

Pillar 3 Report 03.31.2024

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1. Prudential indicators

1.1. Key metrics

Table 1 (EU KM1): Key metrics

In € thousands	03.31.2024 ⁽²⁾	12.31.2023 ⁽¹⁾	09.30.2023 ⁽³⁾	06.30.2023 ⁽¹⁾	03.31.2023 ⁽²⁾
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	8,498,202	8,400,021	8,302,954	8,341,574	8,176,700
Tier 1 capital	8,498,202	8,400,021	8,302,954	8,341,576	8,176,704
Total capital	10,028,605	9,966,336	9,892,518	9,955,973	9,811,081
Risk-weighted exposure amounts					
Total risk exposure amount	50,707,129	49,736,248	49,131,088	48,474,182	48,010,748
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%)	16.8%	16.9%	16.9%	17.2%	17.0%
Tier 1 ratio (%)	16.8%	16.9%	16.9%	17.2%	17.0%
Total capital ratio (%)	19.8%	20.0%	20.1%	20.5%	20.4%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.50%	2.75%	2.75%	2.75%	2.75%
of which: to be made up of CET1 capital (percentage points)	1.41%	1.55%	1.55%	1.55%	1.55%
of which: to be made up of Tier 1 capital (percentage points)	1.88%	2.06%	2.06%	2.06%	2.06%
Total SREP own funds requirements (%)	10.50%	10.75%	10.75%	10.75%	10.75%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	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 (%)	0.9826%	0.5010%	0.5001%	0.4996%	0.0035%
Systemic risk buffer (%)	-	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-	-
Other Systemically Important Institution buffer (%)	-	-	-	-	-
Combined buffer requirement (%)	3.5%	3.0%	3.0%	3.0%	2.5%
Overall capital requirements (%)	13.98%	13.75%	13.75%	13.75%	13.25%
CET1 available after meeting the total SREP own funds requirements (%) ⁽⁴⁾	8.9%	8.8%	8.8%	9.1%	9.0%
Leverage ratio					
Total exposure measure	128,020,276	129,657,643	125,766,347	122,972,378	130,035,421
Leverage ratio (%)	6.6%	6.5%	6.6%	6.8%	6.3%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%	0%	0%
of which: to be made up of CET1 capital (percentage points)	0%	0%	0%	0%	0%
Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio ⁽⁵⁾					
Total high-quality liquid assets (HQLA) (Weighted value -average)	19,398,138	21,273,984	19,539,055	19,504,930	24,175,682
Cash outflows - Total weighted value	15,834,576	16,800,401	15,333,273	15,494,028	16,597,395
Cash inflows - Total weighted value	2,704,392	1,572,886	2,122,843	1,926,815	1,550,543
Total net cash outflows (adjusted value)	13,130,184	15,227,515	13,210,430	13,567,214	15,046,852
Liquidity coverage ratio (%)	148%	140%	148%	144%	161%
Net Stable Funding Ratio					
Total available stable funding	91,231,691	90,619,229	86,833,862	86,135,986	84,490,469
Total required stable funding	81,266,250	80,954,977	78,330,450	77,238,951	75,286,804
NSFR ratio (%)	112%	112%	111%	112%	112%

(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

1.2. Capital requirements

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

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

Tableau à insérer

In € thousands	Total risk exposure amounts		Total own funds requirements
	03.31.2024	12.31.2023	03.31.2024
Credit risk (excluding CCR)	46,922,187	46,095,809	3,753,775
Of which the standardised approach	9,128,944	8,935,208	730,316
Of which the Foundation IRB (F-IRB) approach	9,217,675	9,114,015	737,414
Of which slotting approach	664,976	629,991	53,198
Of which equities under the simple riskweighted approach	12,839,321	12,604,005	1,027,146
Of which the Advanced IRB (A-IRB) approach	12,659,586	12,414,439	1,012,767
Counterparty credit risk - CCR	507,440	540,644	40,595
Of which the standardised approach	211,336	211,463	16,907
Of which internal model method (IMM)	-	-	-
Of which exposures to a CCP	6,286	7,758	503
Of which credit valuation adjustment - CVA	60,936	77,452	4,875
Of which other CCR	228,881	243,972	18,311
Settlement risk	108	405	9
Securitisation exposures in the non-trading book (after the cap)	12,296	12,695	984
Of which SEC-IRBA approach	-	-	-
Of which SEC-ERBA (including IAA)	12,695	12,695	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	3,265,099	3,086,696	261,208
Of which basic indicator approach	424,521	438,669	33,962
Of which standardised approach	172,204	173,503	13,776
Of which advanced measurement approach	2,668,374	2,474,524	213,470
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Total	50,707,129	49,736,248	4,056,570

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

Rating procedures and parameters

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

The counterparty rating system is used throughout Crédit Mutuel.

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

Additional quantitative information

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

Tableau à insérer

In € thousands	Risk weighted exposure amount
Risk weighted exposure amount as at 12.31.2023	20,264,130
Asset size (+/-)	-168,737
Asset quality (+/-)	520,192
Model updates (+/-)	175,824
Methodology and policy (+/-)	-
Acquisitions and disposals (+/-)	-
Foreign exchange movements (+/-)	-
Other (+/-)	-
Risk weighted exposure amount as at 03.31.2024	20,791,409

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

Counterparty credit risk corresponds to the risk incurred on:

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

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

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

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

4. Liquidity risk - LCR

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

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

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

Several liquidity ratios are particularly monitored as the LCR which is a liquidity ratio provided for by the CRD 4 and CRR texts. It measures the ratio between liquid assets and net cash outflows at 30 days under a stress scenario. The minimum required level has been set at 100% since 2018.

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 2024. The Group met the regulatory requirement throughout the first quarter of 2024 with significant room for maneuver. The average LCR from April 2023 to March 2024 was 145.17%. At the end of March 2024, the Group's consolidated LCR ratio was 147.74%, an increase of 8.03 points compared with the end of December 2023.

The Crédit Mutuel Arkéa group's liquid assets totaled €19,398 million and consisted mainly of deposits at central banks. These represented 50% of liquid assets at the end of March 2024, a proportion down on the end of December 2023 due to the end of the T-LTRO loan.

Net cash outflows over 30 days amounted to €15,835 million, most of which corresponded to customer deposits. This represented a decrease of €966 million compared with the end of December 2023.

Net cash inflows over 30 days amounted to €2,704 million, most of which corresponded to customer loans and maturing debt securities. This represented an increase of €1 132 million compared with the end of December 2023.

Table 4 (EU LIQ1): Quantitative information on the liquidity coverage ratio (LCR)

In € thousands	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on	03.31.2024	12.31.2023	09.30.2023	06.30.2023	03.31.2024	12.31.2023	09.30.2023	06.30.2023
Number of data points used in the calculation of averages : 12								
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					20,228,937	21,267,316	21,976,753	21,760,165
CASH - OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	42,872,891	42,168,233	41,671,945	41,783,910	2,780,098	2,758,402	2,753,668	2,773,927
Stable deposits	30,362,022	29,887,059	29,547,387	29,841,903	1,518,101	1,494,353	1,477,369	1,492,095
Less stable deposits	11,278,958	11,276,102	11,379,795	11,405,456	1,257,355	1,254,317	1,264,939	1,267,224
Unsecured wholesale funding	21,613,312	21,832,242	22,273,305	22,571,206	10,767,575	10,786,858	11,084,601	11,297,770
Operational deposits (all counterparties) and deposits in networks of cooperative banks	2,037,370	2,201,006	2,193,086	2,067,362	194,784	221,294	226,254	216,409
Non-operational deposits (all counterparties)	18,874,243	18,965,439	19,403,148	19,869,834	9,871,091	9,899,766	10,181,274	10,447,350
Unsecured debt	701,699	665,797	677,072	634,010	701,699	665,797	677,072	634,010
Secured wholesale funding					102,828	108,117	76,767	86,102
Additional requirements	11,967,957	11,956,783	12,056,636	12,294,302	2,119,047	2,094,749	2,062,001	2,051,539
Outflows related to derivative exposures and other collateral requirements	484,343	402,626	372,907	372,127	484,343	402,626	372,907	372,127
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	11,483,614	11,554,157	11,683,729	11,922,176	1,634,704	1,692,123	1,689,095	1,679,413
Other contractual funding obligations	410,488	592,016	586,710	487,616	410,488	592,016	586,710	487,616
Other contingent funding obligations	529,647	595,748	633,388	731,944	64,390	70,103	77,591	95,376
TOTAL CASH OUTFLOWS					16,244,426	16,410,245	16,641,338	16,792,330
CASH - INFLOWS								
Secured lending (e.g. reverse repos)	403,761	420,134	484,572	466,200	159,128	140,291	178,831	161,388
Inflows from fully performing exposures	1,650,042	1,657,141	1,586,974	1,628,349	1,063,281	1,075,746	1,022,303	1,082,157
Other cash inflows	1,088,956	1,008,826	1,080,175	1,330,109	1,088,956	1,008,826	1,080,175	1,330,109
(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	3,142,760	3,086,101	3,151,721	3,424,658	2,311,365	2,224,863	2,281,309	2,573,654
Fully exempt inflows	170,833	83,333	125,000	166,667	170,833	83,333	125,000	166,667
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	2,971,926	3,002,768	3,026,721	3,257,991	2,140,532	2,141,529	2,156,309	2,406,988
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					20,228,937	21,267,316	21,976,753	21,760,165
TOTAL NET CASH OUTFLOWS					13,933,061	14,185,383	14,360,029	14,218,676
LIQUIDITY COVERAGE RATIO					145%	150%	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 March 31, 2024, the liquidity reserves amounted to €31.8 billion, a decrease of €1.2 billion since December 31, 2023 following an increase in the loan-to-deposit ratio in Q1 2024.

Liquidity reserves

<i>In € billion</i>	03.31.2024	12.31.2023
Central bank deposits	10.0	13.2
LCR securities eligible for the 3G pool (after haircut)	9.4	7.8
Other assets eligible for the 3G pool (after haircut)	12.4	11.9
Total	31.8	33.0

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. At March 31, 2024, liquidity reserves represented 38% 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 March 31, 2024, 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 €746 million at March 31, 2024, 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.

5. Appendices

5.1. Declaration of the responsible person

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 March 31, 2024 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, May 23, 2024.

Anne Le Goff, Associate Chief Executive Officer of Crédit Mutuel Arkéa

5.2. List of tables

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