;
- compensation of the members of the regulated population;
- compensation policies of the regulated subsidiaries;
- compensation paid to the effective managers of the Group's regulated entities;
- the Compensation Committee's charter.

### 16.3. General principles of the compensation policy

With the goal of promoting sound and effective risk management, the Crédit Mutuel Arkéa group's compensation policy is consistent with the Group's economic strategy, objectives, values and long-term interests, discourages risk-taking that exceeds the level of risk defined by the Group and includes measures to avoid conflicts of interest.

The compensation policy includes principles that take into account the following objectives:

- alignment with the Crédit Mutuel Arkéa group's raison d'être d'être and benefit corporation roadmap as defined by Crédit Mutuel Arkéa's Board of Directors:
  - by adhering to the economic strategy and objectives, values and interests of the Crédit Mutuel Arkéa group;
  - by incorporating both financial and non-financial assessment criteria, with a view to maintaining consistency between overall employee compensation, the Crédit Mutuel Arkéa group's performance and employees' individual performance;
- the need for the Crédit Mutuel Arkéa group to attract, motivate and retain individuals recognized as talented and particularly competent in the Crédit Mutuel Arkéa group's areas of activity;
- consistency between the compensation and employment conditions of Crédit Mutuel Arkéa group employees (in particular the compensation structure, assessment criteria or changes in compensation) and with the market practices observed at companies in the same sector;
- while ensuring appropriate risk management, compliance with regulations, conflict of interest prevention and fairness in decision-making.

As a lever of motivation and recognition, the compensation policy focuses on assessing individual and/or collective performance fairly and objectively.

The Crédit Mutuel Arkéa group's compensation policy is part of a global human resources policy aimed at promoting the company's competitiveness, developing skills, creating a harmonious social climate and addressing societal and environmental issues.

The Crédit Mutuel Arkéa group promotes responsible finance, and its compensation policy reflects this philosophy.

The Crédit Mutuel Arkéa group's entities include in their compensation policies and practices ESG and sustainability impact criteria, determined on the basis of the strategic, economic and financial objectives of the Group or entity concerned, that affect the award of certain components of compensation.

Employee compensation is aligned with the Crédit Mutuel Arkéa group's sustainability issues at several levels:

- Individual variable compensation of non-salaried corporate officers:

The criteria for determining the individual variable compensation of non-salaried corporate officers include a balance between financial criteria and non-financial criteria, including sustainability criteria.

Sustainability criteria relate to environmental, social or governance issues for the Crédit Mutuel Arkéa group and to the benefit corporation roadmap.

- Individual variable compensation of members of Crédit Mutuel Arkéa's Regulated Population

Crédit Mutuel Arkéa's compensation policy seeks sound and effective management of risks, regardless of their type (financial risks, operational risks, sustainability risks, etc.), in particular by ensuring that a large portion of the variable compensation of employees whose activity has a significant impact on the company's risk profile is flexible, deferred and adjustable.

The overall compensation of Crédit Mutuel Arkéa group employees consists in :

- fixed compensation,
- individual annual variable compensation,
- collective variable compensation,
- fringe benefits that may be offered at the Group's entities:
  - employee savings,
  - health and personal protection,
  - supplementary pension,
  - benefits in kind.

All employees receive some or all of these components depending on their responsibilities, skills and performance.

The Crédit Mutuel Arkéa group routinely compares its practices with those of other banking and insurance groups to ensure that compensation is appropriate to attract and retain the talent and skills the Group needs.

### **Fixed compensation**

Fixed compensation is a way to retain and motivate employees and recognize their professional experience and responsibilities assumed in their position, as well as the role and importance of the position in the organization in line with market studies conducted by each Group entity at regular intervals. It represents a large portion of the total compensation and, where applicable, serves as a basis for determining targets and limits on variable compensation applicable to individual employees.

### **Annual variable compensation**

Variable compensation and its payment in several tranches does not hinder institutions' ability to maintain a sound capital base or build up their capital.

The payment of variable compensation is dependent on the soundness of the financial base of the Crédit Mutuel Arkéa group and/or the entity at which the employee works.

The sound financial base of the Crédit Mutuel Arkéa group is assessed according to:

- the solvency ratio (CET1),

- the loan-to-deposit ratio,
- the cost/income ratio,

set at the risk appetite threshold, for each of these three indicators.

The sound financial base of the Crédit Mutuel Arkéa group's subsidiaries is assessed according to a solvency indicator or, in the absence of a solvency indicator, an indicator used to verify the subsidiary's financial soundness.

Variable compensation is tied to annual performance and the impact on the institution's risk profile.

In case of insufficient performance, non-compliance with rules and procedures or risky behaviors, variable compensation is directly impacted.

Variable compensation is set in accordance with regulatory principles.

Annual variable compensation depends on the financial and non-financial performance during the year and employees' contributions to the success of the Crédit Mutuel Arkéa group's strategy.

To be in line with regulations, the variable compensation policy must meet the following requirements :

- the variable amount is set by combining the evaluation of the performance of both the individual and the relevant business unit with the institution's overall results;
- the performance evaluation must take financial and non-financial criteria into account.

In addition to the fixed compensation, the variable compensation rewards the quantitative and/or qualitative achievements measured on the basis of actual performance and individual evaluations relative to set targeted.

The assessment of performance is based on both quantitative criteria and qualitative criteria. There must be a balance between these two types of criteria and compliance with this balance must result in the establishment of objectives and an assessment of their achievement.

It rewards:

- performance that is defined by the successful completion of assignments and the achievement of objectives. An assessment of the latter below 100% cannot result in variable compensation that is higher than the target;
- overperformance occurs when assignments are successfully completed and the achievement of objectives is more than 100%. In this situation, the variable rate may be higher than the target, up to the maximum amount.

### **Exceptional bonuses**

In very specific cases (special assignment and/or exceptional investment) where individual performance goes beyond the stipulations of the employment contract or job description, bonuses may be paid to the Group's employees. These bonuses must be paid in accordance with the framework of the annual negotiations on compensation approved by the Group's Executive Committee (EXCOM), based on predetermined objectives.

## **Employee savings**

The Crédit Mutuel Arkéa group endeavors to give all employees a stake in the Group's results to allow them to share collectively in the value created.

To this end, collective variable compensation mechanisms have been developed at most of the Group's entities to provide access to value creation (profit-sharing/incentive bonuses). In accordance with the rules applicable to banking institutions, incentives and profit-sharing do not come under the definition of variable compensation.

## **Social protection schemes**

Social benefits depend on the applicable collective agreements. They supplement other forms of compensation and are designed to protect employees from the vagaries of everyday life (personal protection, healthcare costs) and help them prepare for retirement (Retirement Savings Plan).

## **Employee shareholding**

In accordance with Crédit Mutuel Arkéa's cooperative bylaws, stock options, options on debt securities and performance shares are not granted to employees of the Group's subsidiaries.

When the Group acquires majority shareholdings in entities that have implemented employee shareholding schemes, these limited-time mechanisms are maintained but cannot be extended.

As an exception, the Group's decision-making bodies (EXCOM, Board of Directors, specialized committees) may decide on changes to the existing mechanisms, based on their scope of activity as approved by the Board of Directors.

## **Risk, compliance and internal audit functions**

Compensation paid to the personnel of the independent control functions (risk management, compliance and internal audit functions) is set independently of the performance of the business lines whose operations they validate or verify in order to prevent any conflict of interest, and at a sufficient level to ensure the recruitment of qualified and experienced personnel. Therefore, when it is implemented the variable compensation of the internal control functions is based exclusively on individual criteria.

It takes into account the achievement of objectives associated with the function and must be at an appropriate level compared with the professionals whose activity they control, taking qualifications, expertise and responsibilities into account.

The compensation of these employees is designed to dissuade them from excessive risk-taking.

The variable compensation of employees performing internal control functions (risk management, permanent control, compliance and internal audit functions) is capped at 30% of their fixed compensation. Therefore, in accordance with the regulations, the Group ensures that the compensation of these employees is mainly fixed.

## Gender pay gap

For several years, the Crédit Mutuel Arkéa group has given careful consideration to the issue of workplace gender equality by taking measures to permanently eliminate pay gaps. With a gender equality index weighted average of 92.4/100 in 2023 at the Group level, significantly higher than the regulatory requirements, Crédit Mutuel Arkéa demonstrates its long-term commitment to promoting diversity and combating discrimination.

The Group's objective in this area is to promote workplace equality over the long term and create conditions for true equality at all stages of professional life.

This compensation policy, based on the principle of equal compensation between genders for the same work or work of equal value, is in line with this objective.

## 16.4. Role of independent control functions

To ensure compliance with regulations and consistency with the Crédit Mutuel Arkéa group's risk appetite framework, the Crédit Mutuel Arkéa group's Human Dynamics and Relations Department involves the risk management and compliance functions in drafting the Group's compensation policy.

In accordance with the provisions of the French Monetary and Financial Code, the Risk and Internal Control Committee is responsible for examining whether the incentives provided for by the credit institution's compensation policy are compatible with its situation in light of the risks to which it is exposed, its capital, liquidity and the probability and timing of the expected benefits.

Along these lines, the Risk and Internal Control Committee issues an opinion on:

- the Group compensation policy, which includes the provisions applicable to members of the Regulated Population;
- the scope of the Regulated Population.

To ensure that the compensation system takes into account all types of risk and the liquidity and capital levels, that the overall compensation policy is coherent, promotes sound and effective risk management and is in line with the institution's economic strategy, objectives, culture, corporate values and long-term interests, the Compensation Committee assesses the compensation mechanisms and systems used by Group on the basis of the formal opinions issued by the Risk Department and the Compliance and Permanent Control Department. On an annual basis or, where applicable, at the time of each update, the heads of the risk management and compliance functions must, each in their respective area, check that the compensation policy is consistent with the Group's risk profile and with the applicable regulatory requirements. The results of these analyses are presented to the Risk and Internal Control Committee and to the Compensation Committee, which informs Crédit Mutuel Arkéa's Board of Directors of them.

Without prejudice to the duties of the Compensation Committee, members of the Risk and Internal Control Committee are invited, in an advisory capacity, to the Compensation Committee meeting when the Crédit Mutuel Arkéa group's compensation policy is reviewed, in order to determine whether the proposed incentives are consistent with the Group's risk appetite framework. Similarly, every year a member of the Compensation Committee is invited to a Risk and Internal Control Committee meeting.

## 16.5. Compensation policy for the regulated staff

### Principles of the compensation policy applicable to the regulated population

In accordance with regulations, the compensation policy applicable to the Regulated Population is based on the following principles:

- the payment of variable compensation to members of the Regulated Population is dependent on the soundness of the financial base of the Crédit Mutuel Arkéa group and/or the entity at which the employee works, as described in the general principles of the Group compensation policy;
- in accordance with the prohibition on guaranteed variable compensation, the award of annual variable compensation is not a right. Where applicable, it is approved, and its amount set, annually based on the compensation policy of the year in question and the governance principles in force, taking into account all the risks to which Crédit Mutuel Arkéa or the Group is or may be exposed, as well as liquidity requirements and the cost of capital, and provided that it does not limit the ability of Crédit Mutuel Arkéa or the Group to build up its capital;
- annual variable compensation depends on the financial and non-financial performance during the year as part of a multi-year timeframe in line with the Crédit Mutuel Arkéa group's strategy.

The variable compensation of executive managers who are members of the Regulated Population is based on Group financial objectives (with the exception of the control functions and senior managers).

These Group financial objectives are pre-tax profit on ordinary activities, the cost/income ratio, the loan-to-deposit ratio and CET1 at the consolidated level.

Variable compensation is also based on quantitative and qualitative criteria (including a criterion linked to one of the areas related to “Entreprise à mission” status) defined individually for each of the senior managers and executive managers who are members of the Regulated Population;

- in accordance with the provisions of Article L. 511-85 of the French Monetary and Financial Code, members of the Regulated Population are prohibited from using individual hedging or insurance strategies with respect to compensation or liability in order to limit the risk of loss or the losses that may result therefrom;
- the variable component for a given employee may not exceed 100% of the fixed component.

### Scope of the regulated population

When the parent company is an entity subject to legislation, the compensation policy and related requirements (CRD Regulation and EBA guidelines) apply to all entities included in the scope of consolidation (whether or not they are themselves subject). The scope of consolidation is the prudential consolidation scope (as defined by Regulation (EU) No. 575/2013).

Crédit Mutuel Arkéa and subject subsidiaries whose balance sheet total for the four-year period immediately preceding the current fiscal year is, on average:

- more than €10 billion, or
- more than €5 billion and which do not meet any of the criteria set out in points c, d and e of Article 4(1)(145) of Regulation (EU) 575/2013,



must define their scope of employees who are members of the Regulated Population on an individual basis.

The Regulated Population is defined based at least on the criteria set out in Article L. 511-71 of the French Monetary and Financial Code and the Delegated Regulation.

Employees included in the Regulated Population are determined at least annually under the joint responsibility of the Group's human resources, risk and compliance functions. They rely in particular on the subsidiaries' human resources functions, which provide them with all the information necessary to identify members of the Regulated Population.

The scope of the Regulated Population is subject to the oversight of the Compensation Committee and the Risk and Internal Control Committee, which inform Crédit Mutuel Arkéa's Board of Directors.

In accordance with Article L. 511-71 of the French Monetary and Financial Code, the Regulated Population includes, for each entity that defines its scope of employees who are members of the Regulated Population on an individual basis, at least the following categories of employees whose professional activities have a material impact on the institution's risk profile:

- all members of the Board of Directors, Supervisory Board or any other body performing equivalent functions;
- effective managers;
- staff members responsible for managing the institution's control functions or important business units and who report directly to the body performing supervisory functions;
- staff members who were entitled to significant compensation during the previous year, if the following two conditions are met:
  - Compensation is more than or equal to €500,000 and is more than or equal to the average compensation awarded to members of the Board of Directors, the Supervisory Board or any other body performing equivalent functions and to the effective managers of the credit institution, financing company or investment firm paying the compensation. If the staff member receives compensation from several credit institutions, financing companies or investment firms, the average compensation to be taken into account awarded to members of the Board of Directors, the Supervisory Board or any other body performing equivalent functions and to the effective managers to determine the threshold is assessed at the consolidated level, i.e. at the Group level;
  - they carry out their professional activities at an important business unit and these activities are likely to have a material impact on the risk profile of the business unit in question.

Qualitative and quantitative criteria for identifying other members of the Regulated Population covered by the CRD Regulation are set by the Delegated Regulation.

## **Terms of payment of variable compensation granted to the Regulated Population**

### ***Amounts of variable compensation to be deferred***

Members of the Regulated Population who receive annual variable compensation that exceeds €50,000 or represents more than one-third of their total compensation are subject to rules regarding the vesting and payment of a portion of their variable compensation on a deferred basis:

- 60% of variable compensation for compensation in excess of €500,000;
- 50% of variable compensation for other compensation.

This deferral period must be spread over:

- five years for corporate officers, members of the Board of Directors and effective managers;
- four years for other members of the Regulated Population.

### ***Financial or similar instruments***

In accordance with regulatory requirements, variable compensation is paid as follows, for the deferred portion and the non-deferred portion:

- half in cash;
- half in cash indexed to a composite indicator calculated according to Group consolidated criteria after a 12-month retention period.

### ***Variable compensation vesting and payment conditions***

The vesting and payment of variable compensation awarded, for both the portion paid immediately and the deferred portion, are subject to compliance with the conditions set out in the compensation policy and applicable regulations, in particular the requirement that Crédit Mutuel Arkéa and the Group have a sufficiently strong and sound capital base and are still able to build up their capital.

Thus, vesting and payment of deferred variable compensation are subject to compliance with the Group's CET1 risk appetite threshold at each vesting and payment date. If, on a payment date, CET1 risk appetite threshold is not complied with, all deferred variable compensation to be vested or received on that date is permanently reduced to zero.

### ***Limit on variable compensation***

The variable portion of the total compensation of each member of the Regulated Population may not exceed the amount of the fixed portion of the total compensation.

### ***Departure and mobility***

If a member of the Regulated Population leaves or is transferred within the Group, the departure or transfer has no impact on the variable portion for the current year, if such a portion is expected to be paid, or on the deferred portions due and not yet due.

The variable compensation for the current year, if such a portion is expected to be paid, and the deferred portions are therefore always withheld and paid on the usual dates, under the conditions and in the manner originally stipulated.

This compensation, following the departure or transfer, also remains subject to the risk adjustment rules in place at the Group.

### **Risk adjustment**

The vesting and payment of variable compensation allocated are subject to compliance with a sufficiently sound and solid financial base (compliance with the Group's CET1 risk appetite threshold on each vesting and payment date), as described above.

In addition, variable compensation already vested or in the process of being vested may be reduced, in whole or in part, by up to 100% until the end of the last retention period, such as in case of behavior that could expose the Crédit Mutuel Arkéa group, or one of its entities, to an abnormal and significant risk, particularly as a result of its liability for actions that resulted in significant losses for the institution or in case of breach of the requirements of fitness and propriety.

The risk adjustment mechanism is therefore used when:

- the member of the Regulated Population was involved in actions that resulted in significant losses for the institution or was responsible for such actions;
- the member of the Regulated Population did not meet the applicable standards of fitness and propriety;
- the member of the Regulated Population contributed significantly to poor or negative financial performance, and in case of fraud or other intentional or grossly negligent behavior that resulted in significant losses;
- the member of the Regulated Population committed serious misconduct, such as breach of the code of conduct;
- the institution or business unit at which the member of the Regulated Population works suffers a significant failure of risk management;
- the institution or business unit at which the member of the Regulated Population works has significant increases in the economic or regulatory capital base;
- the institution or business unit at which the member of the Regulated Population works is subject to regulatory sanctions and the conduct of the staff member contributed to the sanction.

Crédit Mutuel Arkéa has been granted an exemption from the requirements regarding deferral, payment in financial instruments and pensions for members of the regulated population whose annual variable compensation does not exceed €50,000 and does not represent more than one-third of their total annual compensation.

In 2023, this exemption benefited 85 members of the regulated population, whose total compensation amounted to €12,787,920, including €10,900,183 in fixed compensation and €1,887,737 in variable compensation.

## 16.6. Communication

### Shareholders' meeting

Pursuant to the provisions of Article L. 511-73 of the French Monetary and Financial Code, the Shareholders' Meeting is consulted annually on the total amount, determined on a consolidated basis, of the compensation paid during the previous year to employees proving the status of effective managers or belonging to the other categories of employees whose professional activities have a material impact on the risk profile of Crédit Mutuel Arkéa or the Crédit Mutuel Arkéa group as a whole.

### Provision to employees

The compensation policies of each entity are made available/sent to all staff members (sent by e-mail, made available on the intranet, etc.). Each policy defines its method of communication.

### Universal Registration Document and Pillar 3 report

The Universal Registration Document, which constitutes the Corporate Governance Report, includes a section on the compensation of the corporate officers and, in particular, on the compensation paid and payable in respect of the year under review.

The Pillar 3 report includes a section on the Group's governance and compensation policy.

## 16.7. Quantitative information on compensation of effective managers and persons whose activities have a material impact on the company's risk profile

**Table 59 (EU REM1): Remuneration awarded for the financial year**

As at 12.31.2023 In € thousands		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	3	4	4	105
	Total fixed remuneration	1,355	1,671	1,132	15,040
	Of which: cash-based	1,320	1,588	1,012	12,749
	Of which: shares or equivalent ownership interests				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: other instruments				
	Of which: other forms	36	84	119	2,291
Variable remuneration	Number of identified staff	2	4	4	101
	Total variable remuneration	1	1,656	700	3,716
	Of which: cash-based	1	866	350	3,005
	Of which: deferred	-	395	175	355
	Of which: shares or equivalent ownership interests				
	Of which: deferred				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: deferred				
	Of which: other instruments	-	790	350	711
	Of which: deferred	-	790	350	711
	Of which: other forms				
	Of which: deferred				
<b>Total remuneration</b>		<b>1,356</b>	<b>3,327</b>	<b>1,832</b>	<b>18,756</b>

**Table 60 (EU REM2): Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)**

As at 12.31.2023 In € thousands	MB Supervisory function	MB Management function	Other senior management	Other identified staff
<b>Guaranteed variable remuneration awards</b>				
Guaranteed variable remuneration awards - Number of identified staff				
Guaranteed variable remuneration awards -Total amount				
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
<b>Severance payments awarded in previous periods, that have been paid out during the financial year</b>				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
<b>Severance payments awarded during the financial year</b>				
Severance payments awarded during the financial year - Number of identified staff	-	-	-	1
Severance payments awarded during the financial year - Total amount	-	-	-	183
Of which paid during the financial year	-	-	-	183
Of which deferred				
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
Of which highest payment that has been awarded to a single person	-	-	-	183



**Table 61 (EU REM3): Deferred remuneration**

Deferred and retained remuneration	Deferred remuneration vested in respect of previous years N-1 and prior years			Amount of performance adjustment applied during the year to deferred remuneration that was due to vest during the year			Remuneration vested in year N paid immediately in N+1 / subject to retention	
	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
As at 12.31.2023 In € thousands								
<b>MB Supervisory function</b>	-	-	-	-	-	-	-	-
Cash-based	-	-	-				-	-
Shares or equivalent ownership interests	-							
Share-linked instruments or equivalent non-cash instruments	-							
Other instruments	-	-	-					-
Other forms	-							
<b>MB Management function</b>	<b>2,456</b>	<b>547</b>	<b>1,909</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>395</b>	<b>1,185</b>
Cash-based	1,481	378	1,103				395	395
Shares or equivalent ownership interests	-							
Share-linked instruments or equivalent non-cash instruments	-							
Other instruments	975	169	806					790
Other forms	-							
<b>Other senior management</b>	<b>898</b>	<b>225</b>	<b>673</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175</b>	<b>525</b>
Cash-based	516	157	358				175	175
Shares or equivalent ownership interests	-							
Share-linked instruments or equivalent non-cash instruments	-							
Other instruments	382	67	315					350
Other forms	-							
<b>Other identified staff</b>	<b>3,672</b>	<b>2,087</b>	<b>1,586</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,278</b>	<b>1,066</b>
Cash-based	2,728	1,934	794				2,278	355
Shares or equivalent ownership interests	-							
Share-linked instruments or equivalent non-cash instruments	-							
Other instruments	944	153	792					711
Other forms	-							
<b>Total amount</b>	<b>7,027</b>	<b>2,858</b>	<b>4,168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,848</b>	<b>2,775</b>

**Table 62 (EU REM4): Remuneration of 1 million EUR or more per year**

As at 12.31.2023	Identified staff that are high earners as set out in Article 450(i) CRR
€ 1,000,000 to below € 1,500,000	-
€ 1,500,000 to below € 2,000,000	-
€ 2,000,000 to below € 2,500,000	-
€ 2,500,000 to below € 3,000,000	-
€ 3,000,000 to below € 3,500,000	-
€ 3,500,000 to below € 4,000,000	-
€ 4,000,000 to below € 4,500,000	-
€ 4,500,000 to below € 5,000,000	-
€ 5,000,000 to below € 6,000,000	-
€ 6,000,000 to below € 7,000,000	-
€ 7,000,000 to below € 8,000,000	-

**Table 63 (EU REM5): Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)**

As at 12.31.2023 In € thousands	Management body remuneration		
	MB Supervisory function	MB Management function	Total MB
Total number of identified staff			
Of which: members of the MB	3	4	7
Of which: other senior management			
Of which: other identified staff			
Total remuneration of identified staff	1,356	3,327	4,683
Of which: variable remuneration	1	1,656	1,657
Of which: fixed remuneration	1,355	1,671	3,027

As at 12.31.2023 In € thousands	Business areas						Total
	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
Total number of identified staff							116
Of which: members of the MB							
Of which: other senior management	-	-	-	3	-	1	
Of which: other identified staff	4	61	-	16	11	13	
Total remuneration of identified staff	542	10,505	-	5,005	1,983	2,552	
Of which: variable remuneration	7	2,071	-	1,341	373	624	
Of which: fixed remuneration	535	8,434	-	3,665	1,611	1,928	

## 17. Appendices

### 17.1. Declaration of the responsible person

The information considered as proprietary is: the number of obligors broken-down by exposure class and PD range (article 452 g).

Decisions not to publish this information are taken in agreement with the Crédit Mutuel Arkéa group's management bodies.

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

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

#### **Declaration of the responsible person**

I certify that the information contained in the Pillar 3 Report as of December 31, 2023 disclosing the information published under Part Eight of EU Regulation No. 575/2013 "CRR", as amended by the EU Regulation No. 2019/876 "CRR2", is, to the best of my knowledge, in accordance with the formal policies and internal processes, systems and controls.

Done at Le Relecq Kerhuon, April 2, 2024.

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

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## 17.4. ESG risk cross-reference table

**Table 1 : Qualitative information on Environmental risk**

Business strategy and processes		Related chapter	Page
a)	Institution's business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning	Chapter 15.3.1	99
b)	Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	Chapter 15.3.2.2 et 15.3.2.4	101 / 103
c)	Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities	Chapter 15.3.2.3	102
d)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks	Chapter 15.4.3.4	113
Governance			
e)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels	Chapter 15.2	95
f)	Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions	Chapter 15.2	95
g)	Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels	Chapter 15.2	95
h)	Lines of reporting and frequency of reporting relating to environmental risk	Chapter 15.4.4	114
i)	Alignment of the remuneration policy with institution's environmental risk-related objectives	Chapter 15.2	95
Risk management			
j)	Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework	Chapter 15.1, 15.4.1 et 15.4.3.1	92 / 104 / 110
k)	Definitions, methodologies and international standards on which the environmental risk management framework is based	Chapter 15.1, 15.4.1 et 15.4.2	92 / 104 / 106
l)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels	Chapter 15.4.1 et 15.4.2	104 / 106
m)	Activities, commitments and exposures contributing to mitigate environmental risks	Chapter 15.4.3.4	113
n)	Implementation of tools for identification, measurement and management of environmental risks	Chapter 15.4.2.1 et 15.4.2.2	106 / 108
o)	Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile	Chapter 15.4.3.3	112
p)	Data availability, quality and accuracy, and efforts to improve these aspects	Chapter 15.4.2.3	109
q)	Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits	Chapter 15.4.3.1	110
r)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	Chapter 15.1	92

**Table 2 : Qualitative information on Social risk**

Business strategy and processes		Related chapter	Page
a)	Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy and financial planning	Chapter 15.3.1	99
b)	Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	Chapter 15.3.2.3	102
c)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities	Chapter 15.4.3.4	113
Governance			
d)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to: i) Activities towards the community and society ; ii) Employee relationships and labour standards ; iii) Customer protection and product responsibility ; iv) Human rights	Chapter 15.2 et 15.4.2.3	95 / 109
e)	Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body	Chapter 15.2	95
f)	Lines of reporting and frequency of reporting relating to social risk	Chapter 15.4.4	114
g)	Alignment of the remuneration policy in line with institution's social risk-related objectives	Chapter 15.2	95
Risk management			
h)	Definitions, methodologies and international standards on which the social risk management framework is based	Chapter 15.1, 15.4.1 et 15.4.3.1	92 / 104 / 110
i)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels	Chapter 15.4.1 et 15.4.2	104 / 106
j)	Activities, commitments and assets contributing to mitigate social risk	Chapter 15.4.3.4	113
k)	Implementation of tools for identification and management of social risk	Chapter 15.4.2.2 et 15.4.2.1	108 / 106
l)	Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits	Chapter 15.4.3.1	110
m)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	Chapter 15.1	92

**Table 3 : Qualitative information on Governance risk**

Governance		Related chapter	Page
a)	Institution's integration in their governance arrangements governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics	Chapter 15.2	95
b)	Institution's accounting of the counterparty's highest governance body's role in non-financial reporting	Chapter 15.2 et 15.4.2.3	95 / 109
c)	Institution's integration in governance arrangements of the governance performance of their counterparties including: i) Ethical considerations ; ii) Strategy and risk management ; iii) Inclusiveness ; iv) Transparency ; v) Management of conflict of interest ; vi) Internal communication on critical concerns	Chapter 15.2 et 15.4.2.3	95 / 109
Risk management			
d)	Institution's integration in risk management arrangements the governance performance of their counterparties considering: i) Ethical considerations ; ii) Strategy and risk management ; iii) Inclusiveness ; iv) Transparency ; v) Management of conflict of interest ; vi) Internal communication on critical concerns	Chapter 15.4.2	106