PricewaterhouseCoopers Audit ERNST & YOUNG et Autres

CACEIS

Year ended December 31, 2020

Statutory auditors' report on the consolidated financial statements

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine cedex
French simplified joint-stock company
(S.A.S.) with capital of € 2 510 460
672 006 483 R.C.S. Nanterre

Statutory Auditor
Member of the Compagnie
régionale de Versailles et du Centre

ERNST & YOUNG et Autres
Tour First TSA 14444
92037 Paris-La Défense cedex
French simplified joint-stock
company (S.A.S.) with variable
capital
438 476 913 R.C.S. Nanterre

Statutory Auditor
Member of the Compagnie
régionale de Versailles et du Centre

CACEIS

Year ended December 31, 2020

Statutory auditors' report on the consolidated financial statements

To the General Meeting of CACEIS,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of CACEIS for the year ended December 31st, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the CACEIS Group at December 31st, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the Statutory Auditors' Responsibilities for the audit of the consolidated financial statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors, for the period from January 1st, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of assessments – key audit matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Risk on presentation and valuation of Goodwill in the consolidate financial statements

Identified risk	Our response
As indicated in Note 6.15, goodwill is tested for impairment based on an assessment of the value in use of the CGU to which it relates. The determination of the value in use was based on discounting the estimated future cash flows of the of the CGU's future cash flows as they result from business trajectories three years (2021-2023) for your group's management purposes, extrapolated over a fourth and fifth year in order to a fourth and a fifth year in order to converge with the to converge on the perpetual growth trend. As of 31 December 2020, the amount of goodwill recorded in the balance sheet amounted to € 1,042 million.	We are aware of the processes your group has in place to identify impairment indicators and to measure the need for goodwill impairment. We have examined the assumptions used to determine the discount rates and perpetual growth rates used, as well as the models used to calculate the discounted cash flows. The calculations were reviewed and the main assumptions (equity allocation percentage, discount rate, perpetual growth rate, etc.) were compared with external sources. sources. We examined the financial forecasts prepared by the management of each entity concerned and used in the model to :

We deemed the measurement of goodwill to be a key audit matter as impairment tests necessarily require management to make decisions concerning the key assumptions to use, in particular for determining economic scenarios in a context of COVID-19 crisis, financial forecasts and discount rates.

- check their consistency with those that have been presented to the governance bodies (Board of Directors or Supervisory Bord) of the entities or subgroups and the justification of potential adjustments made;
- assess the main underlying assumptions, including for the extension of forecasts beyond the three-year period. These assumptions were assessed in view of the economic environment affected by the COVID-19 crisis, the former financial forecasts and the actual performance over prior periods;
- conduct sensitivity analyses of the value in use to some of the assumptions (level of capital allocated, discount rate, cost of risk, cost to income ratio).

We also examined the disclosures provided in the notes to the consolidated financial statements on the results of these impairment tests and the level of sensitivity to various measurement parameters.

Legal, tax and compliance risks

Identified risk	Our response
The Company is involved in litigation before judicial authorities and investigations, and has received information requests from the regulatory and tax authorities in various jurisdictions. The resulting assessment of legal, tax and compliance risks is based on management's estimates at the reporting date, particularly with respect to the tax proceedings in Germany. In 2019, the German tax authorities demanded the repayment (excluding default interest) of tax credits that they claimed were unduly repaid and received by the Company. The company believes that its position is solid and does not justify the recording of a provision with respect to this dispute. As a result, a receivable of €312 million has been recognised, corresponding to the amount of the payment demand (Note 6.10 to the financial statements). The decision to recognise a provision or a receivable to be recovered and the amount thereof requires the use of judgement, due to the difficulty in estimating the final tax impact of the operations concerned by the proceedings. Given the importance of that judgement, these assessments give rise to a significant risk of material misstatements in the financial statements and therefore constitute a key audit matter.	Our work consisted primarily of: ‣ familiarizing ourselves with the process for evaluating the risks involved in these disputes and the related provisions or receivables, primarily by means of quarterly discussions with senior management and in particular the Company's legal, tax and compliance departments in France and Germany; ‣ reviewing, with the help of our tax specialists, th Company's replies to the German tax authorities and the risk estimates provided by the Company; ‣ examining the conclusions of the Company's lega advisers, particularly the results of confirmations carried out among its advisers, and analysing the accounting treatment applied; ‣ assessing, accordingly, the amount of provisions recorded at 31 December 2020. Lastly, we reviewed the information given in this regard in the notes to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of CACEIS by your Annual General Meeting held on May 16th, 2011 for PricewaterhouseCoopers Audit and on April 12th, 2001 for ERNST & YOUNG et Autres.

As of December 31st, 2020, PricewaterhouseCoopers Audit and ERNST & YOUNG et Autres were in the 10th and the 20th of total uninterrupted engagement, respectively, including three years since the company became a public interest entity as a financial holding company.

Responsibilities of management and those charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory auditors' responsibilities for the audit Of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability or quality of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures in response to those risks and obtains audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditors is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine et Paris-La Défense, April 16th, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Emmanuel Benoist	Matthieu Préchoux

CACEIS

CONSOLIDATED FINANCIAL STATEMENTS AT

31 DECEMBER 2020

Approved by the CACEIS Board of Directors on 8 February 2021

GENERAL FRAMEWORK

LEGAL PRESENTATION OF CACEIS

CACEIS, the parent company of the CACEIS group, is a *société anonyme* (public limited company) with a Board of Directors, registered with the Paris Trade and Companies Register under no. 437 580 160 (NAF code: 6430Z) and has its registered office at 1/3 Place Valhubert, 75013 PARIS.

STATUS OF THE CACEIS HOLDING COMPANY

Since 1 January 2014, the CACEIS holding company has had *Compagnie Financière holding* (financial holding company) status. As such the CACEIS Group is subject to prudential supervision on a consolidated basis by the Autorité de Contrôle Prudentiel et de Résolution (ACPR).

CACEIS is also an entity directly supervised by the ECB (named on the ECB's 2015 list of significant supervised entities entities).

CACEIS has 4 effective managers: Jean-François Abadie, Catherine Duvaud, Joseph Saliba and Carlos Rodríguez de Robles.

Since 20 December 2019 :

- CACEIS' share capital has amounted to €941 008 309.02. It is made up of 23,513,451shares, all belonging to the same class and fully paid-up ;

- CACEIS 69,5%-owned by Crédit Agricole S.A. and 30,5%-owned by Santander Investment, S.A., itself a 100% subsidiary of Banco Santander, S.A.

CACEIS is a holding company and has no commercial or industrial activities of its own. In accordance with its corporate object (Article 2 of the Articles of Association), it holds directly or indirectly "French or foreign entities" providing "in France or abroad financial services for institutional investors and securities issuers".

At 31 December 2020, the principal business activities of CACEIS, via its subsidiaries and branches in Europe, in Latin America and Asia, were as follows :

- Depositary banking – custodian :

  - in France: CACEIS Bank
  - in Spain: CACEIS Bank Spain, S.A.U. (previously named Santander Securities Services, S.A.U.)
  - in Brazil: Santander CACEIS Brasil DTVM S.A. (previously named Santander Securities Services Brasil DTVM S.A.)
  - in Mexico: : Banco S3 CACEIS México, S.A., Institución de Banca Múltiple (previously named Banco S3 México, S.A., Institución de Banca Multiple)
  - in Colombia: Santander CACEIS Colombia, S.A., Sociedad Fiduciaria (previously named Santander Colombia, S.A., Sociedad Fiduciaria.

CACEIS Bank branches

- in Luxembourg: CACEIS Bank, Luxemburg Branch
- in Germany: CACEIS Bank S.A., Germany Branch: with the trading name: CACEIS Bank, Germany Branch
- in Ireland: CACEIS Bank: with the trading name: CACEIS Bank, Ireland Branch
- in Belgium: CACEIS Bank, Belgium Branch
- in the Netherlands: CACEIS Bank: with the trading name: CACEIS Bank, Netherlands Branch
- in Italy: CACEIS Bank, Italy Branch
- in the United Kingdom: CACEIS Bank, UK Branch
- in Switzerland: CACEIS Bank, Paris, Nyon/Switzerland branch with the trading name: CACEIS Bank, Switzerland Branch

- Issuer Services :

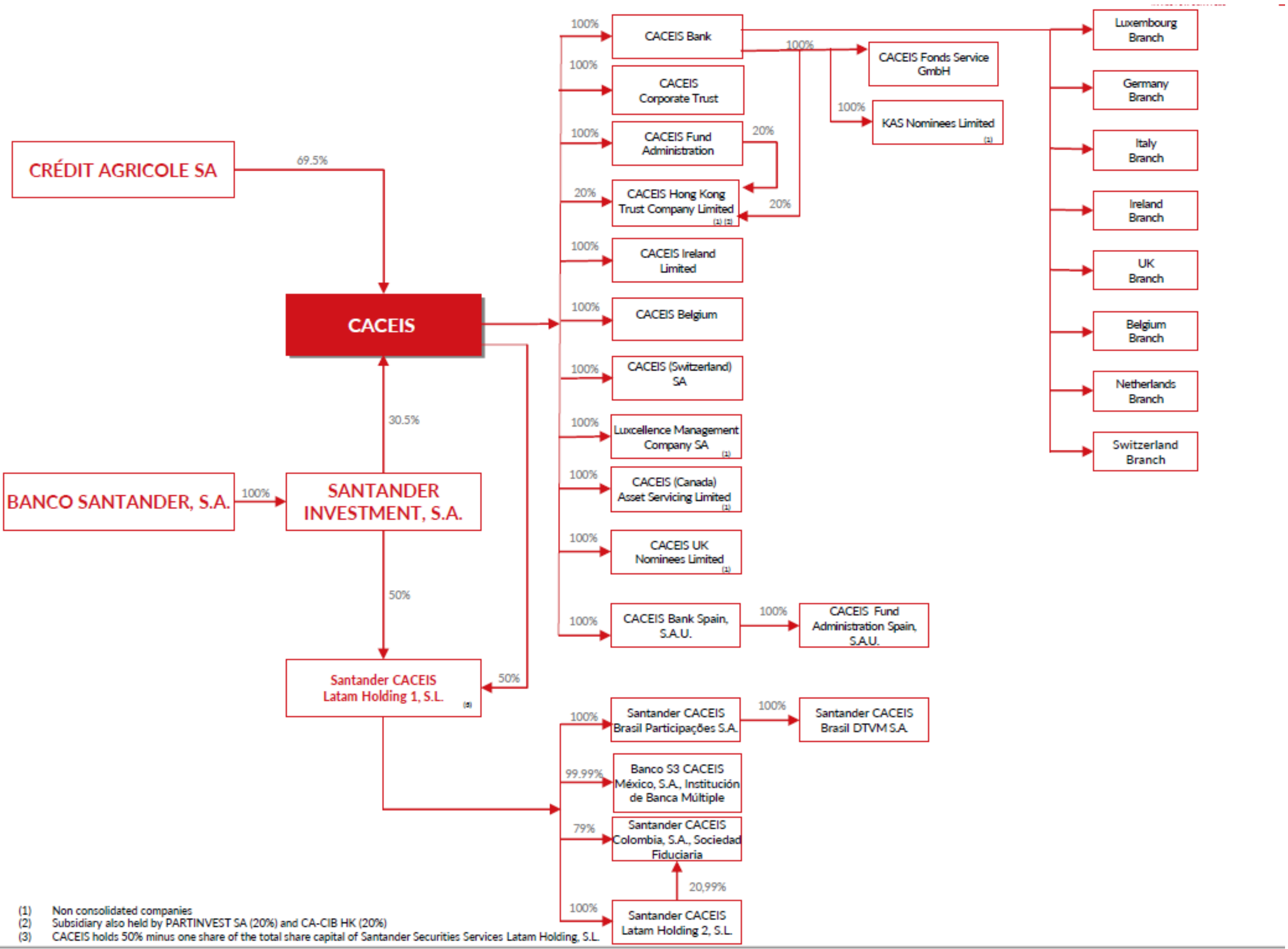
- In France : CACEIS Corporate Trust

- Fund Administration :

- in France: CACEIS Fund Administration
- in Spain: CACEIS Fund Administration Spain, S.A.U.
- in Switzerland: CACEIS (Switzerland) S.A.
- in Belgium: CACEIS Belgium
- in Ireland: CACEIS Ireland Limited
- in Hong Kong: CACEIS Hong Kong Trust Company Limited

In addition, CACEIS also conducts other asset servicing activities via CACEIS Group entities, including Middle-Office services, risk analysis, legal assistance for investment funds, management of investment funds, clearing and execution for listed derivatives and cash equities, trading floor and treasury management services.

ORGANIZATIONAL CHART OF CACEIS GROUP



(1) Non consolidated companies
(2) Subsidiary also held by PARTINVEST SA (20%) and CA-CIB HK (20%)
(3) CACEIS holds 50% minus one share of the total share capital of Santander Securities Services Latam Holding, S.L.

CACEIS INTERNAL RELATIONS

As part of its holding company role, CACEIS provides technical assistance to its subsidiaries with a view to monitoring and coordinating the functions performed under the Subsidiaries Governance framework and by the following cross-functional divisions: Information Services division, Sales and Marketing division, Finance and Administration division, Human Resources division, Risk Management division, Compliance division and General Inspection division.

In addition, customer/supplier relationships also exist between subsidiaries. These internal relationships within the CACEIS Group are governed by various contracts and give rise to :

- invoicing and recharging of services
- recharging of fees
- financial income or expense
- management fees

RELATED PARTIES

The related parties of CACEIS Group are the consolidated companies, including companies accounted for using the equity method, the Group's Senior Executives.

Since the transactions and balances outstanding at the end of the period between CACEIS Group companies are eliminated upon consolidation, only transactions with Crédit Agricole S.A. Group companies are shown in the table below.

The transactions entered into with these entities did not have a material effect on the income statement for the period.

There exist no material transactions between CACEIS and its senior management, their families or the companies they control and which are not included in the Group's scope of consolidation.

The corresponding balances on the consolidated balance sheet and off-balance sheet at 31 December 2020 linked to related parties are shown below :

In thousands of euros		31/12/2020 Crédit Agricole SA (Excluding Caisses Régionales)
ASSETS	Financial assets designated at fair value through profit or loss by type	157 901
	Financial assets at fair value through other comprehensive income	6 584 537
	Loans and receivables due from credit institutions	11 307 436
	Loans and receivables due from customers	51 151
	Financial assets at amortised cost	23 934 700
	Accrued income and expenses and other assets	955 540
	Total	**42 991 265**
LIABILITIES	Derivative financial instruments	103 960
	Derivative financial future instruments	714 751
	Due to credit institutions	9 372 981
	Due to customers	504 867
	Accrued income and expenses and other liabilities	61 075
	Total	**10 757 634**
OFF BALANCE SHEET	Guarantee commitments	3 665 000
	Hedging financial instruments	42 271 461
	Financial futures	34 205 850
	Total	**80 476 179**

The nature of the related party transactions is described below :

- the balance sheet items linked to related parties arise from :
  - The reinvestment of CACEIS' customers' surplus deposits ;
  - CACEIS issues of subordinated securities ;
  - Balance sheet items arising from ordinary transactions in the normal course of CACEIS' business
  - Derivatives instruments.

- the off-balance sheet shows the hedging with market banks of positions held by parties related to CACEIS and CACEIS customers' currency futures.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

(in thousands of euros)	*Notes*	31/12/2020	31/12/2019
Interest and similar income	4.1	836 798	609 994
Interest and similar expenses	4.1	-550 985	-434 340
Fee and commission income	4.2	1 021 083	862 219
Fee and commission expenses	4.2	-230 407	-218 699
Net gains (losses) on financial instruments at fair value through profit or loss	4.3	105 714	140 082
Net gains (losses) on held for trading assets/liabilities		-151 869	-47 685
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss		257 583	187 767
Net gains (losses) on financial instruments at fair value through other comprehensive income	4.4	8 830	242
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss		8 767	44
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)		63	198
Net gains (losses) arising from the derecognition of financial assets at amortised cost	4.5		1 865
Net gains (losses) arising from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss			
Net gains (losses) arising from the reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value through profit or loss			
Income on other activities	4.6	17 172	17 790
Expenses on other activities	4.6	-79 557	-40 349
REVENUES		**1 128 649**	**938 804**
Operating expenses	4.7	-818 923	-670 259
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	4.8	-64 451	-57 780
GROSS OPERATING INCOME		**245 274**	**210 765**
Cost of risk	4.9	-8 338	-6 544
OPERATING INCOME		**236 936**	**204 221**
Share of net income of equity-accounted entities		6 988	28
Net gains (losses) on other assets	4.10		-9 833
Change in value of goodwill			21 661
PRE-TAX INCOME		**243 924**	**216 077**
Income tax	4.11	-54 881	-57 728
Net income from discontinued operations			
NET INCOME		**189 043**	**158 349**
Non-controlling interests			219
NET INCOME GROUP SHARE		**189 043**	**158 568**
Earnings per share (in euros) (1)	6.18	10	9
Diluted earnings per share (in euros) (1)	6.18	10	9

(1) Income including net income from discontinued operations.

NET INCOME AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	*Notes*	31/12/2020	31/12/2019
Net income		**189 043**	**158 348**
Actuarial gains and losses on post-employment benefits	4.12	-8 503	-1 093
Other comprehensive income on financial liabilities attributable to changes in own credit risk (1)			
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	4.12		
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	4.12	**-8 503**	**-1 093**
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	4.12	**11**	**15**
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	4.12	**4 254**	**34**
Income tax related to items that will not be reclassified to profit or loss on equity-accounted entities	4.12	**-2**	**-9**
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	4.12		
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	4.12	**-4 240**	**-1 054**
Gains and losses on translation adjustments	4.12	1 482	-33
	4.12		
Other comprehensive income on debt instruments that may be reclassified to profit or loss	4.12	85 284	62 597
	4.12		
Gains and losses on hedging derivative instruments	4.12		
Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	**86 766**	**62 564**
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	4.12	**-95 495**	**-1**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	**-20 565**	**-14 810**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities			
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations			
Other comprehensive income on items that may be reclassified subsequently to profit or loss net of income tax	4.12	**-29 294**	**47 753**
Other comprehensive income net of income tax	4.12	**-33 534**	**46 699**
Net income and other comprehensive income		**155 509**	**205 047**
Of which Group share		155 503	205 273
Of which non-controlling interests		6	-225

(1) Amount of items that will not be reclassified in profit or loss transferred to reserves	4.12		

BALANCE SHEET – ASSETS

(in thousands of euros)	*Notes*	**31/12/2020**	**31/12/2019**
Cash, central banks	6.1	47 806 019	9 223 793
Financial assets at fair value through profit or loss	6.2	507 926	590 154
Held for trading financial assets		476 637	545 840
Other financial assets at fair value through profit or loss		31 289	44 314
Hedging derivative Instruments	6.3	21 633	31 277
Financial assets at fair value through other comprehensive income	6.4	9 317 057	13 096 263
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		9 316 991	13 096 229
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss		66	34
Financial assets at amortised cost	6.5	55 799 337	58 530 874
Loans and receivables due from credit institutions		17 317 193	31 478 071
Loans and receivables due from customers		5 926 931	6 999 345
Debt securities		32 555 213	20 053 458
Revaluation adjustment on interest rate hedged portfolios		15 360	3 527
Current and deferred tax assets	6.10	366 101	375 534
Accruals, prepayments and sundry assets	6.11	4 801 554	4 012 889
Non-current assets held for sale and discontinued operations			
Deferred participation			
Investments in equity-accounted entities	6.13	261 788	350 186
Investment property			
Property, plant and equipment	6.14	148 030	111 192
Intangible assets	6.14	608 582	657 306
Goodwill	6.15	1 041 644	1 031 599
TOTAL ASSETS		**120 695 031**	**88 014 595**

BALANCE SHEET – LIABILITIES & EQUITY

(in thousands of euros)	*Notes*	**31/12/2020**	**31/12/2019**
Central banks	6.1		72 148
Financial liabilities at fair value through profit or loss	6.2	646 409	587 500
Held for trading financial liabilities		646 409	587 500
Financial liabilities designated at fair value through profit or loss			
Hedging derivative Instruments	6.3	910 949	547 996
Financial liabilities at amortised cost	6.8	109 225 273	76 764 891
Due to credit institutions		14 085 292	4 810 966
Due to customers		95 030 026	71 843 932
Debt securities	6.8	109 955	109 993
Revaluation adjustment on interest rate hedged portfolios		10 779	6 585
Current and deferred tax liabilities	6.10	252 488	266 513
Accruals, deferred income and sundry liabilities	6.11	5 039 099	5 404 206
Liabilities associated with non-current assets held for sale and discontinued operations			
Insurance compagny technical reserves			
Provisions	6.16	127 491	116 986
Subordinated debt	6.17	273 039	272 776
Total Liabilities		**116 485 527**	**84 039 601**
Equity		**4 209 503**	**3 974 994**
Equity - Group share	6.18	4 209 503	3 969 720
Share capital and reserves		2 716 332	2 616 332
Consolidated reserves		1 250 148	1 107 301
Other comprehensive income		53 980	87 519
Other comprehensive income on discontinued operations			
Net income (loss) for the year		189 043	158 568
Non-controlling interests			5 274
TOTAL LIABILITIES AND EQUITY		**120 695 031**	**88 014 595**

STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Group share										Non-controlling interests					
	Share capital and reserves					Other comprehensive income						Other comprehensive income				
	Share capital	Share premium and consolidated reserves	Elimination of treasury shares	Other equity instruments	Total Capital and consolidated reserves	Other comprehensive income on items that may be reclassified to profit or loss	Other comprehensive income on items that will not be reclassified to profit or loss	Total Other comprehensive income	Net income	Total Equity	Capital, associated reserves and income	Other comprehensive income on items that may be reclassified to profit or loss	Other comprehensive income on items that will not be reclassified to profit or loss	Total Other comprehensive income	Total Equity	Total Consolidated equity
Equity at 1 January 2019 published	**654 000**	**1 720 753**	**0**	**165 000**	**2 539 753**	**59 446**	**- 18 629**	**40 817**	**0**	**2 580 570**	**0**	**0**	**0**	**0**	**0**	**2 580 570**
Equity at 1 January 2019	**654 000**	**1 720 753**	**0**	**165 000**	**2 539 753**	**59 446**	**- 18 629**	**40 817**	**0**	**2 580 570**	**0**	**0**	**0**	**0**	**0**	**2 580 570**
Capital increase	287 008	722 542			**1 009 550**			**0**		**1 009 550**				**0**	**0**	**1 009 550**
Changes in treasury shares held					**0**			**0**		**0**				**0**	**0**	**0**
Issuance / redemption of equity instruments				350 000	**350 000**			**0**		**350 000**				**0**	**0**	**350 000**
Remuneration of undated deeply subordinated notes		- 5 734			**- 5 734**			**0**		**- 5 734**				**0**	**0**	**- 5 734**
Dividends paid in 2019		- 177 526			**- 177 526**			**0**		**- 177 526**				**0**	**0**	**- 177 526**
Impact of acquisitions/disposals on non-controlling interests		228			**228**			**0**		**228**	5 491			**0**	**5 491**	**5 719**
Changes due to share-based payments		114			**114**			**0**		**114**				**0**	**0**	**114**
Changes due to transactions with shareholders	**287 008**	**539 624**	**0**	**350 000**	**1 176 632**	**0**	**0**	**0**	**0**	**1 176 632**	**5 491**	**0**	**0**	**0**	**5 491**	**1 182 123**
Changes in other comprehensive income					**0**	**47 756**	**- 1 054**	**46 702**		**46 702**		**2**		**2**	**2**	**46 704**
Share of changes in equity-accounted entities					**0**			**0**		**0**				**0**	**0**	**0**
Net income for 2019					**0**			**0**	158 568	**158 568**	- 219			**0**	**- 219**	**158 349**
Other changes		7 248			**7 248**			**0**		**7 248**				**0**	**0**	**7 248**
Equity at 31 december 2019	**941 008**	**2 267 625**	**0**	**515 000**	**3 723 633**	**107 202**	**- 19 683**	**87 519**	**158 568**	**3 969 720**	**5 272**	**2**	**0**	**2**	**5 274**	**3 974 994**
Appropriation of 2019 net income		158 568			**158 568**			**0**	- 158 568	**0**				**0**	**0**	**0**
Equity at 1 January 2020	**941 008**	**2 426 193**	**0**	**515 000**	**3 882 201**	**107 202**	**- 19 683**	**87 519**	**0**	**3 969 720**	**5 272**	**2**	**0**	**2**	**5 274**	**3 974 994**
Equity at 1 January 2020 restated	**941 008**	**2 426 193**	**0**	**515 000**	**3 882 201**	**107 202**	**- 19 683**	**87 519**	**0**	**3 969 720**	**5 272**	**2**	**0**	**2**	**5 274**	**3 974 994**
Capital increase																
Changes in treasury shares held																
Issuance / redemption of equity instruments				100 000	**100 000**					**100 000**						**100 000**
Remuneration of undated deeply subordinated notes		- 21736			**- 21736**					**- 21736**						**- 21736**
Dividends paid in 2020																
Impact of acquisitions/disposals on non-controlling interests		312			**312**					**312**	- 5 272	- 2		**- 2**	**- 5 274**	**- 4 962**
Changes due to share-based payments		918			**918**					**918**						**918**
Changes due to transactions with shareholders		**- 20 506**		**100 000**	**79 494**					**79 494**	**- 5 272**	**- 2**		**- 2**	**- 5 274**	**74 220**
Changes in other comprehensive income						**- 29 300**	**- 4 240**	**- 33 540**		**- 33 540**						**- 33 540**
Share of changes in equity-accounted entities																
Net income for 2020									189 043	**189 043**						**189 043**
Other changes		4 786			**4 786**					**4 786**						**4 786**
EQUITY AT 31 DECEMBER 2020	**941 008**	**2 410 473**		**615 000**	**3 966 481**	**77 902**	**- 23 923**	**53 979**	**189 043**	**4 209 503**						**4 209 503**

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method.

Operating activities are representative of income-generating activities of CACEIS.

Tax inflows and outflows are included in full within operating activities.

Investment activities show the impact of cash inflows and outflows associated with purchases and sales of investments in consolidated and non-consolidated companies, property, plant and equipment and intangible assets. This section includes strategic equity investments classified as at "Fair value through profit or loss" or "Fair value through other comprehensive income on items that cannot be reclassified".

Financing activities show the impact of cash inflows and outflows associated with operations of financial structure concerning equity and long-term borrowing.

The net **cash flows** attributable to operating, investing and financing activities of **discontinued operations** are presented in separate line items in the cash flow statement.

Net cash and cash equivalents include cash, debit and credit balances with central banks and debit and credit demand balances with credit institutions.

(in thousands of euros)	Notes	31/12/2020	31/12/2019
Pre-tax income		**243 924**	**216 077**
Net depreciation and impairment of property, plant & equipment and intangible assets		64 598	57 783
Impairment of goodwill and other fixed assets			-21 661
Net addition to provisions		15 359	18 379
Share of net income (loss) of equity-accounted entities		-6 988	-28
Net income (loss) from investment activities			
Net income (loss) from financing activities		5 926	11 070
Other movements		70 700	-40 160
Total Non-cash and other adjustment items included in pre-tax income		***149 596***	***25 382***
Change in interbank items		-259 078	-2 886 645
Change in customer items		24 287 089	712 829
Change in financial assets and liabilities		-8 140 062	687 900
Change in non-financial assets and liabilities		-1 192 931	-711 215
Dividends received from equity-accounted entities			
Taxes paid		-61 787	-374 418
Net change in assets and liabilities used in operating activities		***14 633 231***	***-2 571 550***
Cash provided (used) by discontinued operations			
Total Net cash flows from (used by) operating activities (A)		**15 026 751**	**-2 330 091**
Change in equity investments (1)		***-4 964***	***8 183 068***
Change in property, plant & equipment and intangible assets		***-64 041***	***-33 258***
Cash provided (used) by discontinued operations			
Total Net cash flows from (used by) investing activities (B)		**-69 005**	**8 149 810**
Cash received from (paid to) shareholders (2)		***78 264***	***166 740***
Other cash provided (used) by financing activities (3)		***-34 319***	***-37 795***
Cash provided (used) by discontinued operations			
Total Net cash flows from (used by) financing activities (C)		**43 945**	**128 945**
Impact of exchange rate changes on cash and cash equivalent (D)		**-32**	**203**
Net increase/(decrease) in cash and cash equivalent (A + B + C + D)		**15 001 659**	**5 948 867**
Cash and cash equivalents at beginning of period		**31 666 344**	**25 717 477**
Net cash accounts and accounts with central banks *		9 151 647	1 444 791
Net demand loans and deposits with credit institutions **		22 514 697	24 272 686
Cash and cash equivalents at end of period		**46 668 003**	**31 666 344**
Net cash accounts and accounts with central banks *		47 806 019	9 151 647
Net demand loans and deposits with credit institutions **		-1 138 016	22 514 697
Net change in cash and cash equivalents		**15 001 659**	**5 948 867**

* Consisting of the net balance of the "Cash, central banks" item, excluding accrued interest and including cash of entities reclassified as discontinued operations.

** Consisting of the balance of the "Non doubtful current accounts in debit" and "Non doubtful overnight accounts and advances" items as detailed in Note 6.5 and the "Current accounts in credit" and "Overnight accounts and deposits" items as detailed in Note 6.8 (excluding accrued interest).

In accordance with IAS 7, cash balances are available for the CACEIS group and are not covered by any restrictions.

(1) Change in equity investments: this line shows the effects on cash of acquisitions of equity investments. These external transactions are described in Note 2 "Major structural transactions and material events during the period". During 2020, the net impact of acquisitions on CACEIS 'cash position amounts to -4 964 thousand euros, relating in particular to acquisition of minority interests in KAS Bank for -4 967 thousand euros.

(2) Cash received from (paid to) shareholders: it includes the payment of AT1 emission from Crédit Agricole SA for 100 000 thousand euros net of AT1 interest for 21 736 euros.

(3) Other cash provided (used) by financing activities: this line includes the repayment of IFRS 16 lease debt for -28 400 thousand euros, and interest payments on subordinated debt and bonds for -5 900 thousand euros.

CONSOLIDATED FINANCIAL STATEMENTS

1. APPLICABLE PRINCIPLES AND METHODS

1.1. Applicable standards and comparability

Pursuant to EC Regulation no. 1606/2002, the consolidated financial statements have been prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable as of 31 December 2020 and as adopted by the European Union (*carve-out* version), thus using certain exceptions in the application of IAS 39 on macro-hedge accounting.

These standards and interpretations are available on the European Commission website at:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting en

The standards and interpretations are the same as those applied and described in the Group's financial statements for the financial year ended 31 December 2020.

They have been supplemented by the IFRS standards as adopted by the European Union as of 31 December 2020 and that must be applied for the first time in 2020. These cover the following :

Standards, amendments or interpretations		**Applicable in the Group**	**Date of first-time application: financial years from**
Amendment to references to the conceptual framework in the IFRS standards		Yes	1st January 2020
IAS1/IAS8 Presentation of Financial statements Definition of material		Yes	1st January 2020
Amendment to IFRS9, IAS 39 and IFRS 7 Financial instruments Interest rate benchmark reform – Phase 1		Yes	1st January 2020 (1)
Amendment to IFRS3 Business combinations Definition of a business		Yes	1st January 2020
Amendment to IFRS16 Leases Rent concessions related to Covid-19		Yes	1st June 2020

(1) The Group decided to early apply the amendment to IFRS 9, IAS 39 and IFRS 7 Financial instruments on the Interest rate benchmark reform from 1 January 2019.

The first application of these standards, amendments or interpretations, did not have a significant impact on the P&L or on CACEIS' net equity.

Amendment to IFRS 16 “Leases” - Rental concessions related to COVID-19

CACEIS applied the amendment to IFRS 16 “Leases” relating to COVID-19 lease agreements. This amendment allows lessees to recognise lease agreements with a direct link to Covid-19 as a variable lease payment in the income statement, without prior analysis of the absence of amendments to the agreement within the meaning of IFRS 16. As at 31 December 2020, CACEIS is not impacted by this amendment.

Moreover, as long as the early application of standards and interpretations adopted by the European Union is optional for a period, this option is not selected by the Group, unless otherwise stated.

This in particular applies to :

Standards, amendments or interpretations		Applicable in the Group	Date of first-time application: financial years from
Amendment to IFRS 9, IAS 39 and IFRS 7 , IFRS 4 and IFRS 16 Reform of reference interests rates – Stage 2		Yes	1 January 2021

(1) *The Group decided to early apply the amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on the Interest rate benchmark reform – Phase 2 from 1 January 2020.*

The first application of this amendment did not have a significant impact on the P&L or on CACEIS’ net equity.

Benchmark indices reforms

Reforms of benchmark indices, often referred to as “IBOR reforms”, have entered a new phase with the very gradual development of the use of risk-free rate indices (RFR: Risk Free Rates) in new contracts. The situation remains heterogeneous across currencies and asset classes. At this stage, a more significant increase in transaction volumes has been observed in the derivatives markets, particularly with the use of SONIA. Conversely, liquidity on the €STR markets is less developed.

For a majority of existing contracts that benchmark the interest rate indices that must be replaced, it is now considered that the replacement rate will be a combination of forward rates (pre-determined or post-determined) calculated from RFR and an adjustment spread, with the latter aimed at ensuring economic equivalence with the replaced index. Despite this strong orientation, at this stage the adoption of RFR and the limited number of contracts renegotiated to update fallback clauses or to proactively replace the benchmark, reflect heterogeneous levels of maturity in the detailed definition of the transition mechanisms - including agreements - according to currencies and asset classes. Developments of information systems, which are contingent on precise definitions of target replacement rates in order to be finalised, are still in progress.

The private sector remains at the forefront of these transitions. However, recent announcements suggest a possible intervention by the authorities to support transitions for contract scopes that could not timely be renegotiated, be it to replace the benchmark rate in anticipation of the disappearance of indexes, or to insert robust fallback clauses that allow for a transition to the disappearance of indexes. Nevertheless, in the absence of an ex-ante definition of the scope of contracts that could benefit from such support, the preparation of transition plans continues. In addition, proactive early transitions are still strongly encouraged by some authorities, such as the British authority (FCA: Financial Conduct Authority).

Specifically for the scope of derivative contracts, and by extension to Repo contracts and securities lending/borrowing contracts, the ISDA has finalised the implementation of a protocol that will enable the new fallback clauses to be automatically incorporated into the contract. This protocol is likely to simplify the transition of derivative contracts between the parties that have agreed to it. For other non-derivative instruments, such mechanism does not exist and numerous bilateral renegotiations will be necessary.

Crédit Agricole continues to steer benchmark index transitions through the Benchmarks project, by incorporating the recommendations of national working groups and the milestones set by the authorities, primarily the FCA. Thus, the project aims to follow the standards defined by the market. The timetable for the transition project revolves around the phases of adoption and alternative rate offers and the dates on which the use of indices whose discontinuation is announced. The transition plans finalised for each Crédit Agricole group entity, incorporating the most recent conclusions of the working groups and market associations and, where applicable, details of possible government intervention, will be in operation in 2021.

With regard to the transition from EONIA to €STR (transition no later than 3 January 2022), work has been initiated. The clearing houses have switched the compensation of EONIA collateral to the €STR. The flows that benchmark the €STR are increasing only very gradually. Moreover, EURIBOR - like any benchmark - is likely to see its methodology changed or replaced in the long term. Nonetheless, the short-term replacement scenario of EURIBOR, following a timetable that would be similar to that of LIBOR transitions, is not anticipated at this stage.

As things stand, the list of the main benchmark indices at the Crédit Agricole group level, and/or defined as critical by ESMA, that are affected by a certain or potential transition remains unchanged:

- EONIA, which will disappear on 3 January 2022 ;
- LIBOR (USD, GBP, CHF, JPY and EUR), which could cease to exist at the end of 2021 but has not yet been officially announced ;
- EURIBOR, WIBOR, STIBOR, which may disappear, but not as anticipated in the short term.

EURIBOR, LIBOR (notably USD) and EONIA represent - in descending order - the Group's largest exposure to the benchmark indices.

In addition to preparing for the anticipated transitions and, at the very least, compliance with BMR, the project's work also aims at identifying and managing the risks inherent in the transitions to the benchmark indices, particularly on the financial, operational and customer protection aspects.

In order to ensure that the accounting hedging relationships affected by this benchmark interest rate reform can continue despite the uncertainties over the timetable and terms of transition between the current indices and the new indices, the IASB published amendments to IAS 39, IFRS 9 and IFRS 7 in September 2019, which were adopted by the European Union on 15 January 2020. The Group will apply these amendments as long as uncertainties about the benchmarks will concern the timings and amounts of interest rate benchmark-based cash flows and considers, in this respect, that all its hedging contracts, mainly those relating to EONIA, EURIBOR and LIBOR rates (USD, GBP, CHF, JPY), are eligible for hedge accounting at 31 December 2020.

As at 31 December 2020, the inventory of hedging derivatives impacted by the reform and on which uncertainties remain shows a nominal amount of €10,89 billion.

Other amendments, published by the IASB in August 2020, supplement those published in 2019 and focus on the accounting consequences of replacing the former reference interest rates with other reference rates following the reforms.

These amendments, known as “Phase 2”, mainly are changes in contractual cash flows. They allow entities not to de-recognise or adjust the carrying amount of financial instruments to reflect the changes required by the reform, but rather to update the effective interest rate to reflect the change in the alternative reference rate.

With regard to hedge accounting, entities will not have to de-designate their hedging relationships when making the changes required by the reform.

The Group decided to early apply these amendments, from 1 January 2020.

At 31/12/2020, the breakdown by significant benchmark index of instruments, based on the old benchmark rates and which must move to the new rates before maturity, is as follows :

(in thousands of euros)	EONIA	EURIBOR	LIBOR USD	LIBOR GBP	LIBOR JPY	LIBOR CHF	LIBOR EUR	WIBOR	STIBOR
Total non-derivative assets	29 766	5 431 964	26 490	7 313	1 048	43			
Total non-derivative liabilities		383 129	848 390	565 989		29			
Total notional amount of derivatives	9 231 352	1 655 711							

With regard to EONIA index exposures, the outstandings carried forward are those with a maturity date after 3 January 2022, the transition date.

For non-derivative financial instruments, the exposures correspond to the nominal value of the securities and the outstanding capital of depreciable instruments.

The database used to provide the breakdown of the benchmarks is management data.

Duration of leases IFRS 16 — IFRS IC decision of 26 November 2019

During the first half of 2019, IFRS IC received a request about the determination of the enforceable term for the recognition of lease agreements under IFRS 16, in particular for two types of lease agreements :

- Leases without a contractual term, cancellable by either party subject to notice to terminate;
- Leases that are renewable automatically (unless terminated by one of the parties), with no contractual penalty due in the event of termination.

At its meeting on 26 November 2019, IFRS IC recalled that, in application of IFRS 16 and in general, a lease is no longer enforceable when the lessee and lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty, and clarified that in determining the enforceable term of a lease, the broader economics of the contract must be taken into account, and that the notion of penalty is understood to go beyond contractual termination payments and includes any economic incentive not to terminate the contract.

This decision constitutes a change in the Group's approach to determining lease terms, and goes beyond the specific cases for which IFRS IC has received requests, as recalled by the AMF in its recommendations at 31 December 2019. In fact, the determination of the lease term to be used for the valuation of the right of use and the lease liability is made in accordance with IFRS 16 within this enforceable period.

As soon as this final decision of IFRS IC was published, the Crédit Agricole group set up a project involving the accounting, finance, risk and IT departments in order to bring the matter into compliance for the 31 December 2020 year end.

The Group has chosen a term corresponding to the first exit option after 5 years as the reasonably certain term of a lease. This term, at the inception of French commercial leases, will be applied in the majority of cases. The main exception will be the case of a lease in which the Group has waived its three-year interim exit options (e.g. in return for a reduction in rental income); in this case, the term of the lease will remain 9 years.

The standards and interpretations published by the IASB at 31 December 2020 but not yet adopted by the European Union are not applied by the Group. They will become mandatory only as from the date planned by the European Union and have not been applied by the Group at 31 December 2020.

1.2. Accounting policies and principles

➢ **Use of assessments and estimates to prepare the financial statements**

Estimates made to draw up the financial statements are by nature based on certain assumptions and involve risks and uncertainties as to whether they will be achieved in the future.

Future results may be influenced by many factors, including :

- activity in domestic and international financial markets ;
- fluctuations in interest and foreign exchange rates ;
- the economic and political climate in certain industries or countries ;
- changes in regulations or legislation.

This list is not exhaustive.

Accounting estimates based on assumptions are principally used in the following assessments :

- financial instruments measured at fair value

Most instruments traded over the counter are measured using models based on observable market data. For example, the fair value of interest-rate swaps is generally determined using yield curves based on market interest rates observed at the reporting date. The discounted cash flow method is used to measure other financial instruments.

- pension schemes and other post-employment benefits

Calculations of pension and future employee benefit expense are based on assumptions regarding discount rates, staff turnover rates and inflation in wages and social charges prepared by management. If actual figures differ from the assumptions adopted, the cost of pension benefits may increase or decrease in future periods.

The expected return on plan assets is determined using discount rates applied to measure the defined benefit obligation.

- provisions

The measurement of provisions may also be estimated. The same applies to the provision for operational risks, in respect of which, even though proven risks may have been catalogued, the expected frequency of an incident and its potential financial impact reflect management's judgement.

- impairment of goodwill

Goodwill is tested for impairment at least once a year.
The options and assumptions used to measure goodwill may influence the size of any write-down as a result of impairment.

- deferred tax assets

A deferred tax asset is recognised for all deductible temporary differences provided that taxable income against which these deductible temporary differences can be utilised is deemed likely to be available in the future.

- investments in non-consolidated companies

- long-term impairment of available-for-sale financial assets and held-to-maturity financial assets

- valuation of equity-accounted entities

➢ Financial instruments (IFRS 9, IAS 32 and IAS 39)

✓ Definitions

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, meaning any contract representing contractual rights or obligations to receive or pay cash or other financial assets.

Derivative instruments are financial assets or liabilities whose value changes according to that of an underlying asset, which requires a low or nil initial investment, and for which settlement occurs at a future date.

Financial assets and liabilities are treated in the financial statements in accordance with IFRS 9 as adopted by the European Union, including for financial assets held by the Group's insurance entities.

IFRS 9 sets the principles governing the classification and measurement of financial instruments, impairment of credit risk and hedging accounting, excluding macro-hedging transactions.

It should nevertheless be noted that CACEIS has opted not to apply the IFRS 9 general hedging model. All hedging relationships consequently remain within the scope of IAS 39 pending future provisions relating to macro-hedging.

✓ Conventions for valuing financial assets and liabilities

- Initial valuation

During their initial recognition, financial assets and liabilities are measured at fair value as defined by IFRS 13.

Fair value as defined by IFRS 13 corresponds to the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants, on the principal or the most advantageous market, at the measurement date.

- Subsequent valuation

After initial recognition, financial assets and liabilities are measured according to their classification either at amortised cost using the effective interest rate method (EIR) for debt instruments or at fair value as defined by IFRS 13. Derivative instruments are always measured at fair value.

Amortised cost corresponds to the amount at which the financial asset or liability is measured during its initial recognition, including transaction costs directly attributable to its acquisition or issue, reduced by repayments of principal, increased or reduced by the cumulative amortisation calculated by the effective interest rate method (EIR) on any difference (discount or premium) between the initial amount and the amount at maturity. In the case of a financial asset at amortised cost or at fair value through comprehensive income that can be reclassified to profit or loss, the amount may be adjusted if necessary in order to correct for impairment.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to obtain the net carrying amount of the financial asset or financial liability.

✓ Financial assets

- Classification and measurement of financial assets

Non-derivative financial assets (debt or equity instruments) are classified on the balance sheet in accounting categories that determine their accounting treatment and their subsequent valuation mode.

The criteria for the classification and valuation of financial assets depends on the nature of the financial assets, according to whether they are qualified as :

- debt instruments (e.g. loans and fixed or determinable income securities) ; or
- equity instruments (e.g. shares)

These financial assets are classified in one of the following three categories :

- financial assets at fair value through profit or loss ;
- financial assets at amortized cost (debt instruments only) ;
- financial assets at fair value through other comprehensive income (for debt instruments, that can be reclassified to profit or loss; for equity instruments, that cannot be reclassified to profit or loss).

- Debt instruments

The classification and valuation of a debt instrument depends on the combination of two criteria : the business model defined at the portfolio level and the analysis of the contractual terms determined by debt instrument, unless the fair value option is used.

- The three business models :

  The business model represents the strategy followed by the management of CACEIS for managing its financial assets in order to achieve its objectives. The business model is specified for a portfolio of assets and does not constitute a case-by-case intention for an isolated financial asset.

We distinguish three business models :

- the collect business model for which the aim is to collect contractual cash flows over the lifetime of the assets ; this model does not always imply holding all of the assets until their contractual maturity ; however, sales of assets are strictly governed ;
- the collect and sell business model where the aim is to collect the contractual cash flows over the lifetime of the assets and to sell the assets ; under this model, both the sale of the financial assets and receipt of cash flows are essential ; and
- the other / sell business model where the main aim is to sell the assets.

In particular, it concerns portfolios where the aim is to collect cash flows via sales, portfolios whose performance is assessed based on fair value and portfolios of financial assets held for trading.

Where the strategy adopted by management to manage financial assets is not based on either the collection model or the collection and sale model, these financial assets are classified in a portfolio with an other / sale management model.

- The contractual terms (“Solely Payments of Principal & Interest” [SPPI] test):

  SPPI testing combines a set of criteria, examined cumulatively, to establish whether contractual cash flows meet the characteristics of simple financing (principal repayments and interest payments on the remaining amount of principal due).

  The test is satisfied when the financing gives entitlement only to the repayment of the principal and when the payment of interest received reflects the time value of money, the credit risk associated with the instrument, the other costs and risks of a conventional loan contract and a reasonable margin, whether the interest rate is fixed or variable.

In simple financing, interest represents the cost of the passage of time, the price of credit and liquidity risk over the period, and other components related to the cost of carrying the asset (e.g. administrative costs).

In some cases, when qualitative analysis of this nature does not allow a conclusion to be made, quantitative analysis (or *benchmark testing*) is carried out. This additional analysis consists of comparing the contractual cash flows of the asset under review with the cash flows of a benchmark asset.

If the difference between the cash flows of the financial asset and the benchmark asset is considered immaterial, the asset is deemed to be simple financing.

Moreover, specific analysis is conducted when the financial asset is issued by special purpose entities establishing a differentiated order of payment among the holders of the financial assets by contractually linking multiple instruments and creating concentrations of credit risk ("tranches").

Each tranche is assigned a rank of subordination that specifies the order of distribution of cash flows generated by the structured entity.

In this case, the SPPI test requires an analysis of the characteristics of contractual cash flows of the asset concerned and underlying assets according to the "*look-through*" approach and the credit risk borne by the tranches subscribed compared to the credit risk of the underlying assets.

The mode of recognition of debt instruments resulting from qualification of the business model combined with the SPPI test may be presented in the following diagram :

Debt instruments		**Business Models**		
		Collect	**Collect and Sell**	**Other/ Sell**
SPPI Test	**Satisfied**	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss (SPPI test N/A)
	Non Satisfied	Fair value through profit or loss	Fair value through profit or loss	

❖ Debt instruments at amortised cost

Debt instruments are measured at amortised cost if they are eligible for the collection model and if they pass the SPPI test.

They are recorded at the settlement date and their initial valuation also includes accrued interest and transaction costs.

Amortisation of any premiums or discounts and loans and receivables transaction costs on fixed-income securities is recognised in the income statement using the effective interest rate method.

This category of financial assets is impaired under the conditions described in the specific paragraph "Provisioning for credit risks".

- ❖ Debt instruments at fair value through other comprehensive income (items that can be reclassified)

Debt instruments are measured at fair value through other comprehensive income on items that can be reclassified if they are eligible for the collect and sale business model and if they pass the SPPI test.

They are recorded at the trade date and their initial valuation also includes accrued interest and transaction costs. Amortisation of any premiums or discounts and transaction costs on fixed-income securities is recognised in the income statement using the effective interest rate method.

If the securities are sold, these changes are transferred to the income statement.

This category of financial instruments is impaired under the conditions described in the specific paragraph “Provisions for credit risks” (without this affecting the fair value on the balance sheet).

- ❖ Debt instruments at fair value through profit or loss

Debt instruments are measured at fair value through profit or loss in the following cases:

- the instruments are classified in portfolios composed of financial assets held for trading or for which the main objective is disposal ;

  Financial assets held for trading are assets acquired or generated by the enterprise primarily with the aim of disposal in the short term or which are included in a portfolio of financial instruments managed as a unit and with the purpose of making a profit from short term price fluctuations or an arbitrage margin. Although contractual cash flows are received during the period that the CACEIS holds the assets, the collection of these contractual cash flows is not essential but ancillary.

- debt instruments that do not fulfil the criteria of the SPPI test. This is notably the case of UCITS ;
- financial instruments classified in portfolios which the entity designates at fair value in order to reduce an accounting treatment difference on the income statement. In this case, the instrument is classified as designated at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (directly recorded to profit or loss) and including accrued interest.

They are subsequently measured at fair value and changes in fair value are recognised in profit or loss, under Revenues, offset against the outstandings account. Interest on these instruments are recorded under “Net gains (losses) on financial instruments at fair value through profit and loss”.

This category of financial assets is not impaired.

Debt instruments measured by definition at fair value through profit or loss whose business model is “Other/sell” are recorded at the trade date.

Debt instruments designated at fair value through profit or loss are recorded on the trade date.

Debt instruments measured by definition at fair value through profit or loss, failing the SPPI test, are recorded at the settlement date.

- Equity instruments issued

Equity instruments are by default recognised at fair value through profit or loss, except in the case of the irrevocable option for classification at fair value through other comprehensive income on items that cannot be reclassified, providing that these instruments are not held for trading purposes.

- ❖ Equity instruments at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (directly recorded to profit or loss). Equity instruments held for trading purposes are recorded at the trade date. Equity instruments measured at fair value through profit or loss and not held for trading are recorded at the settlement date.

They are subsequently measured at fair value and changes in fair value are recognised in profit or loss, under Revenues, offset against the outstandings account.

This category of financial assets is not impaired.

- ❖ Equity instruments at fair value through other comprehensive income on items that cannot be reclassified (irrevocable option)

The irrevocable option to recognise equity instruments at fair value through other comprehensive income on items that cannot be reclassified is adopted at the transactional level (line by line) and applies from the date of initial recognition. These securities are recorded at the trade date.

The initial fair value includes transaction costs.

During subsequent valuations, changes in fair value are recognised in other comprehensive income on items that cannot be reclassified. In case of disposal, these changes are not reclassified to profit or loss. The gain or loss on disposal is recognised in other comprehensive income.

Only dividends are recognised in profit or loss if :

- the right of the entity to receive payment is established ;
- it is probable that the economic benefits associated with the dividends will flow to the entity;
- the amount of dividends can be reliably estimated.

- Reclassification of financial assets

In the case of a significant change in the business model used for managing financial assets (new activity, acquisition of entities, disposal or discontinuation of a significant activity), a reclassification of these financial assets is necessary. The reclassification applies to all financial assets in the portfolio from the date of reclassification.

In other cases, the business model remains unchanged for existing financial assets. If a new business model is identified, it applies prospectively to new financial assets grouped in a new management portfolio.

- Temporary investments in/disposals of securities

Temporary disposals of securities (loans of securities, securities delivered under repurchase agreements) do not generally fulfil the conditions for derecognition.

Securities lent or sold under repurchase agreements remain on the balance sheet. In the case of securities under repurchase agreements, the amounts received, representing the liability to the transferee, are recognised on the liabilities side of the balance sheet by the transferor.

Securities borrowed or received under repurchase agreements are not recognised on the balance sheet of the transferee.

In the case of securities under repurchase agreements, a debt to the transferor is recorded on the balance sheet of the transferee and offset against the amount paid. If the security is subsequently resold, the transferee records a liability equivalent to the fair value of fulfilling their obligation to return the security received under the agreement.

Revenue and expenses relating to such transactions are posted to profit and loss on a prorata temporis basis, except in the case of classification of assets and liabilities at fair value through profit or loss.

- Derecognition of financial assets

A financial asset (or group of financial assets) is fully or partially derecognised if:

- The contractual rights to the cash flows from the financial asset expire;
- or are transferred or are deemed to have expired or been transferred because they belong de facto to one or more beneficiaries; and substantially all the risks and rewards of the financial asset are transferred.

In this case, any rights or obligations created or retained at the time of transfer are recognised separately as assets and liabilities.

If the contractual rights to the cash flows are transferred but some of the risks and rewards of ownership as well as control are retained, the financial assets continue to be recognised to the extent of the Group's continuing involvement in the asset.

Financial assets renegotiated for commercial reasons without financial difficulties of the counterpart with the aim of developing or keeping a commercial relation are derecognised at the date of the renegotiation. The new loans granted to customers are recorded at this date at their fair value on the date of renegotiation. Subsequent recognition depends on the business model and the SPPI test.

✓ **Financial liabilities**

- Classification and measurement of financial liabilities

Financial liabilities are classified on the balance sheet in the following two accounting categories:

- financial liabilities at fair value through profit or loss, either due to their nature or optionally;
- financial liabilities at amortised cost.

- Financial liabilities at fair value through profit or loss due to their nature

Financial instruments issued primarily to be bought back in the short term, instruments forming part of an identified portfolio of financial instruments which are managed together and which have indications of a recent profile of short-term profit-taking, and derivatives (with the exception of certain hedging derivatives) are measured at fair value due to their nature.

Changes in the fair value of this portfolio are recognised through profit or loss.

- Financial liabilities designated at fair value through profit or loss

Financial liabilities fulfilling one of the three conditions defined by the following standard may be designated for measurement at fair value through profit or loss: hybrid issues comprising one or more separable embedded derivatives, reduction or elimination the distortion of accounting treatment, groups of managed financial liabilities for which performance is measured at fair value.

This option is irrevocable and applies mandatorily from the date of initial recognition of the instrument.

During subsequent measurement, these financial liabilities are measured at fair value through profit or loss for changes in fair value not related to own credit risk and through other comprehensive income on items that cannot be reclassified for changes in value related to own credit risk, unless this aggravates an accounting mismatch (in which case any changes in value related to the company's own credit risk are recorded in the income statement, as required by the standard).

- Financial liabilities measured at amortised cost

All other liabilities fulfilling the definition of a financial liability (excluding derivatives) are measured at amortised cost.

These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest rate method.

- Reclassification of financial liabilities

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is authorised.

- Distinction between debt instruments and equity

Securities are classed as debt instruments or equity instruments based on the economic substance of the contractual terms.

A financial liability is a debt instrument if it includes a contractual obligation:

to provide another entity with cash, another financial asset or a variable number of equity instruments; or to exchange financial assets and liabilities with another entity at potentially unfavourable conditions.

An equity instrument is a non-redeemable financial instrument which offers discretionary return representing a residual interest in a company after deduction of all its financial liabilities (net assets) and which is not qualified as a debt instrument.

- Derecognition and modification of financial liabilities

A financial liability is derecognised in full or in part :

- when it is extinguished ; or
- when quantitative or qualitative analyses suggest it has undergone a substantial change following restructuring.

A substantial modification of an existing financial liability must be recorded as an extinction of an initial financial liability and the recognition of a new financial liability (novation). Any differential between the carrying amount of the extinct liability and the new liability will be recognised immediately in the income statement.

If the financial liability is not derecognised, the original effective interest rate is maintained. A discount / premium is recognised immediately in the income statement on the date of modification and is then spread, using the original effective interest rate, over the residual lifetime of the instrument.

✓ **Negative interest on financial assets and financial liabilities**

In accordance with the IFRS IC decision of January 2015, negative interest income (expense) on financial assets that do not meet the definition of income under IFRS 15 is recognised as interest expense in the income statement and not as a reduction of interest income. The same applies to negative interest expense (income) on financial liabilities.

✓ **Impairment / Provisions for credit risks**

- Scope of application

In accordance with IFRS 9, the CACEIS recognises a correction for changes in value for expected credit losses (ECL) on the following outstandings :

- financial assets of debt instruments recognised at amortised cost or fair value through other comprehensive income (items that can be reclassified) (loans and receivables, debt securities) ;
- financing commitments which are not measured at fair value through profit or loss;
- guarantee commitments coming under IFRS 9 and which are not measured at fair value through profit or loss;
- rental receivables coming under IAS 17 ; and
- trade receivables generated by transactions under IFRS 15.

Equity instruments (at fair value through profit or loss or through other comprehensive income on items that cannot be reclassified) are not concerned by impairment provisions.

Derivative instruments and other instruments at fair value through profit or loss are subject to the calculation of counterparty risk which is not covered by the ECL model. This calculation is described in chapter 5 "Risk and Pillar 3" of the Crédit Agricole S.A. Universal Registration Document.

- Credit risk and impairment/provisioning stages

Credit risk is defined as risk of loss related to default by a counterparty leading to its inability to meet its commitments to the Group.

The process of provisioning credit risk has three stages (Buckets):

- <u>bucket 1 :</u> upon initial recognition of the financial instrument (credit, debt security, guarantee, etc.), the entity recognises the 12-month expected credit losses ;
- <u>bucket 2 :</u> if the credit quality deteriorates significantly for a given transaction or portfolio, the entity recognises the losses expected to maturity ;
- <u>bucket 3 :</u> when one or more default events have occurred on the transaction or on a counterparty with an adverse effect on the estimated future cash flows, the entity recognises incurred credit losses to maturity. Subsequently, if the conditions for classifying financial instruments in bucket 3 are not met, the financial instruments are reclassified in bucket 2, then in bucket 1 according to the subsequent improvement in the quality of the credit risk.

  - Definition of default

The definition of default for the requirements of ECL provisioning is identical to that used in management and for the calculation of regulatory ratios. A debtor is, therefore, considered to be in default when at least one of the following conditions has been met :

- a significant arrear payment generally more than ninety days past due, unless specific circumstances point to the fact that the delay is due to reasons independent of the debtor's financial situation ;
- the entity believes that the debtor is unlikely to settle its credit obligations unless it avails itself of certain measures such as enforcement of collateral security right.

A loan in default (Bucket 3) is said to be impaired when one or more events occur which have a negative effect on the estimated future cash flows from this financial asset. Indications of impairment of a financial asset cover observable data on the following events :

- significant financial difficulties of the issuer or borrower ;
- a breach of contract, such as default or overdue payment ;
- the granting, by the lender(s) to the borrower, for economic or contractual reasons related to financial difficulties of the borrower, of one or more favours that the lender(s) would not have considered under other circumstances ;
- the growing probability of bankruptcy or financial restructuring of the borrower ;
- the disappearance of an active market for the financial asset due to financial difficulties ;
- the purchase or creation of a financial asset with a significant discount, which reflects the credit losses suffered.

It is not necessarily possible to isolate a particular event. The impairment of the financial asset could result from the combined effect of several events.

The defaulting counterparty returns to a sound situation only after a period of observation that makes it possible to confirm that the debtor is no longer in default (assessment by the Risk Management Department).

- Definition of expected credit loss ("ECL")

ECL is defined as the weighted expected probable value of the discounted credit loss (principal and interest). It represents the present value of the difference between the contractual cash flows and the expected cash flows (including principal and interest).

The ECL approach is designed to anticipate as early as possible the recognition of expected credit losses.

- ECL governance and measurement

The governance of the system for measuring IFRS 9 parameters is based on the structure implemented as part of the Basel framework. The Group's Risk Management Department is responsible for defining the methodological framework and supervising the loan loss provisioning system.

The Group primarily relies on the internal rating system and current Basel processes to generate the IFRS 9 parameters required to calculate ECL. The assessment of the change in credit risk is based on an expected loss model and extrapolation based on reasonable scenarios. All information that is available, relevant, reasonable and justifiable, including of a forward-looking nature, must be retained.

The formula includes the probability of default, loss given default and exposure at default parameters.

These calculations are broadly based on the internal models used as part of the regulatory framework, but with adjustments to determine an economic ECL. IFRS 9 recommends a Point in Time analysis while having regard to historical loss data and forward-looking macroeconomic data, whereas the prudential regulation uses Through the Cycle analysis for probability of default and Downturn analysis for Loss Given Default (LGD).

The accounting approach also requires the recalculation of certain Basel parameters, in particular to eliminate internal recovery costs or floors that are imposed by the regulator in the regulatory calculation of loss given default (LGD).

ECLs are calculated according to the type of product concerned, i.e. financial instruments or off-balance sheet instruments.

The expected credit losses for the coming 12 months make up a percentage of the lifetime expected credit losses, and represent the lifetime cash flow shortfalls in the event of a default during the 12 months following the reporting period (or a shorter period if the expected lifetime of the financial instrument is less than 12 months), weighted by the probability of default within twelve months.

Expected credit losses are discounted at the effective interest rate used for the initial recognition of the financial instrument.

The methods used to measure ECLs reflect the assets pledged as collateral and other credit enhancements forming part of the contractual arrangements and that the entity does not recognise separately. Estimates of expected cash flow shortfalls from a guaranteed financial instrument reflect the amount and timetable for the recovery of the collateral. In accordance with IFRS 9, the recognition of guarantees and collateral does not influence assessment of the significant deterioration in credit risk : that is based on developments in the credit risk on the debtor without taking guarantees into account.

The models and parameters used are backtested at least annually.

Forward-looking macroeconomic data are taken into account in accordance with a methodological framework applicable at two levels :

- at Group level for the determination of a shared framework for the consideration of forward-looking data in the estimation of PD and LGD parameters over the transaction amortisation period ;
- at the level of each entity in respect of its own portfolios.

- Significant deterioration of credit risk

All Group entities must assess, for each financial instrument, the deterioration of credit risk from origination to each reporting date. Based on this assessment of the change in credit risk, the entities must classify their exposure into different risk categories (Buckets).

To assess significant deterioration, the Group employs a process based on two levels of analysis :

- the first level is based on absolute and relative Group criteria and rules that apply to all Group entities ;
- the second level is linked to the expert assessment, based on local forward-looking information, of the risk held by each entity in its portfolios that may lead to an adjustment in the Group Bucket 2 reclassification criteria (switching a portfolio or sub-portfolio to ECL at maturity).

Each financial instrument is, without exception, assessed for significant deterioration. Contagion is not required for the downgrading of financial instruments of the same counterparty from Bucket 1 to Bucket 2. The significant deterioration assessment must consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

Possible losses in respect of portfolios of small loans with similar characteristics may be estimated on a statistical basis rather than individually assessed.

To measure the significant deterioration of credit risk since initial recognition, it is necessary to look back at the internal rating and PD (probability of default) at origination.

Origination means the trading date, on which the entity became bound by the contractual terms of the financial instrument. For financing and guarantee commitments, origination means the date on which the irrevocable commitment was made.

In the absence of an internal rating model, Crédit Agricole Group uses the absolute threshold of non-payment for over thirty days as the maximum threshold for significant deterioration and classification in Bucket 2.

For outstandings (with the exception of securities) for which internal rating systems are in place (in particular exposures monitored by authorised methods), Crédit Agricole Group considers that all of the information incorporated into the rating systems allows for a more detailed assessment than the non-payment for over thirty days criterion alone.

If deterioration since origination is no longer observed, impairment may be reduced to 12-month expected credit losses (Bucket 1).

To make up for the fact that certain significant deterioration factors or indicators may not be identifiable at instrument level, the standard allows for the assessment of significant deterioration at financial instrument portfolio level, or for groups of portfolios or parts of portfolios.

Portfolios can be created for the collective assessment of deterioration for instruments that share common characteristics, such as :

- instrument type ;
- credit risk rating (including internal Basel II rating for entities with an internal ratings system);
- collateral type ;
- date of initial recognition ;
- remaining term until maturity ;
- business sector ;
- geographical location of the borrower ;
- the value of collateral relative to the financial assets, if this has an impact on the probability of default (for example, non-recourse loans in certain countries or loan-to-value ratios) ;
- distribution channel, purpose of financing, etc.

Differentiation of significant deterioration by market is therefore possible (home loans, consumer finance, loans to farmers or small businesses, corporate finance, etc.).

The grouping of financial instruments for the purposes of collective credit risk assessment may change over time, as new information becomes available.

For securities, CACEIS uses an approach that consists of applying an absolute level of credit risk, in accordance with IFRS 9, below which exposures are classified in Bucket 1 and provisions are made based on 12-month ECL.

As such, the following rules shall apply for monitoring the significant deterioration of securities :

- "Investment Grade" securities, at the reporting date, are classified in Bucket 1 and provisions are made based on 12-month ECL ;
- "Non-Investment Grade" securities (NIG), at the reporting date, must be subject to monitoring for significant deterioration, since origination, and be classified in Bucket 2 (lifetime ECL) in the event of significant deterioration in credit risk.

Relative deterioration must be assessed prior to the occurrence of a known default (Bucket 3).

- Restructuring due to financial difficulty

Debt instruments restructured due to financial difficulties are those for which the Group has amended the original financial terms (interest rate, term, etc.) for economic or legal reasons linked to the financial difficulties of the borrower, under conditions that would not have been considered under other circumstances. As such, these can be any debt instruments, regardless of the risk deterioration category of the debt instrument since the initial recognition.

In accordance with the EBA (European Banking Authority) definition as stated in the “Risk Factors” chapter, debt restructuring for financial difficulties of the debtor refers to any modification to one or more credit agreements for that same reason, as well as any refinancing granted due to financial difficulties experienced by the customer.

This definition of restructuring must be applied to each agreement and not at client level (no contagion).

The definition of loans restructured due to financial difficulty is therefore comprised of two cumulative criteria :

- Amendments to agreements or loan refinancings (concessions) ;
    - A client in financial difficulty (a debtor facing, or about to face, difficulties in honouring financial commitments).

"Amendments to agreements" cover the following example situations :

- There is a difference between the amended agreement and the former conditions of the agreement, to the benefit of the borrower ;
- The amendments made to the agreement result in more favourable conditions for the borrower, from which other customers of the bank, with a similar risk profile and at the same time, do not benefit.

"Refinancings" cover situations in which a new debt is granted to the client to enable it to repay in full or in part another debt for which it cannot meet the contractual terms and conditions due to its financial position.

The restructuring of a loan (whether performing or in default) infers the presumed existence of a proven risk of loss (Bucket 3). The need to recognise impairment on the restructured exposure must therefore be analysed accordingly (a restructuring does not automatically result in the recognition of impairment for proven losses or classification as default).

The "restructured loan" classification is temporary.

Once the restructuring, as defined by the EBA, has been completed, the exposure maintains this "restructured" status for a minimum period of two years, if the exposure was normal at the time of restructuring, or a minimum period of three years if the exposure was in default at the time of the restructuring. These periods are extended in the event of the occurrence of certain events (e.g. further incidents).

In the absence of derecognition for this type of event, the reduction of future cash flows granted to a counterparty, or the postponing of these flows as part of a restructuring, shall result in the recognition of a discount in the cost of risk.

It corresponds to the shortfall in future cash flows discounted at the original effective interest rate. It is equal to the difference between :

- the carrying amount of the loan ;
- the sum of the "restructured" theoretical future cash flows discounted at the effective interest rate at origination (defined at the commitment date of the financing).

In the event of a waiver of part of the capital, this amount shall constitute a loss to be recorded immediately in cost of risk.

The discount recognised when a debt is restructured is included in the cost of risk.

Upon reversal of the discount, the portion associated with the passage of time is recorded in "revenues".

- Accounts uncollectible

When a loan is deemed uncollectible, i.e. when it cannot be recovered in full or in part, the amount deemed uncollectible must be derecognised from the balance sheet and written off.

The decision as to when to write off a loan is taken on the basis of an expert opinion. This must therefore be established by each entity, with its Risk Management Department, according to its own business knowledge. Before any write-offs, a Bucket 3 provision must be made (with the exception of assets at fair value through profit or loss).

For loans at amortised cost or fair value through other comprehensive income on items that can be reclassified, the amount written off is recorded under cost of risk (nominal amount) and revenues (interest).

✓ **Derivative financial instruments**

- Classification and measurement

Derivative instruments are financial assets or liabilities classified by default as derivative instruments held-for-trading unless they can be considered to be hedging derivatives.

They are recorded on the balance sheet at their initial fair value on the trading date.

They are subsequently recognised at their fair value.

At the end of each reporting period, the counterparty of the change in fair value of derivatives on the balance sheet is recorded :

- through profit or loss for derivative instruments held-for-trading and for fair value hedges ;
- through other comprehensive income for cash flow hedging derivatives and net investments in foreign operations for the effective portion of the hedge.

- Hedge accounting
    - General Framework

In accordance with a decision made by the Group, CACEIS chooses not to apply the "hedge accounting" component of IFRS 9, as permitted by the standard. All hedging relationships will continue to be documented in accordance with the rules of IAS 39 until, at the latest, the date on which the macro-hedging text is adopted by the European Union. However, the eligibility of financial instruments for hedge accounting under IAS 39 takes into account the IFRS 9 principles for the classification and measurement of financial instruments.

Under IFRS 9, and taking account of the IAS 39 hedging principles, debt instruments at amortised cost or fair value through other comprehensive income (items that may be reclassified) are eligible for fair value hedging and cash flow hedging.

- Documentation

Hedging relationships must comply with the following principles :

- fair value hedges are intended to provide protection from exposure to changes in the fair value of an asset or a liability that has been recognised, or of a firm commitment that has not been recognised, attributable to the risk(s) hedged and that may have an impact on net income (for instance, the hedging of all or some changes in fair value caused by the interest rate risk of a fixed-rate debt) ;
- cash flow hedges are intended to provide protection from exposure to changes in the future cash flow of an asset or liability that has been recognised, or of a transaction considered to be highly probable, attributable to the risk(s) hedged and that could (in the event of a planned transaction not carried out) have an impact on net income (for instance, the hedging of changes in all or some of the future interest payments on a floating-rate debt) ;
- net investment hedges in foreign operations are intended to provide protection against the risk of unfavourable changes in fair value associated with the foreign exchange risk of an investment carried out abroad in a currency other than the euro, CACEIS's presentation currency.

Hedges must also meet the following criteria in order to be eligible for hedge accounting :

- the hedging instrument and the instrument hedged must be eligible ;
- there must be formal documentation from inception, primarily including the individual identification and characteristics of the hedged item, the hedging instrument, the nature of the hedging relationship and the nature of the hedged risk ;
- the effectiveness of the hedge must be demonstrated, at inception and retrospectively, by testing at each reporting date.

For interest rate hedges for a portfolio of financial assets or financial liabilities, CACEIS documents the hedging relationship for fair value hedges in accordance with the carve-out version of IAS 39 as adopted by the European Union. In particular :

- the Group documents these hedging relationships based on its gross position in derivative instruments and hedged items ;
- the effectiveness of the hedging relationships is measured by maturity schedules.

Further details on the Group's risk management strategy and its application are presented in Chapter 5 "Risk and Pillar 3" of the Crédit Agricole S.A.Universal Registration Document.

- Measurement

The remeasurement of the derivative at fair value is recorded in the financial statements as follows :

- <u>fair value hedges :</u> the change in value of the derivative is recognised in the income statement symmetrically with the change in value of the hedged item in the amount of the hedged risk. Only the net amount of any ineffective portion of the hedge is recognised in the income statement ;
- <u>cash flow hedges :</u> the change in value of the derivative is recognised in the balance sheet through a specific account in other comprehensive income (items that may be reclassified) for the effective portion and any eventual ineffective portion of the hedge is recognised in the income statement. Profits or losses on the derivative accrued through

other comprehensive income are reclassified to profit or loss when the hedged cash flows occur ;

- hedges of net investment in a foreign operation : the change in value of the derivative is recognised in the balance sheet in the translation adjustment equity account (items that may be reclassified) and any ineffective portion of the hedge is recognised in the income statement.

Where the conditions for benefiting from hedge accounting are no longer met, the following accounting treatment must be applied prospectively, unless the hedged item disappears :

- fair value hedges : only the hedging instrument continues to be revalued through profit or loss. The hedged item is wholly accounted for according to its classification. For debt instruments at fair value through other comprehensive income (items that may be reclassified), changes in fair value subsequent to the ending of the hedging relationship are recorded in other comprehensive income in their entirety. For hedged items valued at amortised cost, which were interest rate hedged, the revaluation adjustment is amortised over the remaining life of those hedged items ;
- cash flow hedges : the hedging instrument is valued at fair value through profit or loss. The amounts accumulated in other comprehensive income under the effective portion of the hedging remain in other comprehensive income until the hedged element affects profit or loss. For interest rate hedged instruments, income statement is affected according to the payment of interest. The revaluation adjustment is therefore amortised over the remaining life of those hedged items ;
- hedges of net investment in a foreign operation : the amounts accumulated in other comprehensive income under the effective portion of the hedging remain in other comprehensive income as long as the net investment is held. The income is recorded once the net investment in a foreign operation exits the scope of consolidation.

- Embedded derivatives

An embedded derivative is a component of a hybrid contract that meets the definition of a derivative product. This definition applies only to financial liabilities and non-financial contracts. Embedded derivatives must be accounted for separately from the host contract if the following three conditions are met :

- the hybrid contract is not measured at fair value through profit or loss ;
- the embedded component taken separately from the host contract has the characteristics of a derivative ;
- the characteristics of the derivative are not closely related to those of the host contract.

✓ **Determination of the fair value of financial instruments**

When determining the fair value of financial instruments observable inputs must be prioritised. It is presented using the hierarchy defined in IFRS 13.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants, on the principal or the most advantageous market, at the measurement date.

Fair value applies individually to each financial asset or financial liability. A portfolio exemption may be used where the management and risk monitoring strategy so allow and are appropriately documented. Thus, certain fair value parameters are calculated on a net basis when a group of financial assets and financial liabilities is managed on the basis of its net exposure to market or credit risks. This is notably the case for the CVA / DVA calculation described in Chapter 5 "Risk and Pillar 3" of the Crédit Agricole S.A. Universal Registration Document.

The Group considers that the best evidence of fair value is reference to quoted prices published in an active market.

When such quoted prices are not available, fair value is determined using valuation techniques that maximise the use of relevant observable data and minimise the use of unobservable data.

When a debt is valued at fair value through profit or loss (by nature or designated), fair value takes account of the own credit risk of the issuer.

- Counterparty risk on derivative instruments

Fixed rate risk and spread risk are governed by limits in GAP and in current values (NPV).

The GAP limits frame the value of the gap in each calendar year so that a change in the rate or spread does not generate a significant change in the budgeted annual GNP. The NPV limit calibrated in relation to equity regulates the decline in interest income following a variation in the rate or spread applied to the gaps discounted over all years.

Fixed interest rate risk is generated on the assets side mainly by the rate-fixed portion of the portfolio indexed to Euribor / libor on Gap year 1 and on the liabilities side by the sale of unpaid demand deposits and deposits. equity. The NPV measures the decrease in interest income linked to a drop in rates of 200BP.

CACEIS customer deposits, remunerated on the basis of EONIA or ECB rates, are mainly replaced by securities. The portfolio is today mainly indexed on Euribor 3M. CACEIS is facing a basic risk relating to adverse variations in the EONIA / ECB rate and the 3M EURIBOR. Thus, the index tightening scenario generates a decrease in the interest margin for CACEIS (Eur lending position). The NPV represents the sum of the discounted losses linked to the application of -30BP (ie reduction of interest income) to the base of the portfolio indexed to the EURIBOR each year until full amortization.

- Fair value hierarchy

The standard classifies fair value into three levels based on the observability of inputs used in valuation techniques

  - Level 1 : fair value corresponding to quoted prices (unadjusted) in active markets

Level 1 is composed of financial instruments that are directly quoted in active markets for identical assets and liabilities that the entity can access at the measurement date. These are stocks and bonds quoted in active markets (such as the Paris Stock Exchange, the London Stock Exchange or the New York Stock Exchange, etc.) and also fund securities quoted in an active market and derivatives traded on an organised market, in particular futures.

A market is regarded as being active if quoted prices are readily and regularly available from an exchange, broker, dealer, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For financial assets and liabilities with offsetting market risks, CACEIS uses mid-prices as a basis for establishing fair values for the offsetting risk positions. The Group applies the current asking price to open short positions and the current bid price to open long positions.

- Level 2 : fair value measured using directly or indirectly observable inputs other than those in Level 1

The inputs used are observable either directly (i.e. prices) or indirectly (derived from prices) and generally consist of data from outside the Company, which are publicly available or accessible and based on a market consensus.

Level 2 is composed of :

- stocks and bonds quoted in an inactive market or not quoted in an active market but for which the fair value is established using a valuation methodology usually used by market participants (such as discounted cash flow techniques or the Black & Scholes model) and based on observable market data ;
- instruments that are traded over the counter, the fair value of which is measured with models using observable market data, i.e. derived from various independently available external sources which can be obtained on a regular basis. For example, the fair value of interest rate swaps is generally derived from the yield curves of market interest rates as observed at the reporting date.

When the models are consistent notably with standard models based on observable market data (such as interest rate yield curves or implied volatility surfaces), the day one gain or loss resulting from the initial fair value measurement of the related instruments is recognised in profit or loss at inception.

- Level 3 : fair value that is measured using significant unobservable inputs

For some complex instruments that are not traded in an active market, fair value measurement is based on valuation techniques using assumptions that cannot be observed on the market for an identical instrument. These instruments are disclosed within Level 3.

This mainly concerns complex interest rate instruments, equity derivatives, structured credit instruments for which fair value measurement includes, for instance, correlation or volatility inputs that are not directly benchmarkable with market data.

The transaction price is deemed to reflect the fair value at initial recognition, any recognition of day one gain or loss is deferred.

The margin relating to these structured financial instruments is generally recognised through profit or loss over the period during which inputs are deemed unobservable. When market data become "observable", the remaining margin to be deferred is immediately recognised in profit or loss.

Valuation methodologies and models used for financial instruments that are disclosed within Levels 2 and 3 incorporate all factors that market participants would consider in setting a price.

They shall be beforehand validated by an independent control. Fair value measurement notably includes both liquidity risk and counterparty risk.

✓ Offsetting of financial assets and financial liabilities

In accordance with IAS 32, CACEIS nets a financial asset and a financial liability and reports the net amount when, and only when, it has a legally enforceable right to offset the amounts reported and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The derivative instruments and the repurchase agreements handled with clearing houses that meet the two criteria required by IAS 32 have been offset on the balance sheet.

✓ Net gains (losses) on financial instruments

- Net gains (losses) on financial instruments at fair value through profit or loss

For financial instruments recognised at fair value through profit or loss, this item notably includes the following income statement elements :

- dividends and other revenues from equities and other variable-income securities which are classified under financial assets at fair value through profit or loss ;
- changes in fair value of financial assets or liabilities at fair value through profit or loss ;
- gains and losses on disposal of financial assets at fair value through profit or loss ;
- changes in fair value and gains and losses on disposal or termination of derivative instruments not included in a fair value hedging relationship or cash flow hedge.

This heading also includes the ineffective portion of hedges.

- Net gains (losses) on financial instruments at fair value through other comprehensive income

For financial assets recognised at fair value through other comprehensive income, this item notably includes the following income statements elements :

- dividends from equity instruments classified as financial assets at fair value through other comprehensive income that cannot be reclassified ;
- gains (losses) on disposals and income associated with the termination of hedging relationships on debt instruments classified as financial assets at fair value through other comprehensive income that can be reclassified ;
- net income on disposals or associated with the termination of fair value hedging instruments of financial assets at fair value through other comprehensive income when the hedged item is sold.

✓ *Financing commitments and guarantees given*

Financing commitments that are not designated as fair value through profit or loss or not treated as derivative instruments within the meaning of IFRS 9 are not recognised on the balance sheet. They are, however, covered by provisions in accordance with the provisions of IFRS 9.

A financial guarantee contract is a contract under which the issuer must make specific payments to reimburse the holder for a loss incurred due to a specific debtor's failure to make a payment when due under the initial or amended terms of a debt instrument.

Financial guarantee contracts are recognised at fair value initially then subsequently at the higher of :

- the value adjustment amount for losses determined in accordance with the provisions of the "Impairment" section of IFRS 9 ; or
- the amount originally recognised less, where applicable, the sum of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with Customers".

➢ **Provisions (IAS 37 and 19)**

CACEIS has identified all obligations (legal or constructive) resulting from a past event for which it is probable that an outflow of resources will be required to settle the obligation, and for which the due date or amount of the settlement is uncertain but can be reliably estimated. These estimates are discounted where applicable whenever there is a material impact.

For obligations other than those related to credit risk, CACEIS has set aside general provisions to cover:

- operational risks ;
- employee benefits ;
- commitment execution risks ;
- claims and liability guarantees ;
- restructuring costs
- tax risks.

➢ **Employee benefits (IAS 19)**

In accordance with IAS 19, employee benefits are recorded in four categories :

- short-term employee benefits, including salaries, social security contributions, annual leave, profit-sharing and incentive plans and premiums, are defined as those which are expected to be settled within twelve months of the period in which the related services have been rendered ;

- post-employment benefits falling into two categories: defined-benefit schemes and defined-contribution schemes.
- long-term employee benefits (long-service awards, variable compensation and premium payable 12 months or more after the end of the period) ;
- termination benefits ;

Post-employment benefits

- Defined-benefit plans

At each reporting date, CACEIS sets aside reserves to cover its liabilities for uncovered retirement and similar benefits and all other employee benefits falling in the category of defined-benefit plans.

In keeping with IAS 19, these commitments are stated based on a set of actuarial, financial and demographic assumptions, and in accordance with the Projected Credit Units method. Under this method, for each year of service, a charge is booked in an amount corresponding to the employee’s vested benefits for the period. The charge is calculated based on the discounted future benefit.

Liabilities for retirement and other future employee benefits are based on assumptions made by Management with respect to the discount rate, staff turnover rate and probable increases in salary and social security costs. (see Note 7.4 “Post-employment benefits, defined-benefit plans”).

Discount rates are determined based on the average term of the commitment, that is, the arithmetical average of the terms calculated between the valuation date and the payment date weighted by employee turnover assumptions. The underlying used is the discount rate by reference to the iBoxx AA.

In accordance with IAS 19, Crédit Agricole S.A. revised all actuarial gains and losses that were recognised in other comprehensive income that cannot be reclassified. Actuarial gains and losses consist of experience adjustments (difference between what has been estimated and what has occurred) and the effect of changes in actuarial assumptions.

The expected return on plan assets is determined using discount rates applied to measure the defined benefit obligation. The difference between the expected and actual return on plan assets is recognised in other comprehensive income that cannot be reclassified.

The amount of the provision is equal to :

- the present value of the obligation to provide the defined benefits at the end of the reporting period, calculated in accordance with the actuarial method recommended by IAS 19 ;
- if necessary, reduced by the fair value of the assets allocated to covering these commitments. These may be represented by an eligible insurance policy. In the event that 100% of the obligation is covered by a policy that meets exactly the expense amount payable over the period for all or part of a defined-benefit plan, the fair value of the policy is deemed to be the value of the corresponding obligation, i.e. the amount of the corresponding actuarial liability.

A provision set aside to cover retirement benefit obligations is recognised in Provisions under liabilities. This provision is set at the amount of the obligations to employees at our French subsidiaries belonging to the CACEIS economic and social unit, present on the payroll at the end of the financial year and covered by the company-wide agreements that entered force in October 2006.

Finally, additional retirement benefit obligations at CACEIS Bank, Luxembourg Branch, CACEIS Belgium and CACEIS Bank S.A., Germany Branch giving rise to obligations for the relevant companies, are provided for on the basis of the actuarial liabilities arising from these obligations. Provisions are also recorded on the liabilities side of the balance sheet under Provisions.

- Defined contribution plans

Employers contribute to a variety of compulsory pension schemes. Pension schemes assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds managed do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years. Consequently, CACEIS has no liabilities in this respect other than its on-going contributions.

✓ **Long-term employee benefits**

Long-term employee benefits are employee benefits other than post-employment benefits or termination benefits but not fully due to employees within twelve months after the end of the period in which the related services have been rendered.

These include, in particular, bonuses and other deferred compensation payable twelve or more months after the end of the period in which they were earned, but which are not share-based.

The measurement method is similar to the one used by the Group for post-employment benefits with defined-benefit plans.

➢ **Share-based payments (IFRS 2)**

IFRS 2 on “Share-based payment” requires valuation of share-based payment transactions in the Company’s income statement and balance sheet. This standard applies to plans granted to employees and more specifically :

- share-based payment transactions settled in equity instruments ;
- share-based payment transactions settled in cash.

Share-based payment plans initiated by Crédit Agricole S.A. Group that are eligible for IFRS 2 are mainly transactions settled in equity instruments (stock options, free share allocation plans, variable compensation settled in indexed cash or in shares, etc.).

No stock option plan was granted to CACEIS Group employees.

Employee share issues offered to employees as part of the Employee savings plans are also subject to the IFRS 2 standard. Shares may be offered to employees with a maximum discount of 30 %. These plans have no vesting period but the shares are subject to a lock-up period of five years. The benefit granted to employees is measured as the difference between the fair value per share acquired taking account of the lock-up period and the purchase price paid by the employee on the subscription date multiplied by the number of shares subscribed.

The cost of share based payments settled in Crédit Agricole S.A. equity instruments and the cost of share subscriptions are recognised in the financial statements of the entities that employ the plan beneficiaries. The impact is recorded under Employee expenses, with a corresponding increase in Consolidated reserves-Group share.

➢ **Current and deferred taxes (IAS 12)**

In accordance with IAS 12, the income tax charge includes all income taxes, whether current or deferred.

IAS 12 defines current tax liability as “the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a reporting period”. Taxable income is the profit (or loss) for a given accounting period measured in accordance with the rules determined by the tax authorities.

The applicable rates and rules used to measure the current tax liability are those in effect in each country where the Group’s companies are established.

The current tax liability includes all taxes on income, payable or recoverable, for which payment is not subordinated to the completion of future transactions, even if payment is spread over several years.

The current tax liability must be recognised as a liability until it is paid. If the amount that has already been paid for the current year and previous years exceeds the amount due for these years, the surplus must be recognised under assets.

Moreover, certain transactions carried out by the entity may have tax consequences that are not taken into account in measuring the current tax liability. IAS 12 defines a difference between the carrying amount of an asset or liability and its tax base as a temporary difference.

This standard requires that deferred taxes be recognised in the following cases:

- a deferred tax liability should be recognised for any taxable temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base, unless the deferred tax liability arises from :
  - initial recognition of goodwill ;
  - the initial recognition of an asset or a liability in a transaction that is not a business combination and that does not affect either the accounting or the taxable profit (taxable loss) at the transaction date.
- a deferred tax asset should be recognised for any deductible temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base, insofar as it is deemed probable that a future taxable profit will be available against which such deductible temporary differences can be allocated ;
- a deferred tax asset should also be recognised for carrying forward unused tax losses and tax credits insofar as it is probable that a future taxable profit will be available against which the unused tax losses and tax credits can be allocated.

The tax rates applicable in each country are used as appropriate.

Deferred taxes are not discounted.

Taxable unrealised gains on securities do not generate any taxable temporary differences between the carrying amount of the asset and the tax base. As a result, deferred tax is not recognised on these gains. When the relevant securities are classified as available-for-sale securities, unrealised gains and losses are recognised directly through other comprehensive income. The tax charge or saving effectively borne by the entity arising from these unrealised gains or losses is reclassified as a deduction from these gains.

In France long-term capital gains on the sale of equity investments, as defined by the General Tax Code, are exempted of income tax ; with the exception of 12% of long-term capital gains that are taxed at the normally applicable rate. Accordingly, unrealised gains recognised at the end of the year generate a temporary difference requiring the recognition of deferred tax on this share.

Under IFRS 16 leases, a deferred tax liability is recognised on the right-of-use asset and a deferred tax asset on lease liability in respect of leases where the Group is the lessee.

Current and deferred tax are recognised in net income for the financial year, unless the tax arises from :

- either a transaction or event that is recognised directly through other comprehensive income, during the same year or during another year, in which case it is directly debited or credited to other comprehensive income ;
- or a business combination.

Deferred tax assets and liabilities are offset against each other if, and only if :

- the entity has a legally enforceable right to offset current tax assets against current tax liabilities ; and
- the deferred tax assets and liabilities apply to income taxes assessed by the same tax authority :

  a) either for the same taxable entity ; or

  b) for different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to settle their tax assets and liabilities at the same time during each future financial year in which it is expected that substantial deferred tax assets or liabilities will be paid or recovered.

Tax risks relating to income tax result in the recognition of a current tax receivable or liability when the probability of receiving the asset or paying the liability is considered more likely than not. These risks are also taken into account in the valuation of current and deferred tax assets and liabilities.

IFRIC 23 on measuring uncertain tax positions applies when an entity has identified one or more uncertainties about the tax positions they have adopted. It also provides details of how to estimate them :

- The analysis must be based on 100% detection by the tax administration ;
- The tax risk must be recognized as a liability when it is more likely than not that the tax authorities will challenge the treatment adopted, for an amount reflecting Management's best estimate ;
- In the event of a probability greater than 50% of reimbursement by the tax authorities, a receivable must be recorded.

When tax credits on income from securities portfolios and amounts receivable are effectively used to pay income tax due for the year, they are recognised under the same heading as the income with which they are associated. The corresponding tax charge continues to be recognised under the "Income tax charge" heading in the income statement.

- **Treatment of fixed assets (IAS 16, 36, 38 and 40)**

CACEIS applies component accounting for all of its property, plant and equipment. In accordance with the provisions of IAS 16, the depreciable amount takes account of the potential residual value of property, plant and equipment.

Property used in operations, investment property and equipment are measured at cost less accumulated depreciation and impairment losses since the time they were placed in service.

Purchased software is measured at acquisition cost less accumulated depreciation and impairment losses since acquisition.

Proprietary software is measured at cost less accumulated depreciation and impairment losses since completion.

Apart from software, intangible assets are mainly assets acquired during a business combination resulting from contractual rights (e.g. distribution agreement). These were valued on the basis of corresponding future economic benefits or expected service potential.

Fixed assets are depreciated over their estimated useful lives.

The following components and depreciation periods have been adopted by CACEIS following the application of the measures on component accounting for property, plant and equipment. These depreciation periods are adjusted according to the type of asset and its location :

Component	Depreciation period
Structural works	30 to 80 years
Non-structural works	8 to 40 years
Plant and equipment	5 to 25 years
Fixtures and fittings	5 to 15 years
Computer equipment	3 to 7 years
Special equipment	3 to 5 years

CACEIS Group has shortened the depreciation and amortisation period of certain non-current assets to the term of the corresponding leases.

Exceptional depreciation charges corresponding to tax-related depreciation and not to any real impairment in the value of the asset are eliminated in the consolidated financial statements.

Capitalization of software development costs

In accordance with IAS 36 and 38, CACEIS has introduced monitoring arrangements for IT expenditure providing, project by project, an accounting classification in line with the requirements listed below, of expenditure on internally developed software.

The requirements are as follows :

- the technical feasibility of completing the intangible asset ;
- the intention to complete the intangible asset and to use it or sell it ;
- the ability to use or sell the intangible asset ;
- existence of probable future economic benefits ;
- availability of adequate resources to complete the asset ;
- ability to identify reliably the expenditure attributable to the asset.

Whenever it is possible to demonstrate that these requirements are met, expenditure relating to the so-called development phases incurred both internally and externally is capitalised on the basis of the corresponding direct costs and amortised over the useful life of the internally developed software.

The useful life is determined based on :

- expected use ;
- the typical life cycles of the relevant asset ;
- any obsolescence.

In addition, the useful life of all existing non-current assets is reviewed at least once a year.

Foreign currency transactions (IAS 21)

At the reporting date, assets and liabilities denominated in foreign currencies are translated into euros, the functional currency of the Crédit Agricole Group.

In accordance with IAS 21, a distinction is made between monetary and non-monetary items.

Foreign-currency denominated monetary assets and liabilities are translated into the functional currency at the closing exchange rate. The resulting translation adjustments are recorded in the income statement. There are three exceptions to this rule :

- for available-for-sale financial assets, only the translation adjustments calculated on amortised cost are taken to the income statement; the balance is recorded in equity ;

- on elements designated as cash flow hedges or forming part of a net investment in a foreign entity, translation adjustments are recognised in other comprehensive income for effective part.

- for financial liabilities designated at fair value through profit or loss, translation adjustments related to value changes attributable to specific credit risk are accounted in other comprehensive income (items than cannot be reclassified).

Non-monetary items are treated differently depending on the accounting treatment of these items before conversion :

- items at historical cost remain measured at the foreign exchange rate on the transaction date (historical rate) ;

- items at fair value are converted at the foreign exchange rate at the end of the reporting period.

Translation adjustments on non-monetary items are recognised :

- in the income statement if the gain or loss on the non-monetary item is recorded in the income statement ;

- in other comprehensive income if the gain or loss on the non-monetary item is recorded in other comprehensive income.

➢ **Revenues from contracts with customers (IFRS 15)**

Fee and commission income and expenses are recognised in income based on the nature of services with which they are associated.

Fees and commissions that are an integral part of the effective yield on a financial instrument are recognised as an adjustment to the yield on the instrument and included in its effective interest rate.

The recognition of other types of fees and commissions on the income statement must reflect the rate of transfer to the customer of control of the goods or services sold :

- the net income from a transaction associated with the provision of services is recognised under Fee and commission income at the time of transfer of control of the service to the customer, if this can be reliably estimated. This transfer may occur as the service is provided (ongoing service) or on a specific date (one-off service).

    a) Fee and commission income from ongoing services (custody fees, depositary function, account administration, for example) are recognised in income according to the degree of progress of the service provided.
    b) Fee and commission income paid or received as compensation for one-off services (clearing, payment instruments…) are recognised in income, in its entirety, when the service is provided.

Fee and commission income payable or receivable and contingent upon the achievement of a performance target is recognised for the amount at which it is highly probable that the income thus recognised will not later be subject to a significant downward adjustment upon resolution of the contingency. These estimates are updated at the end of each reporting period. In practice, this condition can result in the deferred recognition of certain items of performance-related fee and commission income until the expiry of the performance assessment period and until such income has been definitively acquired.

➢ **Leases (IFRS 16)**

The Group may be a lessor or a lessee.

Leases where the Group is the lessor

Leases are analysed according to their substance and true financial nature. They may be recognised either as finance leases or operating leases.

- Finance leases are treated as a sale of a non-current asset to the lessee financed by a loan granted by the lessor. Analysis of the economic substance of finance leases requires the lessor to:
    a) Remove the leased asset from its balance sheet
    b) Recognise a receivable due from the customer under “financial assets at amortised cost” at its present value based on the rate implied by the lease payments receivable by the lessor under the lease, plus any unguaranteed residual value accruing to the lessor
    c) Recognise deferred taxes in respect of temporary differences arising from the financial receivable and the carrying amount of the leased asset
    d) Split the corresponding income into interest payments and capital repayments

- Under operating leases, the lessor recognises the leased assets as an item of property, plant and equipment on its balance sheet and records the lease income on a straight-line basis under “revenues from other activities” on the income statement.

Leases where the Group is the lessor

Leases are recognised on the balance sheet at the date on which the leased asset is made available. The lessee recognises a right-of-use asset in respect of the leased asset under property, plant and equipment for the expected duration of the lease and a financial liability under other liabilities in respect of the obligation to make lease payments over the same period.

The lease term is the non-cancellable period of the lease, adjusted for periods covered by an extension option if exercise of that option by the lessee is reasonably certain and those covered by a termination option if the lessee is reasonably certain not to exercise that option.

In France, the term used for so-called “3/6/9 commercial leases” is generally 9 years, with an initial non-cancellable period of 3 years. The Group has chosen a term corresponding to the first exit option after 5 years as the reasonably certain term of a lease. This term, at the inception of French commercial leases, is applied in the majority of cases. The main exception is the case of a lease in which the interim exit options have been waived (e.g. in return for a reduction in rental income); in this case, the term of the lease remains 9 years. This 5-year term is also applied to leases that are automatically extended.

The lease liability is recognised at an amount equal to the present value of lease payments over the term of the lease. Lease payments include fixed and variable lease payments based on an interest rate or index and amounts expected to be payable by the lessee under residual value guarantees, purchase options or early termination penalties. Variable lease payments that are not linked to an index or rate and non-recoverable VAT on lease payments are excluded from the lease liability calculation and are recognised in operating expenses.

The discount rate used to calculate the right-of-use asset and the lease liability is, by default, the lessee’s incremental borrowing rate over the term of the lease at the date on which the lease was agreed, when the rate implicit in the lease is not easily determinable. The incremental borrowing rate takes into account the structure of lease payments. It reflects the terms of the lease (term, guarantee, economic environment etc.) - here, the Group applies the IFRS IC decision of 17 September 2019 since the implementation of FRS 16 (no impact of this decision).

Lease expense is apportioned between interest expense and capital repayments.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs, payments prior to commencement and restoration obligations incurred by the lessee. It is depreciated over the estimated term of the lease.

The lease liability and right-of-use asset may be adjusted in the event of a change in the lease, reassessment of the lease term or review of lease payments linked to the application of indices or interest rates.

Deferred taxes are recognised in respect of temporary differences between the lessee's right-of-use assets and lease liabilities.

In accordance with the exception provided for in the standard, short-term leases (initial term of less than 12 months) and leases with a low replacement value are not recognised on the balance sheet, and the corresponding lease expenses are recognised on a straight-line basis in the income statement under operating expenses.

In accordance with the standard, the Group does not apply IFRS 16 to leases of intangible assets.

- **Non-current assets held for sale and discontinued operations (IFRS 5)**

A non-current asset (or a disposal group) is classified as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable.

The relevant assets and liabilities are shown separately on the balance sheet under Non-current assets held-for-sale and discontinued operations and Liabilities associated with non-current assets held-for-sale and discontinued operations.

A non-current asset (or disposal group) classified as held-for-sale is measured at the lower of its carrying amount and fair value less costs of sale. In case of unrealised losses, impairment is recognised in the income statement. Non current assets are no longer amortised when they are reclassified.

If the fair value of a group held for sale less selling costs is less than its carrying amount after impairment of non-current assets, the difference is allocated to other group held for sale assets including the financial assets and is recognised under after tax net income of held-for-sale discontinued operations.

A discontinued operation is a component that the Group has either disposed of, or that is classified as held-for-sale, according to the following situations:

- it represents a separate major business line or geographical area of operations;
- it is part of a single coordinated plan to dispose of a separate major business line or geographical area of operations ; or
- it is a subsidiary acquired exclusively with a view to resale.

The following are disclosed on a separate line of the income statement :

- the profit or loss from discontinued operations until the date of disposal, net of tax ;
- the gain or loss recognised on the disposal or on measurement to fair value less costs of sale of the assets and liabilities constituting the discontinued operations, net of tax.

1.3. Consolidation principles and methods (IFRS 10, IFRS 11 and IAS 28)

➢ **Scope of consolidation**

The consolidated financial statements include the financial statements of CACEIS and those of all companies over which, in compliance with IFRS 10, IFRS 11 and IAS 28, CACEIS exercises control, joint control or significant influence.

✓ **Definitions of control**

In compliance with international accounting standards, all entities under control, under joint control or under significant influence are consolidated, provided that they are not covered by the exclusions below.

Exclusive control over an entity is deemed to exist if CACEIS is exposed to or entitled to receive variable returns as a result of its involvement with the entity and if the power it holds over this entity allows it to influence these returns. Power in this context means substantive (voting or contractual) rights. Rights are considered substantive if the holder of the rights can in practice exercise them when decisions about the Company's relevant activities are made.

CACEIS is deemed to control a subsidiary through voting rights when its rights give it the practical ability to direct the subsidiary's relevant activities. CACEIS is generally considered to control a subsidiary when it holds more than half the existing or potential voting rights in an entity, whether directly or indirectly through subsidiaries, except when it can be clearly demonstrated that such ownership does not give it the power to direct its relevant activities. Control is also deemed to exist where CACEIS holds half or less than half of the voting rights, including potential rights, in an entity but is able in practice to direct its relevant activities at its sole discretion, notably because of the existence of contractual arrangements, the size of its stake in the voting rights compared to those of other investors, or other reasons.

Control of a structured entity is not assessed on the basis of voting rights as these have no effect on the entity's returns. When assessing control, consideration is given not only to contractual arrangements in force but also to whether CACEIS was involved in creating the entity and what decisions it made at that time, what agreements were made at its inception and what risks are borne by CACEIS., any rights under agreements that give the investor the power to direct relevant activities in specific circumstances only and any other facts or circumstances that indicate the investor can direct the entity's relevant activities. Where there is a management agreement, the extent of decision-making powers granted to the delegated manager and the remuneration accorded by such contractual arrangements are examined to establish whether the manager is in practice acting as an agent (with delegated powers) or as a principal (on their own account).

Furthermore, when decisions on the entity's relevant activities are taken, the indicators used to assess whether an entity is acting as agent or principal are as follows: the extent of the decision-making powers compared to the powers over the entity delegated to the manager, the remuneration provided for under the contractual arrangements, any substantive rights that may affect the decision-making capacity of other parties involved in the entity and the exposure to variable returns of other interests in the entity.

Joint control is deemed to exist when there is a contractual division of control over an economic activity. Decisions affecting the entity's relevant activities require unanimous agreement of the joint controllers.

In traditional entities, significant influence is defined as the power to influence but not control a company's financial and operational policies. CACEIS is presumed to have significant influence if it owns 20% or more of the voting rights in an entity, whether directly or indirectly through subsidiaries.

- ✓ **Exclusions from the scope of consolidation**

In accordance with IAS 28.18 minority interests held by venture capital entities are excluded from the scope of consolidation insofar as they are classified under financial assets at fair value through profit or loss (including financial assets held for trading and financial assets designated at fair value through profit or loss).

➢ Consolidation methods

The methods of consolidation are respectively defined by IFRS 10 and IAS 28. They depend on the type of control exercised by CACEIS. over the entities that can be consolidated, regardless of activity or whether or not they have legal entity status :

- full consolidation, for controlled entities, including entities with different financial statement structures, even if their business is not an extension of that of CACEIS ;

- the equity method, for the entities over which CACEIS exercises significant influence and joint control.

Full consolidation consists in substituting for the value of the shares each of the assets and liabilities carried by each subsidiary. The equity and income attributable to non-controlling interests is presented separately in the consolidated balance sheet and income statement.

Non-controlling interests are as defined by IFRS 10 and incorporate instruments representing present ownership interests and that give right to a proportional shareof the net assets in the event of liquidation and the other equity instruments issued by the subsidiary and not held by the Group.

The equity method consists in substituting for the value of shares the Group's proportional share of the equity and income of the companies concerned.

The change in the carrying amount of these shares includes changes in goodwill.

In the event of incremental share purchases or partial disposals with continued joint control or significant influence, CACEIS recognises :

- in the case of an increase in the percentage of interest, additional goodwill ;

- in the case of a reduction in the percentage of interest ;

- a gain or loss on disposal/dilution in profit or loss.

➢ Restatements and eliminations

Where necessary, financial statements are restated to harmonise the valuation methods applied by consolidated companies.

The impact of Group internal transactions on the consolidated balance sheet and income statement is eliminated for fully consolidated entities.

Capital gains or losses arising from intra-Group asset transfers are eliminated ; any potential impairment measured at the time of disposal in an internal transaction is recognised.

- **Translation of foreign operations' financial statements (IAS 21)**

Financial statements of subsidiaries representing a "foreign operation" (subsidiary, branch, associate or joint venture) are translated into euros in two stages :

- if applicable, the local currency in which the financial statements are prepared is translated into the functional currency (currency of the main business environment of the entity). The translation is made as if the information had been recognised initially in the functional currency (same translation principles as for foreign currency transactions above) ;

- the functional currency is translated into euros, the currency in which the Group's consolidated financial statements are presented. Assets and liabilities, including goodwill, are translated at the closing rate. The components of equity, such as share capital and reserves, are translated at their historical exchange rate. Income and expenses included in the income statement are translated at the average exchange rate for the period. Translation adjustments are recorded under a specific item in equity. These translation differences are recognised as income in the event of withdrawal from the foreign operations (disposal, repayment of capital, liquidation, abandonment of business) or in the event of deconsolidation resulting from a loss of control (even without disposal) when recognising gains or losses on disposal or loss of control.

- **Business combinations – Goodwill**

Business combinations are accounted for using the acquisition method in accordance with IFRS 3, except for business combinations under common control (in particular mergers of Regional Banks), which are excluded from the field of application of IFRS 3. Pursuant to IAS 8, these transactions are entered at carrying amount using the pooling of interests method, with reference to US standard ASU805-50 which seems to comply with the IFRS general principles.

On the date of acquisition, the identifiable assets, liabilities and contingent liabilities of the acquired entity which satisfy the conditions for recognition set out in IFRS 3 are recognised at their fair value.

Notably, restructuring liabilities are only recognised as a liability of the acquired entity if, at the date of acquisition, the acquiree is under an obligation to complete the restructuring.

Price adjustment clauses are recognised at fair value even if their application is not probable. Subsequent changes in the fair value of clauses if they are financial liabilities are recognised in the income statement. Only price adjustment clauses relating to transactions where control was obtained at the latest by 31 December 2009 may still be recorded against goodwill, because these transactions were accounted for under IFRS 3 pre revision (2004).

The non-controlling interests that are shares of current interests giving rights to a share of the net assets in the event of liquidation may be measured, at acquirer's choice, in two ways :

- at fair value on the date of acquisition ;

- at the share of the identifiable assets and liabilities of the acquired company revalued at fair value.

The option may be exercised at each acquisition.

The balance of interests not allowing control (equity instruments issued by the subsidiary and not held by the Group) should be recognised for its fair value on the date of acquisition.

The initial assessment of assets, liabilities and contingent liabilities may be revised within a maximum period of 12 months after the date of acquisition.

Some transactions relating to the acquired entity are recognised separately from the business combination. This applies primarily to :

- transactions that end an pre-existing relationship between the acquired company and the acquiring company ;
- transactions that compensate employees or the selling shareholders of the acquired company for future services ;
- transactions aimed at reimbursing the acquiree or its former shareholders for acquisition-related costs that they have assumed on behalf of the acquirer.

These separate transactions are generally recognised in the income statement at the acquisition date.

The transferred consideration at the time of a business combination (the acquisition cost) is measured as the total of fair values transferred by the acquirer, on the date of acquisition in exchange for control of the acquired entity (for example: cash, equity instruments, etc.).

The costs directly attributable to the business combination shall be recognised as expenses, separately from the business combination. If the transaction has very strong possibilities of occurring, they are recognised under the heading Net gains (losses) on other assets, otherwise they are recognised under the heading Operating expenses.

The positive difference between the cost of acquiring the entity and the interest acquired in net assets is recognised on the asset side of the consolidated balance sheet under “Goodwill” where the acquired entity is fully consolidated and under “Investments in equity-accounted entities” where the acquiree is accounted for under the equity method. When the difference is negative, it is immediately recognised in profit or loss.

Goodwill is carried in the balance sheet at its initial amount in the currency of the acquired entity and translated at the closing rate at the end of the reporting period.

Goodwill is tested for impairment whenever there is objective evidence of a loss of value and at least once a year.

In accordance with IFRS 3, whenever there is evidence of impairment and at least once a year, goodwill is tested for impairment by reference to the Cash-Generating Unit (CGU) to which it is allocated. In practice, CGUs are established based on the business lines used by the Group to track its business activities. Any impairment losses are recognised in income.

The valuation method adopted by CACEIS is the discounted cash flow (DCF) method since the peer comparisons and industry transaction method is not appropriate.

Given the links between the business lines in all the countries where CACEIS operates, the CACEIS Group represents a single CGU. Accordingly, the present value of future cash flows is calculated by consolidating the cash flows of all the entities making up this CGU.

In the case of an increase in the percentage ownership interest of CACEIS in an entity that is already exclusively controlled, the difference between the acquisition cost and the share of net assets acquired is recognised under the item Consolidated reserves, Group share; in the event that CACEIS's percentage ownership interest in an entity that remains under its exclusive control declines, the difference between the selling price and the carrying amount of the share of net assets sold is also recognised directly ,since January 1st 2007, under Consolidated reserves, Group share.

2. MAJOR STRUCTURAL TRANSACTIONS AND MATERIAL EVENTS DURING THE PERIOD

- ✓ **CACEIS' external growth transactions**

- ➢ **Merger of KAS Bank N.V. into CACEIS Bank**

Mandatory squeeze-out procedure for the remaining KAS Bank shares following CACEIS Bank's successful public tender offer for KAS Bank

In 2019, the CACEIS Group completed the acquisition of KAS Bank, a longstanding provider of custodian and asset servicing activities in the Netherlands.

Upon completion of an agreed public tender offer for all KAS Bank shares announced on February 25th 2019, posted on July 26th 2019 and started, on September 24th 2019, CACEIS Bank held 97.39% of KAS Bank's share capital on December 31st 2019.

At 7 April 2020, the Dutch courts gave CACEIS Bank the go-ahead for a mandatory squeeze-out procedure covering the outstanding KAS Bank shares. This procedure was completed on 29 April 2020, giving CACEIS Bank full ownership of KAS Bank's share capital and voting rights from that date.

Merger of KAS Bank N.V. into CACEIS Bank

As soon as the mandatory squeeze-out had been completed, KAS Bank and CACEIS Bank launched the process for KAS Bank to merge into CACEIS Bank, with the merger agreement mapping out the arrangements being published on 29 April 2020.

Completion of the merger was contingent upon receipt of the following regulatory approvals :

- authorisations applied for by KAS Bank from the Dutch National Bank (DNB), the Dutch regulator, and the European Central Bank (ECB) to complete the merger ;
- the authorisation applied for by CACEIS Bank from the French regulator, the Autorité de Contrôle Prudentiel et de Régulation (ACPR), and ECB to change its programme of activities.

With the regulatory approvals obtained from the ECB respectively on 27 October 2020 regarding the merger completion and on 29 October 2020 regarding the change to CACEIS Bank programme of activities, the merger was completed in full on 1 November 2020.

As a result of the merger, the assets and liabilities of KAS Bank, KAS Bank German Branch and KAS Bank UK Branch have been transferred at this date to CACEIS Bank branches, respectively CACEIS Bank, Netherlands Branch, CACEIS Bank, Germany Branch and CACEIS Bank, UK Branch.

- ✓ **Integration within the CACEIS Group of the entities arising from the combination with Santander Securities Services**

Change in corporate name

After full and final completion of the business combination between the CACEIS Group and the Santander Securities Services group companies (S3) on 20 December 2019, the first steps were taken to integrate the S3 group into the CACEIS Group. These included a change in the corporate name of these companies to reflect their new ownership status.

Net investment hedge (NIH) covering the Brazilian and Mexican subsidiaries

Under the prudential regulations applicable to the CACEIS Group, CACEIS set up a net investment hedge (NIH) of foreign operations in line with the strategy laid down by the Crédit Agricole S.A. Group on the interests held by S3 CACEIS Latam Holding 1, SL in companies established in Latin America (Brazil and Mexico) to cover the structural currency risk to the Group's Common Equity Tier 1 (CET1).

CACEIS has arranged a non-deliverable forward (NDF) with a €54 million-equivalent nominal on the BRL and with a €28 million-equivalent on the MXN/EUR spot.

- ✓ **Covid-19 pandemic crisis**

The Covid-19 pandemic crisis is a material event with respect to the financial year, and its main effects were as follows :

- CACEIS did not pay out a dividend to its shareholders in the light of the European Central Bank's recommendation of 27 March 2020 concerning dividend policies during the Covid-19 pandemic (ECB/2020/19).
- Trading volumes increased significantly as a result of the high level of market volatility. Information system capacity was expanded, and development of the IT tools and digital platforms was speeded up to handle this increase and accommodate the mass roll-out of working-from-home arrangements for the Group's employees while keeping a lid on operating losses. The measures taken maintained business continuity and ensured there was no slip in the quality of service provided to customers.
  The increased trading volume and treasury income (widening of interest-rate spreads) had a positive impact on the bottom line for the financial year, offsetting the decline in fee and commission income linked to the value of assets under custody and administration as the markets headed lower. In addition, this decline was offset by the new mandates and the integration of KAS Bank and of Santander Securities Services.

3. FINANCIAL MANAGEMENT, RISK EXPOSURE AND HEDGING POLICY

For all the entities within the Group's scope of consolidated supervision (SCS), the "Risks and Permanent Controls" business line performs the risk management functions defined in the Order of 3 November 2014. Its purpose is to contribute to controlling the development of the CACEIS Group by ensuring the security and compliance of activities deployed to implement the commercial strategy.

The types of risks covered by the Risk Function are, by reference to Article 4 of the Order of November 3rd, 2014 :

- Operational risk, which is the risk resulting from inadequacy or failure due to internal procedures, employees, information systems or any external events, including events that are of low probability of occurrence but at high risk of loss.

- Counterparty/credit risk, which is the risk incurred in the event of default by a counterparty/client or by counterparties/clients considered to be the same beneficiary.

This includes :

  - Settlement/delivery risk, which is the risk incurred during the period between the time when the payment instruction or delivery instruction for a sold financial instrument can no longer be cancelled unilaterally and the final acceptance of the financial instrument purchased or of the corresponding cash ;
  - As part of its asset servicing / post-market activity, CACEIS carries a credit risk linked to its client's transactions (purchases / sales of securities, subscriptions / redemptions of funds shares and other transactions generating movements in cash), which are settled on customers' cash accounts which can result in an overdraft ;
  - Concentration risk, which is the direct or indirect risk arising from the granting of credit to the same counterparty, to counterparties considered to be the same beneficiary (big risk), to counterparties operating in the same economic sector or geographical area, or the granting of credit for the same activity, or the application of techniques for the reduction of credit risk, in particular securities issued by the same issuer ;
  - The risk of variation in forward operations, essentially exchange operations and temporary transfer of securities, where the default of a counterparty generates an indirect risk on the value of the underlying exchanged (currencies, securities) of which CACEIS becomes the owner ;
  - Residual risk, which is the risk that credit risk reduction techniques will have less than expected effectiveness ;
  - Risk of intermediation, which is the risk of default of a principal or a counterparty in a transaction involving financial instruments in which the subjected company provides its performance guarantee.

- Financial risks encompass the risk of impairment of assets in own account of CACEIS (proprietary assets) as a result of adverse changes in financial market conditions as well as the risk of access to scarce resources (liquidity). This includes :
-
  - Price risk on the assets of the investment portfolio ;

- Currency risk on structural positions (net position of entities in foreign currencies) and operational positions (results in foreign currencies, positions on own account (proprietary)) ;
- Overall interest rate risk, which is the risk incurred in the event of changes in interest rates due to all balance sheet and off-balance sheet transactions ;
- Basic risk on revisable-rate and variable-rate transactions that is induced by inter-index decorrelations (index gap) ;
- Liquidity risk, which is the risk of the subjected company not being able to meet its obligations or not being able to settle or offset a position due to the market situation within a fixed period and at a reasonable cost.

All these risks are taken by CACEIS Group entities in the course of their business activities. They chiefly comprise :

- Depositary banking for CIUs ;
- Market solutions ;
- Asset administration and accounting ;
- Custody and banking services ;
- Clearing ;
- Middle-office services ;
- Data management ;

The Head of the Risks and Permanent Controls business line at CACEIS reports on a hierarchic line basis to the Head of Risks and Controls, who in turn reports (owing to his/her role as supervisor of risks and permanent controls at CACEIS) to the Crédit Agricole SA Director of Risks and Permanent Controls, and reports on a functional basis to the Deputy Managing Director in charge of steering and control functions.

As an integral part of the CACEIS internal control system, the Risks and Permanent Controls business line is in charge of :

- definition and steering of the risk management system :
  - It adapts and applies the standards, methodologies and reference frames of the Crédit Agricole Group ;
  - It ensures the transcription of the Risk Appetite framework and the Risk Strategy ;
  - It ensures the mechanisms allowing the continuation of activities (Business Continuity Plan and User Backup Plan) as well as physical and computer security.
- risk measurement and analysis :
  - It identifies (risk inventory) and maps the main risks ;
  - It assesses risks through the ICAAP ;
  - It conducts stress tests covering the main group risks ;

- It produces regular reports on risks and permanent controls. The business line participates in the establishment of the internal control report (articles 258 to 266 of the Order of 3 November 2014).

- surveillance and alerts (ensures that credit risk and financial risk existing limits are respected).

- permanent controls :

  - In liaison with the business managers, it coordinates and develops the control plans of the CACEIS group ;
  - It coordinates the reconciliation of assets in accordance with the obligations of the custodian/depositary.

- projects and tools necessary to the performance of its missions :

  - It defines the IS risk master plan while ensuring its continuous improvement
  - It coordinates, with the entities and the IT business line, joint projects and tools, in consultation with DRG CAsa, CACIB RPC and the Finance Department for Risk/Finance joint projects ;
  - It defines and updates the risk static reference frames while taking into consideration the reference frames of the Crédit Agricole Group.

The "Risks and Permanent Controls" business line is based on the following principles :

- The development and dissemination of a risk culture ;
- A regularly risk appetite approved by the board of directors ;
- The steering of a risk governance and comitology that facilitate the alerts escalation process and decision making at the appropriate group level and in each entity ;
- A clear definition of the roles and responsibilities of the three lines of defence [1] in risk management ;
- The establishment and updating of risk management policies, procedures, processes, tools and reporting.

The processes for decision-making, measurement and monitoring of the various risks inherent to the business of CACEIS Group and its entities are carried out within the framework of specialised committees, composed of directors, operations managers and representatives of support and control functions.

The Compliance and Risk Committee validates new business relationships and the granting of limits. Risk reviews are regularly presented in the following group bodies: Internal Control Committee, Group Management Committee and CACEIS Board Risk and Compliance Committee.

According to the CACEIS risk inventory, the major risks (i.e. those which could call into question the achievement of CACEIS objectives) were identified together with their linking with

[1] The operational business lines are the first line of defence, the Risks and Compliance business lines are the second, and Audit Inspection is the third.

the appetite indicators. The risk inventory, appetite statement and appetite dashboards are presented to the Group Management Committee and CACEIS Board Risk and Compliance Committee.
The ICAAP process covers measures of economic capital requirements which are based on the risk identification process, and the management of these capital requirements through capital planning. Equity requirements (Pillar 1) are calculated using the standard method.

The ICAAP process covers capital requirements, which are based on this process of identifying risks and managing these capital requirements through capital planning.

Capital requirements are calculated using the standardised approach under the CRD4.

3.1. Credit risk

Credit risk is generated by credit lines and overdrafts as part of the cash account custody activity for institutional or funds clients. Among the credit product, Equity Bridge Financing (EBF)[2] on Private Equity Real Estate and Securitization (PERES) structures is the most risky one. To a lesser extent, credit risk is also linked to OTC foreign exchange and securities lending / repos transactions for clients and their hedging with market[3] counterparties for which CACEIS bears a delivery risk [4].

As part of the execution[5] and clearing services[6], CACEIS guarantees the successful completion of the transactions undertaken by the customer[7]. CACEIS bears an intermediary risk for securities execution and CACEIS is liable toward the clearing house for constituting a guarantee deposit and margin calls (clearing risk).

Concerning the retail and non-professional clients, credit exposure is marginal[8]

As part of its asset servicing activities, CACEIS bears a credit risk through customers transactions processing, which may generate an overdraft : 1/ Securities purchase with cash outflow and 2/ Credit booking (linked to a subscription, a sale of securities…) on the customer's cash account made on the contractual date (with no prior control on the receipt of cash from the counterparty of CACEIS client). Indeed, the customer bears a risk of variation which would materialize through the sale of asset to cover its likely overdraft.

As a custodian, CACEIS has a pledge on client assets in custody to cover its overdraft

[2] See the definition of EBF in point 5.1.1§.
[3] For CACEIS Bank Nederland Branch (previously KAS BANK) and CACEIS Spain (S3), CACEIS is the preferred counterparty for hedging client transactions.
[4] When a transaction is carried out with a CACEIS client and given the simultaneous posting to the client's accounts, the delivery risk may be considered theoretical. Securities lending is mainly carried out without payment, the main leg being sent before the collateral leg is received.
[5] Acting as an intermediary between a buyer and a seller, CACEIS is committed to ensuring the completion of all the transactions therefore it bears an intermediary risk variation risk if a client or a broker does not pay or deliver the securities.
[6] CACEIS plays the role of an intermediary between clients and CCPs or Sub Clearers for the derivatives activity of the clients. CACEIS bears a variation risk related to the default of a client in the scenario where the losses due to the liquidation of the positions exceed the IM (initial margin) paid by the client.
[7] The activity does not generate market risk exposure since transactions are carried out done simultaneously (i.e. back to back).
[8] CACEIS Bank Netherlands opens securities & cash accounts for the NPC only upon request of the asset manager (AM). All orders are instructed by the AM. (tri-party agreement). CACEIS Bank Netherlands also provides listed derivatives clearing to those NPCs. CACEIS Spain has a direct relationship with clients, but does not currently authorize overdrafts nor provides clearing services

exposure, with some exceptions. The residual risk[9] is low as the assets pledged are in practice far above the credit risk exposure (Credit limit ≤ 30% of the assets for a client with an internal rating of BB/D and 15% for client rated B/E).

From a credit risk perspective, customers with non-investment grade ratings and with illiquid assets or even no assets in custody at all are the most risky : Private Equity Funds, Alternative investment funds (AIFs), brokers for custody/settlement and clearing services and other customers (Commodities, Financial institutions, Funds) which may not be in custody.

A large part of credit exposure arises from CACEIS reinvestment of its liquidity surplus in nostri accounts (essentially central banks), in money-markets and bonds for its own account. The bond portfolio is composed of CA Group bonds, sovereign debt and to a lesser extent banks bonds.

Consequently, CACEIS carries a sovereign risk mainly generated by central bank nostri exposure and HQLA bonds, and to a lesser extent a country risk.

CACEIS bears also a concentration risk on the banking/financial sector, on its shareholder CASA and on sovereign issuers .

CACEIS has exposure on non-bank financial intermediation entities (NBFI ex Shadow Banking). This mainly relates to exposures to money market funds and to bank issuers located in countries with regulations deemed not to be equivalent to European regulations. To a limited extent and as part of its liquidity replacement activity, CACEIS also carries NBFI exposure on securitized assets.

The setting of limits is the responsibility of the Compliance and Risk Committee (RCC) which decides on the basis of the proposals formulated by the Risk Department. The assessment of credit risk is expressed by an internal "rating" given to the counterparty. The internal risk limits proposed for the customer take into account the rating and the client assets or the amount it holds in custody.

As part of the clearing services (listed derivatives and securities), intraday limits are set to oversee the customer's deposit (Initial Margin –IM- limit) and the customer's ability to pay CCP requirement in the short term (cash call limit/net buying position).

All these limits are allocated in accordance with the Delegation scheme, Credit Policy and Envelopes approved by CASA.

Oversight of the banking risk (excluding *lori* clients) is carried out according to the group's FIRCOM process.

All credit risk exposure, as well as delivery and settlement exposure, are subject to daily control to ensure compliance with the limits. In addition, a priori controls are in place on client transactions without a securities component (i.e. absence of securities collateral associated with the transaction). These are intraday ex-ante controls on pure cash outflows and payments of funds redemptions.

When limits are exceeded, they are analysed by the credit teams. Depending on the anomalies encountered, alerts are sent to the customer relationship team.

In addition to the individual credit limits, credit risk is managed through sectorial limits or envelopes, specific to some clients sectors: counterparties identified as non-bank financial

[9] The residual risk is a second order risks that may occur when, in case of a client's default, CACEIS has to activate the pledge clause.

intermediation entities (NBFI ex Shadow Banking), Private Equity Funds (for equity bridge financing), and real estate funds.

A country limit also applies to all exposures in a given country.

3.1.1. Change in carrying amounts and value adjustments for losses during the period

Value adjustments for losses correspond to the impairment of assets and to provisions for off-balance sheet commitments recognised in net income ("Cost of risk") relating to credit risk.

The following tables present a reconciliation of the opening and closing balances of value adjustments for losses recognised under Cost of risk and associated carrying amounts, by accounting category and type of instrument.

Financial assets at amortised cost: debt securities

	Performing assets				Credit-impaired assets (Bucket 3)		Total		
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)						
(in thousands of euros)	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount (a)	Loss allowance (b)	Net carrying amount (a) + (b)
Balance at 31 December 2019	**20 060 734**	**-7 276**					**20 060 734**	**-7 276**	**20 053 458**
Transfers between buckets during the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Transfers from Bucket 1 to Bucket 2							0	0	
Return from Bucket 2 to Bucket 1							0	0	
Transfers to Bucket 3 (1)							0	0	
Return from Bucket 3 to Bucket 2 / Bucket 1							0	0	
Total after transfers	**20 060 734**	**-7 276**	**0**	**0**	**0**	**0**	**20 060 734**	**-7 276**	**20 053 458**
Changes in gross carrying amounts and loss allowances	**12 266 525**	**-4 949**	**0**	**0**	**0**	**0**	**12 266 525**	**-4 949**	
New financial assets : purchase, granting, origination,... (2)	12 266 677	-10 218					12 266 677	-10 218	
Derecognition : disposal, repayment, maturity...	-152	5 269					-152	5 269	
Write-offs							0	0	
Changes of cash flows resulting in restructuring due to financial difficulties								0	
Changes in models' credit risk parameters during the period								0	
Changes in model / methodology								0	
Changes in scope							0	0	
Other							0	0	
Total	**32 327 259**	**-12 225**	**0**	**0**	**0**	**0**	**32 327 259**	**-12 225**	**32 315 034**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	240 179					0	240 179		
Balance at 31 December 2020	**32 567 438**	**-12 225**	**0**	**0**	**0**	**0**	**32 567 438**	**-12 225**	**32 555 213**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	0		0		0		0		

(1) Transfers to Bucket 3 correspond to outstandings initially classified in Bucket 1, which were downgraded during the year directly to Bucket 3, or to Bucket 2, then Bucket 3.
(2) Originations in Bucket 2 may include loans originated in Bucket 1, then reclassified in Bucket 2 during the period.
(3) Includes variations in the fair value revaluations of micro-hedged instruments, variations relating to the use of the EIR method (in particular amortization of premiums / discounts) and variations relating to the discounting of discounts noted on restructured loans (recovery in NBI on the residual maturity of the asset).

Financial assets at amortised cost: loans and receivables due from credit institutions

(in thousands of euros)	Performing assets				Credit-impaired assets (Bucket 3)		Total		
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)						
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount (a)	Loss allowance (b)	Net carrying amount (a) + (b)
Balance at 31 December 2019	**31 478 634**	**-563**	**0**	**0**	**437**	**-437**	**31 479 071**	**-1 000**	**31 478 071**
Transfers between buckets during the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Transfers from Bucket 1 to Bucket 2							0	0	
Return from Bucket 2 to Bucket 1							0	0	
Transfers to Bucket 3 (1)							0	0	
Return from Bucket 3 to Bucket 2 / Bucket 1							0	0	
Total after transfers	**31 478 634**	**-563**	**0**	**0**	**437**	**-437**	**31 479 071**	**-1 000**	**31 478 071**
Changes in gross carrying amounts and loss allowances	**-14 126 995**	**73**	**0**	**0**	**-70**	**70**	**-14 127 064**	**143**	
New financial assets : purchase, granting, origination,… (2)	10 684 167	-37					10 684 167	-37	
Derecognition : disposal, repayment, maturity...	-24 811 120	54			-70	70	-24 811 189	124	
Write-offs							0	0	
Changes of cash flows resulting in restructuring due to financial difficulties							0	0	
Changes in models' credit risk parameters during the period		49						49	
Changes in model / methodology									
Changes in scope							0	0	
Other	-42	6					-42	6	
Total	**17 351 639**	**-490**	**0**	**0**	**367**	**-367**	**17 352 007**	**-857**	**17 351 149**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	-33 956						-33 956		
Balance at 31 December 2020	**17 317 683**	**-490**	**0**	**0**	**367**	**-367**	**17 318 051**	**-857**	**17 317 193**

Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	0		0		0		0		

(1) Transfers to Bucket 3 correspond to outstandings initially classified in Bucket 1, which were downgraded during the year directly to Bucket 3, or to Bucket 2, then Bucket 3.

(2) Originations in Bucket 2 may include loans originated in Bucket 1, then reclassified in Bucket 2 during the period.

(3) Includes variations in the fair value revaluations of micro-hedged instruments, variations relating to the use of the EIR method (in particular amortization of premiums / discounts) and variations relating to the discounting of discounts noted on restructured loans (recovery in NBI on the residual maturity of the asset).

Financial assets at amortised cost: loans and receivables due from customers

(in thousands of euros)	Performing assets				Credit-impaired assets (Bucket 3)		Total		
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)						
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount (a)	Loss allowance (b)	Net carrying amount (a) + (b)
Balance at 31 December 2019	**6 985 819**	**-2 768**	**16 315**	**-21**	**7 873**	**-7 873**	**7 010 007**	**-10 662**	**6 999 345**
Transfers between buckets during the period	**-120**	**1**			**120**	**-120**		**-119**	
Transfers from Bucket 1 to Bucket 2									
Return from Bucket 2 to Bucket 1									
Transfers to Bucket 3 (1)	-120	1			120	-120		-119	
Return from Bucket 3 to Bucket 2 / Bucket 1									
Total after transfers	**6 985 699**	**-2 767**	**16 315**	**-21**	**7 993**	**-7 993**	**7 010 007**	**-10 781**	**6 999 226**
Changes in gross carrying amounts and loss allowances	**-1 054 529**	**-5 620**	**-2 012**	**21**	**-11 313**	**1 003**	**-1 067 852**	**-4 596**	
New financial assets : purchase, granting, origination,… (2)	1 916 020	-9 488	10	-73			1 916 032	-9 561	
Derecognition : disposal, repayment, maturity...	-2 970 549	3 891	-2 022	73	-10 974	230	-2 983 545	4 194	
Write-offs					-339	918	-339	918	
Changes of cash flows resulting in restructuring due to financial difficulties		-1				-143		-144	
Changes in models' credit risk parameters during the period						-2		-2	
Changes in model / methodology									
Changes in scope									
Other		-22		21				-1	
Total	**5 931 170**	**-8 387**	**14 303**		**-3 320**	**-6 990**	**5 942 155**	**-15 377**	**5 926 778**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	10				143		153		
Balance at 31 December 2020	**5 931 180**	**-8 387**	**14 303**		**-3 177**	**-6 990**	**5 942 308**	**-15 377**	**5 926 931**

Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures									

(1) Transfers to Bucket 3 correspond to outstandings initially classified in Bucket 1, which were downgraded during the year directly to Bucket 3, or to Bucket 2, then Bucket 3.
(2) Originations in Bucket 2 may include loans originated in Bucket 1, then reclassified in Bucket 2 during the period.
(3) Includes variations in the fair value revaluations of micro-hedged instruments, variations relating to the use of the TIE method (in particular amortization of premiums / discounts), variations relating to the discounting of discounts recorded on restructured loans (recovery in Revenues on the residual maturity of the asset) and changes in related receivables.

Financial assets at fair value through other comprehensive income: debt securities

(in thousands of euros)	Performing assets				Credit-impaired assets (Bucket 3)		Total	
	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)					
	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance
Balance at 31 December 2019	**13 096 229**	**-4 817**	**0**	**0**	**0**	**0**	**13 096 229**	**-4 817**
Transfers between buckets during the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers from Bucket 1 to Bucket 2							0	0
Return from Bucket 2 to Bucket 1							0	0
Transfers to Bucket 3 (1)							0	0
Return from Bucket 3 to Bucket 2 / Bucket 1							0	0
Total after transfers	**13 096 229**	**-4 817**	**0**	**0**	**0**	**0**	**13 096 229**	**-4 817**
Changes in gross carrying amounts and loss allowances	**-3 706 957**	**1 130**	**0**	**0**	**0**	**0**	**-3 706 958**	**1 130**
Fair value revaluation during the period	14 514						14 514	
New financial assets : purchase, granting, origination,… (2)	167 967	-4 289					167 967	-4 289
Derecognition : disposal, repayment, maturity...	-3 889 438	5 419					-3 889 439	5 419
Write-offs							0	0
Changes of cash flows resulting in restructuring due to financial difficulties							0	0
Changes in models' credit risk parameters during the period								0
Changes in model / methodology								0
Changes in scope							0	0
Other							0	0
Total	**9 389 272**	**-3 687**	**0**	**0**	**0**	**0**	**9 389 271**	**-3 687**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	-72 280						-72 280	
Balance at 31 December 2020	**9 316 992**	**-3 687**	**0**	**0**	**0**	**0**	**9 316 991**	**-3 687**

Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	0		0		0		0	

(1) Transfers to Bucket 3 correspond to outstandings initially classified in Bucket 1, which were downgraded during the year directly to Bucket 3, or to Bucket 2, then Bucket 3.
(2) Originations in Bucket 2 may include loans originated in Bucket 1, then reclassified in Bucket 2 during the period(3) Includes impacts relating to the use of the TIE method (in particular amortization of premiums / discounts)

Financing commitments

(in thousands of euros)	Performing commitments				Provisioned commitments (Bucket 3)		Total		
	Commitments subject to 12-month ECL (Bucket 1)		Commitments subject to lifetime ECL (Bucket 2)						
	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment (a)	Loss allowance (b)	Net amount of commitment (a) + (b)
Balance at 31 December 2019	**1 031 887**	**-3 149**		**-762**			**1 031 887**	**-3 911**	**1 027 976**
Transfers between buckets during the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Transfers from Bucket 1 to Bucket 2							0	0	
Return from Bucket 2 to Bucket 1							0	0	
Transfers to Bucket 3 (1)							0	0	
Return from Bucket 3 to Bucket 2 / Bucket 1							0	0	
Total after transfers	**1 031 887**	**-3 149**	**0**	**-762**	**0**	**0**	**1 031 887**	**-3 911**	**1 027 976**
Changes in commitments and loss allowances	**177 090**	**450**	**0**	**762**	**0**	**0**	**177 090**	**1 212**	
New commitments given	584 261	-3 182					584 261	-3 182	
End of commitments	-406 917	4 394					-406 917	4 394	
Write-offs									
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period									
Changes in model / methodology									
Changes in scope									
Other	-254	-762		762			-254	0	
Balance at 31 December 2020	**1 208 977**	**-2 699**	**0**	**0**	**0**	**0**	**1 208 977**	**-2 699**	**1 206 278**

(1) Transfers to Bucket 3 correspond to outstandings initially classified in Bucket 1, which were downgraded during the year directly to Bucket 3, or to Bucket 2, then Bucket 3.
(2) New commitments given in Bucket 2 may include commitments originating in Bucket 1 reclassified in Bucket 2 during the period.

Guarantee commitments

(in thousands of euros)	Performing commitments: Commitments subject to 12-month ECL (Bucket 1)		Performing commitments: Commitments subject to lifetime ECL (Bucket 2)		Provisioned commitments (Bucket 3)		Total		
	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment	Loss allowance	Amount of commitment (a)	Loss allowance (b)	Net amount of commitment (a) + (b)
Balance at 31 December 2019	**507 745**	**-19**	**3 082**	**-920**	**0**	**0**	**510 827**	**-939**	**509 888**
Transfers between buckets during the period	**80**	**-1**	**-80**	**1**	**0**	**0**	**0**	**0**	
Transfers from Bucket 1 to Bucket 2							0	0	
Return from Bucket 2 to Bucket 1	80	-1	-80	1			0	0	
Transfers to Bucket 3 (1)							0	0	
Return from Bucket 3 to Bucket 2 / Bucket 1							0	0	
Total after transfers	**507 825**	**-20**	**3 002**	**-919**	**0**	**0**	**510 827**	**-939**	**509 888**
Changes in commitments and loss allowances	**-97 766**	**-79**	**-1 101**	**9**	**0**	**0**	**-98 867**	**-70**	
New commitments given (2)	231	-85	100	-670			331	-755	
End of commitments	-98 221	5	-1 201	679			-99 422	684	
Write-offs							0	0	
Changes of cash flows resulting in restructuring due to financial difficulties							0	0	
Changes in models' credit risk parameters during the period								0	
Changes in model / methodology								0	
Changes in scope							0	0	
Other	224	1					224	1	
Balance at 31 December 2020	**410 059**	**-99**	**1 901**	**-910**	**0**	**0**	**411 960**	**-1 009**	**410 951**

(1) Transfers to Bucket 3 correspond to outstandings initially classified in Bucket 1, which were downgraded during the year directly to Bucket 3, or to Bucket 2, then Bucket 3.
(2) New commitments given in Bucket 2 may include commitments originating in Bucket 1 reclassified in Bucket 2 during the period.

3.1.2. Maximum exposure to credit risk

An entity's maximum exposure to credit risk represents the carrying amount, net of any impairment loss recognised and without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify for offset in accordance with IAS 32).

The tables below show the maximum exposures as well as the amount of collateral held and other credit enhancements allowing this exposure to be reduced.

Impaired assets at the end of the reporting period constitute the impaired assets (Bucket 3).

Financial assets not subject to impairment requirements (accounted at fair value through profit or loss)

	At 31 December 2020					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
(in thousands of euros)	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**479 395**	**0**	**0**	**0**	**0**	**0**
Financial assets held for trading	476 637					
Debt instruments that do not meet the conditions of the "SPPI" test	2 758					
Financial assets designated at fair value through profit or loss						
Hedging derivative Instruments	**21 633**					
Total	**501 028**	**0**	**0**	**0**	**0**	**0**

	At 31 December 2019					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
(in thousands of euros)	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**548 504**	**0**	**0**	**0**	**0**	**0**
Financial assets held for trading	545 840					
Debt instruments that do not meet the conditions of the " SPPI" test	2 664					
Financial assets designated at fair value through profit or loss						
Hedging derivative Instruments	**31 277**					
Total	**579 781**	**0**	**0**	**0**	**0**	**0**

Financial assets subject to impairment requirements

	At 31 December 2020					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
(in thousands of euros)	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	**9 316 991**	**0**	**0**	**0**	**0**	**0**
of which impaired assets at the reporting date						
Loans and receivables due from credit institutions (excluding Crédit Agricole internal transactions)						
of which impaired assets at the reporting date						
Loans and receivables due from customers						
of which impaired assets at the reporting date						
Debt securities	9 316 991					
of which impaired assets at the reporting date						
Financial assets at amortised cost	**55 799 337**	**7 857 354**	**0**	**1 562 290**	**0**	**0**
of which impaired assets at the reporting date	4 136					
Loans and receivables due from credit institutions	17 317 193	5 465 125		844 443		
of which impaired assets at the reporting date						
Loans and receivables due from customers	5 926 931	2 392 229		717 847		
of which impaired assets at the reporting date	4 136					
Debt securities	32 555 213					
of which impaired assets at the reporting date						
Total	**65 116 328**	**7 857 354**	**0**	**1 562 290**	**0**	**0**
of which impaired assets at the reporting date	-4 136					

	At 31 December 2019					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
(in thousands of euros)	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	**13 096 229**	**0**	**0**	**0**	**0**	**0**
of which impaired assets at the reporting date						
Loans and receivables due from credit institutions (excluding Crédit Agricole internal transactions)						
of which impaired assets at the reporting date						
Loans and receivables due from customers						
of which impaired assets at the reporting date						
Debt securities	13 096 229					
of which impaired assets at the reporting date						
Financial assets at amortised cost	**58 530 874**	**7 275 614**	**0**	**0**	**0**	**0**
of which impaired assets at the reporting date						
Loans and receivables due from credit institutions	31478 071	3 678 597				
of which impaired assets at the reporting date						
Loans and receivables due from customers	6 999 345	3 597 017				
of which impaired assets at the reporting date						
Debt securities	20 053 458					
of which impaired assets at the reporting date						
Total	**71 627 103**	**7 275 614**	**0**	**0**	**0**	**0**
of which impaired assets at the reporting date	0	0	0	0	0	0

Off-balance sheet commitments subject to provision requirements

(in thousands of euros)	At 31 December 2020					
	Maximum exposure to credit risk	Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
		Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Guarantee commitments (excluding Crédit Agricole internal transactions)	410 951					
of which provisioned commitments at the reporting date						
Financing commitments (excluding Crédit Agricole internal transactions)	1 206 278					
of which provisioned commitments at the reporting date						
Total	1 617 229	0	0	0	0	0
of which provisioned commitments at the reporting date	0	0	0	0	0	0

(in thousands of euros)	At 31 December 2019					
	Maximum exposure to credit risk	Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
		Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Guarantee commitments (excluding Crédit Agricole internal transactions)	509 888					
of which provisioned commitments at the reporting date						
Financing commitments (excluding Crédit Agricole internal transactions)	1 027 976					
of which provisioned commitments at the reporting date						
Total	1 537 864	0	0	0	0	0
of which provisioned commitments at the reporting date						

A description of the assets held as collateral is provided in note 9 “Commitments given and received and other guarantees”.

3.1.3. Concentrations of credit risk

The carrying amounts and commitments are presented net of impairment and provisions.

Exposure to credit risk by category of credit risk

The credit risk categories are presented by probability of default intervals.

Financial assets at amortised cost

(in thousands of euros)	Credit risk rating grades	At 31 December 2020				At 31 December 2019			
		Carrying amount				Carrying amount			
		Performing assets				Performing assets			
		Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
Retail customers	PD ≤ 0,5%	3 025			3 025	3 610			3 610
	0,5% < PD ≤ 2%								
	2% < PD ≤ 20%								
	20% < PD < 100%								
	PD = 100%							17	17
Total Retail customers		**3 025**			**3 025**	**3 610**		**17**	**3 627**
Non-retail customers	PD ≤ 0,6%	55 423 196			55 423 196	47 536 307			47 536 307
	0,6% < PD < 12%	390 106			390 106	10 985 296	2 012		10 987 308
	12% ≤ PD < 100%				0				0
	PD = 100%			11 493	11 493			22 596	22 596
Total Non-retail customers		**55 813 302**		**11 493**	**55 824 795**	**58 521 603**	**2 012**	**22 596**	**58 546 211**
Impairment		-21 125		-7 357	-28 482	-10 633	-21	-8 310	-18 964
Total		**55 795 201**	**0**	**4 136**	**55 799 337**	**58 514 580**	**1 991**	**14 303**	**58 530 874**

Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss

(in thousands of euros)	Credit risk rating grades	At 31 December 2020				At 31 December 2019			
		Carrying amount				Carrying amount			
		Performing assets				Performing assets			
		Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
Retail customers	PD ≤ 0,5%				0				
	0,5% < PD ≤ 2%				0				
	2% < PD ≤ 20%				0				
	20% < PD < 100%				0				
	PD = 100%				0				
Total Retail customers		**0**	**0**	**0**	**0**				
Non-retail customers	PD ≤ 0,6%	9 316 991			9 316 991	12 446 416			12 446 416
	0,6% < PD < 12%				0	655 967			655 967
	12% ≤ PD < 100%				0				0
	PD = 100%				0				0
Total Non-retail customers		**9 316 991**	**0**	**0**	**9 316 991**	**13 102 383**			**13 102 383**
Total		**9 316 991**	**0**	**0**	**9 316 991**	**13 096 229**			**13 096 229**

Financing commitments

(in thousands of euros)	Credit risk rating grades	At 31 December 2020				At 31 December 2019			
		Amount of commitment				Amount of commitment			
		Performing commitments		Provisioned commitments (Bucket 3)	Total	Performing commitments		Provisioned commitments (Bucket 3)	Total
		Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)			Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)		
Retail customers	PD ≤ 0,5%								
	0,5% < PD ≤ 2%								
	2% < PD ≤ 20%								
	20% < PD < 100%								
	PD = 100%								
Total Retail customers		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-retail customers	PD ≤ 0,6%	705 908			705 908	552 612			552 612
	0,6% < PD < 12%	503 069			503 069	479 275			479 275
	12% ≤ PD < 100%				0				0
	PD = 100%				0				0
Total Non-retail customers		**1 208 977**	**0**	**0**	**1 208 977**	**1 031 887**	**0**	**0**	**1 031 887**
				0	0				
Provisions (1)		-2699		0	-2699	-3 149	-762		-3 911
Total		**1 206 278**	**0**	**0**	**1 206 278**	**1 028 738**	**-762**	**0**	**1 027 976**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

Garantee commitments

(in thousands of euros)	Credit risk rating grades	At 31 December 2020				At 31 December 2019			
		Amount of commitment				Amount of commitment			
		Performing commitments		Provisioned commitments (Bucket 3)	Total	Performing commitments		Provisioned commitments (Bucket 3)	Total
		Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)			Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)		
Retail customers	PD ≤ 0,5%								0
	0,5% < PD ≤ 2%								0
	2% < PD ≤ 20%								0
	20% < PD < 100%								0
	PD = 100%								0
Total Retail customers		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-retail customers	PD ≤ 0,6%	407 210	0		407 210	10 775	3 082		13 857
	0,6% < PD < 12%	2 849	1 901		4 750	496 970	0		496 970
	12% ≤ PD < 100%								0
	PD = 100%							0	0
Total Non-retail customers		**410 059**	**1 901**	**0**	**411 960**	**507 745**	**3 082**	**0**	**510 827**
Provisions (1)		-99	-910	0	-1009	-19	-920	0	-939
Total		**409 960**	**991**	**0**	**410 951**	**507 726**	**2162**	**0**	**509 888**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

Credit risk concentrations by customer type

Financial assets at amortised cost by customer type

(in thousands of euros)	At 31 December 2020				At 31 December 2019			
	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets (Bucket 3)	Total	Performing assets		Credit-impaired assets (Bucket 3)	Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)			Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)		
General administration	1 945 150			1 945 150	246 471			246 471
Central banks	2 086 862			2 086 862	23 684 585			23 684 585
Credit institutions	44 573 824		367	44 574 191	26 182 786		437	26 183 223
Large corporates	7 207 466		11 126	7 218 592	8 407 761	2 012	22 159	8 431 932
Retail customers	3 025			3 025	3 610		17	3 627
Impairment	-21 125		-7 357	-28 482	-10 633	-21	-8 310	-18 964
Total	**55 795 201**	**0**	**4 136**	**55 799 337**	**58 514 580**	**1 991**	**14 303**	**58 530 874**

Financial assets designated at fair value through profit or loss by customer type

(in thousands of euros)	At 31 December 2020				At 31 December 2019			
	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets (Bucket 3)	Total	Performing assets		Credit-impaired assets (Bucket 3)	Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)			Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)		
General administration	324 026			324 026	935 768			935 768
Central banks	53 451			53 451	60 605			60 605
Credit institutions	8 916 801			8 916 801	11 954 689			11 954 689
Large corporates	22 713			22 713	145 167			145 167
Retail customers								
Total	**9 316 991**	**0**	**0**	**9 316 991**	**13 096 229**	**0**	**0**	**13 096 229**

Due to customers by customer type

(in thousands of euros)	**31/12/2020**	**31/12/2019**
General administration	146 708	107 086
Large corporates	94 779 456	71 617 893
Retail customers	103 862	118 953
Total Amount due to customers	**95 030 026**	**71 843 932**

Financing commitments by customer type

	At 31 December 2020				At 31 December 2019			
	Amount of commitment				Amount of commitment			
	Performing commitments		Provisioned commitments (Bucket 3)	Total	Performing commitments		Provisioned commitments (Bucket 3)	Total
(in thousands of euros)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)			Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)		
General administration				0				0
Central banks				0				0
Credit institutions	33 996			33 996	100 000			100 000
Large corporates	1 174 981			1 174 981	931 887			931 887
Retail customers				0				0
				0				0
Provisions (1)	-2 699			-2 699	-3 149	-762		-3 911
Total	**1 206 278**	**0**	**0**	**1 206 278**	**1 028 738**	**-762**	**0**	**1 027 976**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

Garantee commitments by customer type

	At 31 December 2020				At 31 December 2019			
	Amount of commitment				Amount of commitment			
	Performing commitments		Provisioned commitments (Bucket 3)	Total	Performing commitments		Provisioned commitments (Bucket 3)	Total
(in thousands of euros)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)			Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)		
General administration				0				0
Central banks	997			997				0
Credit institutions	4 914	891		5 805	4 952			4 952
Large corporates	404 148	1 010		405 158	502 058			502 058
Retail customers				0				0
Provisions (1)	-99	-910		-1 009	-19			-19
Total	**409 960**	**991**	**0**	**410 951**	**506 991**	**0**	**0**	**506 991**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

Credit risk concentrations by geographical area

Financial assets at amortised cost by geographical area

(in thousands of euros)	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets (Bucket 3)	Total	Performing assets		Credit-impaired assets (Bucket 3)	Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)			Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)		
France (including overseas departments and territories)	21 419 329			21 419 329	30 296 391	2 012		30 298 403
Other European Union countries	8 698 295		5 505	8 703 800	26 468 584		16 435	26 485 019
Other European countries (1)	24 154 308			24 154 308	126 235			126 235
North America	1 139 733			1 139 733	1 082 544			1 082 544
Central and South America	16 750		5 988	22 738	25 805		6 178	31 983
Africa and Middle East	18 441			18 441	64 093			64 093
Asia-Pacific (ex. Japan)	350 073			350 073	322 453			322 453
Japan	19 398			19 398	139 108			139 108
Supranational organisations								
Impairment	-21 125		-7 357	-28 482	-10 633	-21	-8 310	-18 964
Total	**55 795 201**	**0**	**4 136**	**55 799 337**	**58 514 580**	**1 991**	**14 303**	**58 530 874**

(1) As of December 31, 2020, the United Kingdom is presented in the line item "Other European countries".

Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss by geographical area

(in thousands of euros)	At 31 December 2020				At 31 December 2019			
	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets (Bucket 3)	Total	Performing assets		Credit-impaired assets (Bucket 3)	Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)			Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)		
France (including overseas departments and territories)	1 842 340			1 842 340	3 473 651			3 473 651
Other European Union countries	522 805			522 805	8 217 522			8 217 522
Other European countries (1)	6 711 007			6 711 007	150 266			150 266
North America	225 813			225 813	965 842			965 842
Central and South America				0				0
Africa and Middle East				0	44 756			44 756
Asia-Pacific (ex. Japan)	15 026			15 026	244 192			244 192
Japan				0				0
Supranational organisations				0				0
Total	**9 316 991**	**0**	**0**	**9 316 991**	**13 096 229**	**0**	**0**	**13 096 229**

(1) As of December 31, 2020, the United Kingdom is presented in the line item "Other European countries".

Due to customers by geographical area

(in thousands of euros)	**31/12/2020**	**31/12/2019**
France (including overseas departments and territories)	60 000 720	40 312 982
Other European Union countries	33 492 349	30 834 235
Other European countries (1)	1 359 534	575 444
North America	4 562	2 637
Central and South America	152 575	103 437
Africa and Middle East	12 928	9 073
Asia-Pacific (ex. Japan)	923	6 016
Japan	6 435	108
Supranational organisations		
Total Amount due to customers	**95 030 026**	**71 843 932**

(1) As of December 31, 2020, the United Kingdom is presented in the line item "Other European countries".

Financing commitments by geographical area

	At 31 December 2020				**At 31 December 2019**			
	Amount of commitment				**Amount of commitment**			
	Performing commitments		**Provisioned commitments (Bucket 3)**	**Total**	**Performing commitments**		**Provisioned commitments (Bucket 3)**	**Total**
(in thousands of euros)	**Commitments subject to 12-month ECL (Bucket 1)**	**Commitments subject to lifetime ECL (Bucket 2)**			**Commitments subject to 12-month ECL (Bucket 1)**	**Commitments subject to lifetime ECL (Bucket 2)**		
France (including overseas departments and territories)	947 127			947 127	763 247			763 247
Other European Union countries	260 200			260 200	266 736			266 736
Other European countries				0				0
North America	1 650			1 650	1 904			1 904
Central and South America				0				0
Africa and Middle East				0				0
Asia-Pacific (ex. Japan)				0				0
Japan				0				0
Supranational organisations				0				0
Provisions (1)	-2 699			-2 699	-3 149	-762		-3 911
Total	**1 206 278**	**0**	**0**	**1 206 278**	**1 028 738**	**-762**	**0**	**1 027 976**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

Garantee commitments by geographical area

(in thousands of euros)	At 31 December 2020				At 31 December 2019			
	Amount of commitment				Amount of commitment			
	Performing commitments		Provisioned commitments (Bucket 3)	Total	Performing commitments		Provisioned commitments (Bucket 3)	Total
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)			Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)		
France (including overseas departments and territories)	225			225	207			207
Other European Union countries	409 834	1 901		411 735	507 538	3 082		510 620
Other European countries				0				0
North America				0				0
Central and South America				0				0
Africa and Middle East				0				0
Asia-Pacific (ex. Japan)				0				0
Japan				0				0
Supranational organisations				0				0
				0				0
Provisions (1)	-99	-910		-1 009	-19	-920		-939
Total	**409 960**	**991**	**0**	**410 951**	**507 726**	**2 162**	**0**	**509 888**

(1) Expected or proven losses in respect of off-balance sheet commitments are covered by provisions recognised as liabilities on the balance sheet.

3.1.4. Information on watch list or individually impaired financial assets

The amount of financial assets on watch list as of December 31, 2020 amounted to 11.5 million euros. They are impaired for 7.4 million euros. Financial assets at amortized cost classified in bucket 3 for 4.1 million euros are not subject to any impairment. CACEIS has obligations covering credit risk as collateral, the value of the financial assets in guarantee being greater than the outstanding default.

3.2. Market risk

The exchange rate risk relating to operational positions is not significant due to the low level of limits applied by the CACEIS Group. CACEIS Group is exposed to exchange rate risk relating to structural positions (equity of subsidiaries denominated in currencies other than the euro) on its investments in Brazil, Mexico and Colombia. As part of the prudential regulations applicable to the CACEIS Group, and in accordance with the strategy agreed with the Crédit Agricole S.A. Group, CACEIS has set up a net foreign investment hedge (NIH) on S3 CACEIS Latam Holding 1, S.L.'s investments in companies located in Latin America (Brazil and Mexico) in order to hedge the structural foreign exchange risk impacting the Group's Common Equity Tier 1.

The Risk Department verifies that the limits are respected on the basis of the closing positions at D-1. CACEIS alerts CASA Risk Department if any overrun of the overall risk limits occurs.

To a lesser extent, a market risk is generated by customer activities. For Securities Finance activities, CACEIS may keep a mismatch of maturities in its book to accommodate the hedging of clients transactions. For Forex transactions, mismatches are mainly caused by the hedging of small orders.

Derivative instruments : Analysis by remaining maturity

Hedging derivative instruments - Fair value of assets

(in thousands of euros)	31/12/2020						
	Exchange-traded transactions			Over-the-counter transactions			Total market value
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	**0**	**0**	**0**	**8 699**	**202**	**12 732**	**21 633**
Futures							0
FRAs							0
Interest rate swaps				8 699	202	12 732	21 633
Interest rate options							0
Caps - floors - collars							0
Other options							0
Currency instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							0
Currency options							0
Other instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other							0
Subtotal	**0**	**0**	**0**	**8 699**	**202**	**12 732**	**21 633**
Forward currency transactions							0
Total Fair value of hedging derivatives - Assets	**0**	**0**	**0**	**8 699**	**202**	**12 732**	**21 633**

(in thousands of euros)	31/12/2019						
	Exchange-traded transactions			Over-the-counter transactions			Total market value
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	**0**	**0**	**0**	**0**	**1 353**	**29 924**	**31 277**
Futures							0
FRAs							0
Interest rate swaps					1 353	29 924	31 277
Interest rate options							0
Caps - floors - collars							0
Other options							0
Currency instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							0
Currency options							0
Other instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other							0
Subtotal	**0**	**0**	**0**	**0**	**1 353**	**29 924**	**31 277**
Forward currency transactions							0
Total Fair value of hedging derivatives - Assets	**0**	**0**	**0**	**0**	**1 353**	**29 924**	**31 277**

Hedging derivative instruments – fair value of liabilities

(in thousands of euros)	31/12/2020						
	Exchange-traded transactions			Over-the-counter transactions			Total market value
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	**0**	**0**	**0**	**347 789**	**431 447**	**131 713**	**910 949**
Futures							0
FRAs							0
Interest rate swaps				347 789	431 447	131 713	910 949
Interest rate options							0
Caps - floors - collars							0
Other options							0
Currency instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							0
Currency options							0
Other instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other							0
Subtotal	**0**	**0**	**0**	**347 789**	**431 447**	**131 713**	**910 949**
Forward currency transactions							0
Total Fair value of hedging derivatives - Liabilities	**0**	**0**	**0**	**347 789**	**431 447**	**131 713**	**910 949**

(in thousands of euros)	31/12/2019						
	Exchange-traded transactions			Over-the-counter transactions			Total market value
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	**0**	**0**	**0**	**117 754**	**284 739**	**145 503**	**547 996**
Futures							0
FRAs							0
Interest rate swaps				117 754	284 739	145 503	547 996
Interest rate options							0
Caps - floors - collars							0
Other options							0
Currency instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							0
Currency options							0
Other instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other							0
Subtotal	**0**	**0**	**0**	**117 754**	**284 739**	**145 503**	**547 996**
Forward currency transactions							0
Total Fair value of hedging derivatives - Liabilities	**0**	**0**	**0**	**117 754**	**284 739**	**145 503**	**547 996**

Derivative instruments held for trading – fair value of assets

	31/12/2020						
	Exchange-traded transactions			Over-the-counter transactions			Total market value
(in thousands of euros)	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments				**734**			**734**
Futures							0
FRAs							0
Interest rate swaps				734			734
Interest rate options							0
Caps - floors - collars							0
Other options							0
Currency and gold instruments							**0**
Currency futures							0
Currency options							0
Other instruments	**68 655**	**20 844**	**296**	**576**			**90 371**
Equity and index derivatives	68 655	20 844	296	576			90 371
Precious metal derivatives							0
Commodities derivatives							0
Credit derivatives							0
Other							0
Subtotal	**68 655**	**20 844**	**296**	**1 310**			**91 105**
Forward currency transactions					385 532		385 532
Total Fair value of transaction derivatives - Assets	**68 655**	**20 844**	**296**	**1 310**	**385 532**		**476 637**

	31/12/2019						
	Exchange-traded transactions			Over-the-counter transactions			Total market value
(in thousands of euros)	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments				**167 716**			**167 716**
Futures							0
FRAs							0
Interest rate swaps				167 716			167 716
Interest rate options							0
Caps - floors - collars							0
Other options							0
Currency and gold instruments							**0**
Currency futures							0
Currency options							0
Other instruments	**68 280**	**39 836**	**12**	**628**	**225**		**108 981**
Equity and index derivatives	68 280	39 836	12	525	225		108 878
Precious metal derivatives							0
Commodities derivatives				103			103
Credit derivatives							0
Other							0
Subtotal	**68 280**	**39 836**	**12**	**168 344**	**225**		**276 697**
Forward currency transactions				268 911	232		269 143
Total Fair value of transaction derivatives - Assets	**68 280**	**39 836**	**12**	**437 255**	**457**		**545 840**

Derivative instruments held for trading – fair value of liabilities

(in thousands of euros)	31/12/2020						
	Exchange-traded transactions			Over-the-counter transactions			Total market value
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments					**892**		**892**
Futures							
FRAs							0
Interest rate swaps					892		892
Interest rate options							0
Caps - floors - collars							0
Other options							0
Currency and gold instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							0
Currency options							0
Other instruments	**68 655**	**20 844**	**296**				**89 795**
Equity and index derivatives	68 655	20 844	296				89 795
Precious metal derivatives							0
Commodities derivatives							
Credit derivatives							0
Other							0
Subtotal	**68 655**	**20 844**	**296**		**892**		**90 687**
Forward currency transactions				555 722			555 722
Total Fair value of transaction derivatives - Liabilities	**68 655**	**20 844**	**296**	**555 722**	**892**		**646 409**

(in thousands of euros)	31/12/2019						
	Exchange-traded transactions			Over-the-counter transactions			Total market value
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	**138 269**			**29 447**	**474**	**1 163**	**169 353**
Futures	138 269						138 269
FRAs							0
Interest rate swaps				29 447	474	1 163	31 084
Interest rate options							0
Caps - floors - collars							0
Other options							0
Currency and gold instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							0
Currency options							0
Other instruments	**70 341**	**39 836**	**12**	**103**			**110 292**
Equity and index derivatives	70 341	39 836	12				110 189
Precious metal derivatives							0
Commodities derivatives				103			103
Credit derivatives							0
Other							0
Subtotal	**208 610**	**39 836**	**12**	**29 550**	**474**	**1 163**	**279 645**
Forward currency transactions				307 628	227		307 855
Total Fair value of transaction derivatives - Liabilities	**208 610**	**39 836**	**12**	**337 178**	**701**	**1 163**	**587 500**

Derivative instruments : total commitments

(in thousands of euros)	31/12/2020 Total notional amount outstanding	31/12/2019 Total notional amount outstanding
Interest rate instruments	**43 485 172**	**43 537 585**
Futures		
FRAs		
Interest rate swaps	43 485 172	43 537 585
Interest rate options		
Caps - floors - collars		
Other options		
Currency instruments and gold	**7 696 659**	**7 224 005**
Currency futures	7 696 659	7 224 005
Currency options		
Other instruments	**6 839 537**	**7 770 610**
Equity and index derivatives	6 839 537	7 770 610
Precious metal derivatives		
Commodities derivatives		
Credit derivatives		
Other		
Subtotal	**58 021 368**	**58 532 200**
Forward currency transactions	114 917 440	89 688 017
Total Notional amount	**172 938 808**	**148 220 217**

Change risk

Forex risk is not significant taking into account the low level of operational position limits and the policy to hedge structural position (capital of affiliates denominated in non-Euro currencies) in consistency with capital requirement calculation.

Given CACEIS' activities, the currency position must consist mainly of foreign-currency interest and commission (income and expense). Transactions conducted on behalf of customers (either currency futures, or spot transactions to hedge the settlement/delivery of securities transactions or collect coupons), which also include the Bank's currency position, have to be hedged to remain within the low amount limits.
The trading book[10] is monitored with a VaR (Value at Risk) limit and with a notional SFT (Securities financing transactions) limit.

Forex operational positions are monitored through a dedicated limit on the sum of the absolute values of the positions in foreign currencies excluding the euro. Structural forex positions are presented in ALM committees and are hedged in consistency with economic and regulatory capital requirement calculations.

[10] The transactions recorded in the trading portfolio correspond to client forex and repos/securities lending transactions hedged on the market (market solution).

3.3. Liquidity and financing risk

Custodian bank activities generate structurally large amounts of liquidity. A large part of this liquidity excess is transferred to CA Group.

CACEIS invests in a securities portfolio with the aim of generating a net interest margin while managing liquidity reserves. Consequently, CACEIS bears the risk of decrease in value of securities held in the banking book and recognized at fair value (HTCS/Fair value). This risk materializes by the fall in the value of the bonds linked to changes in the issuer's credit quality (Issuer risk or Credit Spread Risk in the Banking Book). The change in value may impact CACEIS prudential capital.

The variation risk of the participations portfolio's value is not significant for CACEIS given the low amount of non-consolidated participations.

The securities portfolio is governed by exposure limits and “adverse” stress limits, which measure the potential depreciation of the market value of securities over a period of one year following interest rate and credit spread impacts.

Fixed rate risk (IRR) is mainly generated by Euribor's fixing of the portfolio for the first year and fixed-rate resources (unpaid customer resources and equity) in subsequent years. With a remuneration of euro client deposits at the ECB rate, CACEIS carries a spread risk on the Euribor-indexed part of the portfolio

Fixed rate risk (IRR) and basis/index risk are governed by limits on cash flow mismatch (GAP) and current value (NPV) limits[11].

CACEIS' liquidity policy ensures that the bank is at all times able to meet its obligations towards its customers, to meet the standards imposed by banking supervisors and to face any liquidity crisis event.

CACEIS’ liquidity risks can be classified as follows :

- A risk arising predominantly from the operational intraday liquidity needed to settle CACEIS’ customer transactions on market infrastructure ;
- A liquidity risk arising from the transformation of short-term funds into uses, mainly through purchases of securities for the investment portfolio and treasury investments via money-market transactions.

Liquidity risk is controlled by a short-term limit, stress tests, prudential ratios and the emergency plan :

- The short-term limit applies to short-term refinancing due in less than one year (for CACEIS, this mainly comprises nostro accounts and intragroup current accounts).
- Based on the stress scenarios, CACEIS makes sure that, should its customer deposits decline, its refinancing requirements are covered across various time horizons by generating liquidity, after taking into account discounts and selling times, from securities in the portfolio that are not allocated to collateral for intraday liquidity purposes.

[11] The GAP limits oversees the value of the gap of each calendar year so that a variation in the rate or spread does not generate a significant variation in the annual budgeted net banking income. The NPV limit is calibrated in relation to equity and oversees the decrease in interest income following a variation in the rate or spread applied to discounted gap overall years.

In addition to the internal liquidity risk management system (short-term limit, stress test and daily monitoring indicator), a contingency plan to remedy a liquidity crisis describes the trigger process, governance and action plans that apply in this type of situation.

Loans and receivables due from credit institutions and due from customers by residual maturity

(in thousands of euros)	31/12/2020					
	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Loans and receivables due from credit institutions (including Crédit Agricole internal transactions)	15 368 518	578 912	29 753	1 340 867		17 318 050
Loans and receivables due from customers (of which finance leases)	5 302 484	637 060	0	2 788		5 942 332
Total	**20 671 002**	**1 215 972**	**29 753**	**1 343 655**	**0**	**23 260 382**
Impairment						**-16 257**
Total Loans and receivables due from credit institutions and from customers						**23 244 124**

(in thousands of euros)	31/12/2019					
	≤3 months	>3 months up to ≤1 year	>1 year up to ≤5 years	>5 years	Indefinite	Total
Loans and receivables due from credit institutions (including Crédit Agricole internal transactions)	29 426 023	628 778	76 018	1 348 252		31 479 071
Loans and receivables due from customers (of which finance leases)	6 151 481	642 865	6 695	208 992		7 010 033
Total	**35 577 504**	**1 271 643**	**82 713**	**1 557 244**	**0**	**38 489 104**
Impairment						**-11 688**
Total Loans and receivables due from credit institutions and from customers						**38 477 416**

Due to credit institutions and to customers by residual maturity

(in thousands of euros)	31/12/2020					
	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Due to credit institutions (including Crédit Agricole internal transactions)	13 411 828	673 464				14 085 292
Due to customers	95 030 026	0				95 030 026
Total Amount due to credit institutions and to customers	**108 441 854**	**673 464**	**0**	**0**	**0**	**109 115 318**

(in thousands of euros)	31/12/2019					
	≤3 months	>3 months up to ≤1 year	>1 year up to ≤5 years	>5 years	Indefinite	Total
Due to credit institutions (including Crédit Agricole internal transactions)	4 763 189	47 776	1			4 810 966
Due to customers	71 843 640	292				71 843 932
Total Amount due to credit institutions and to customers	**76 606 829**	**48 068**	**1**	**0**	**0**	**76 654 898**

Debt securities and subordinated debt

(in thousands of euros)	31/12/2020					
	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes						0
Money-market securities						0
Negotiable debt securities						0
Bonds	8			110 013	-66	109 955
Other debt securities						0
Total Debt securities	**8**	**0**	**0**	**110 013**	**-66**	**109 955**
Subordinated debt						
Dated subordinated debt				272 765	235	273 000
Undated subordinated debt				39		39
Mutual security deposits						0
Participating securities and loans						0
Total Subordinated debt	**0**	**0**	**0**	**272 804**	**235**	**273 039**

(in thousands of euros)	31/12/2019					
	≤3 months	>3 months up to ≤1 year	>1 year up to ≤5 years	>5 years	Indefinite	Total
Debt securities						
Interest bearing notes						0
Money-market securities						0
Negotiable debt securities						0
Bonds	4			109 989		109 993
Other debt securities						0
Total Debt securities	**4**	**0**	**0**	**109 989**	**0**	**109 993**
Subordinated debt						
Dated subordinated debt	11			272 765		272 776
Undated subordinated debt						0
Mutual security deposits						0
Participating securities and loans						0
Total Subordinated debt	**11**	**0**	**0**	**272 765**	**0**	**272 776**

Financial guarantees at risk given by expected maturity

The amounts presented correspond to the expected amounts of the call of financial guarantees at risk, *i.e.* guarantees that have been impaired or are on a watch-list.

No warrant for financial guarantees is expected as of December 31st, 2020.

3.4. Cash flow and fair value interest rate and foreign exchange hedging

Derivative financial instruments used in a hedging relationship are designated based on their purpose :

- as a fair value hedge
- as a hedge of future earnings
- as a hedge of a net investment in a foreign operation.

Formal documentation is prepared for every hedging relationship outlining the strategy, hedged instrument and the hedging instrument, plus the methodology used to assess hedge effectiveness.

Fair value hedge

A fair value hedge modifies the risk caused by changes in the fair value of a fixed-rate financial instrument as a result of changes in interest rates. Fair value hedges transform fixed-rate assets or liabilities into floating-rate assets or liabilities. Items hedged are principally fixed-rate loans, securities, deposits and subordinated debt.

Financial instruments designated as hedges at 31 December 2020 consisted of interest-rate swaps covering securities and customer deposits.

Future cash flow hedge

CACEIS Group does not employ any cash flow hedges.

Hedge of net investment in foreign currency

A hedge of a net investment in foreign currency modifies the risk inherent in exchange rate fluctuations connected with foreign currency investments in subsidiaries.

Hedging derivative instruments

	31/12/2020			31/12/2019		
	Market Value		Notional amount	Market Value		Notional amount
(in thousands of euros)	Positive	Negative		Positive	Negative	
Fair value hedges	**21 633**	**910 949**	**43 341 461**	**31 277**	**547 996**	**28 000 995**
Interest rate	21 633	910 949	43 341 461	31 277	547 996	28 000 995
Foreign exchange						
Other						
Cash flow hedges	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate						
Foreign exchange						
Other						
Hedges of net investments in foreign operations						
Total Hedging derivative instruments	**21 633**	**910 949**	**43 341 461**	**31 277**	**547 996**	**28 000 995**

Derivative instruments : Analysis by remaining maturity (notionals)

The breakdown of notionals values of derivative instruments is shown by remaining contractual maturity.

(in thousands of euros)	31/12/2020						
	Exchange-traded transactions			Over-the-counter transactions			Total notional
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	**0**	**0**	**0**	**549 850**	**42 791 611**	**0**	**43 341 461**
Futures							
FRAs							
Interest rate swaps				549 850	42 791 611	0	43 341 461
Interest rate options							
Caps - floors - collars							
Other options							
Currency instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							
Currency options							
Other instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other							
Subtotal	**0**	**0**	**0**	**549 850**	**42 791 611**	**0**	**43 341 461**
Forward currency transactions							
Total Notional of hedging derivatives	**0**	**0**	**0**	**549 850**	**42 791 611**	**0**	**43 341 461**

(in thousands of euros)	31/12/2019						
	Exchange-traded transactions			Over-the-counter transactions			Total notional
	≤1 year	> 1 year up to ≤5 years	> 5 years	≤1 year	> 1 year up to ≤5 years	>5 years	
Interest rate instruments	**0**	**0**	**0**	**2 167 343**	**18 098 413**	**7 735 239**	**28 000 995**
Futures							
FRAs							
Interest rate swaps				2 167 343	18 098 413	7 735 239	28 000 995
Interest rate options							
Caps - floors - collars							
Other options							
Currency instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							
Currency options							
Other instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other							
Subtotal	**0**	**0**	**0**	**2 167 343**	**18 098 413**	**7 735 239**	**28 000 995**
Forward currency transactions							
Total Notional of hedging derivatives	**0**	**0**	**0**	**2 167 343**	**18 098 413**	**7 735 239**	**28 000 995**

Fair value hedge

Hedging derivative instruments

	31/12/2020				31/12/2019			
	Carrying amount		Changes in fair value during the period (including termination of hedges during the period)	Notional amount	Carrying amount		Changes in fair value during the period (including termination of hedges during the period)	Notional amount
(in thousands of euros)	Assets	Liabilities			Assets	Liabilities		
Fair value hedges								
Regulated markets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate	0	0	0	0	0	0	0	0
Futures								
Options								
Foreign exchange	0	0	0	0	0	0	0	0
Futures								
Options								
Other								
Over-the-counter markets	**20 300**	**904 265**	**-90 510**	**37 476 827**	**29 108**	**547 500**	**-226 757**	**26 460 995**
Interest rate	20 300	904 265	-90 510	37 476 827	29 108	547 500	-226 757	26 460 995
Futures	20 300	904 265	-90 510	37 476 827	29 108	547 500	-226 757	26 460 995
Options								
Foreign exchange	0	0	0	0	0	0	0	0
Futures								
Options								
Other								
Total Fair value micro-hedging	**20 300**	**904 265**	**-90 510**	**37 476 827**	**29 108**	**547 500**	**-226 757**	**26 460 995**
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	**1 333**	**6 684**	**-297**	**5 864 634**	**2 169**	**496**	**4 546**	**1 540 000**
Total Fair value hedges	**21 633**	**910 949**	**-90 807**	**43 341 461**	**31 277**	**547 996**	**-222 211**	**28 000 995**

Changes in the fair value of hedging derivatives are recognised under “Net gains (losses) on financial instruments at fair value through profit or loss” in the income statement.

Hedged items

Micro-hedging *(in thousands of euros)*	31/12/2020				31/12/2019			
	Present hedges		Ended hedges	Fair value hedge adjustments during the period (including termination of hedges during the period)	Present hedges		Ended hedges	Fair value hedge adjustments during the period (including termination of hedges during the period)
	Carrying amount	of which accumulated fair value hedge adjustments	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be amortised		Carrying amount	of which accumulated fair value hedge adjustments	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be amortised	
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**6 131 128**	**-61 270**		**-80 498**	**6 889 059**	**68 338**		**67 183**
Interest rate	6 131 128	-61 270	0	-80 498	6 889 059	68 338		67 183
Foreign exchange	0	0	0	0				
Other	0	0	0	0				
Debt instruments at amortised cost	**32 489 617**	**373 428**	**82 722**	**179 692**	**19 913 124**	**226 242**	**0**	**161 950**
Interest rate	32 489 617	373 428	82 722	179 692	19 913 124	226 242	0	161 950
Foreign exchange	0	0	0	0				
Other	0	0	0	0				
Total Fair value hedges on assets items	**38 620 745**	**312 158**	**82 722**	**99 194**	**26 802 183**	**294 580**	**0**	**229 133**
Debt instruments at amortised cost	**0**	**0**	**0**	**7 221**	**2 119**	**2 119**	**0**	**2 119**
Interest rate	0	0	0	7 221	2 119	2 119	0	2 119
Foreign exchange	0	0	0	0				
Other	0	0	0	0				
Total Fair value hedges on liabilities items	**0**	**0**	**0**	**7 221**	**2 119**	**2 119**	**0**	**2 119**

The fair value of the hedged portions of micro-hedged financial instruments at fair value is recognised on the balance sheet line item to which it relates. Changes in the fair value of the hedged portions of micro-hedged financial instruments at fair value are recognised under "Net gains (losses) on financial instruments at fair value through profit or loss" in the income statement.

Macro-hedging *(in thousands of euros)*	31/12/2020		31/12/2019	
	Carrying amount	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be adjusted, on ended hedges	Carrying amount	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be adjusted, on ended hedges
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss				
Debt instruments at amortised cost	21 258		2 362	
Total - Assets	**21 258**	**0**	**2 362**	**0**
Debt instruments at amortised cost	5 875 413		6 585	
Total - Liabilities	**5 875 413**	**0**	**6 585**	**0**

The fair value of the hedged portions of macro-hedged financial instruments at fair value is recognised under "Revaluation adjustment on interest rate hedged portfolios" on the balance sheet. Changes in the fair value of the hedged portions of macro-hedged financial instruments at fair value are recognised under "Net gains (losses) on financial instruments at fair value through profit or loss" in the income statement.

Gains (losses) from hedge accounting

(in thousands of euros)	31/12/2020			31/12/2019		
	Net Income (Total Gains (losses) from hedge accounting)			Net Income (Total Gains (losses) from hedge accounting)		
	Change in fair value of hedging derivatives (including termination of hedges)	Change in fair value of hedged items (including termination of hedges)	Hedge ineffectiveness portion (1)	Change in fair value of hedging derivatives (including termination of hedges)	Change in fair value of hedged items (including termination of hedges)	Hedge ineffectiveness portion
Interest rate	-99 934	100 386	**452**	-222 211	222 297	**86**
Foreign exchange			**0**			**0**
Other			**0**			**0**
Total	**-99 934**	**100 386**	**452**	**-222 211**	**222 297**	**86**

(1) The total amount of hedge ineffectiveness does not include the effects of the benchmark rate reform.

3.5. Operational risks

CACEIS bears a recurrent risk of financial loss in case of errors in the processing of execution instructions (corporate actions, fund subscriptions/redemptions, tax- related transactions,…) and in the event of an information systems dysfunction.

The main pillars of the operational risk management policy are as follows :

- be able to detect as early as possible the operational risks or incidents with potential financial and/or image-related implications; analyse (potential) risks/(actual) incidents and assess their impacts as accurately as possible; alert and call in the principal line managers concerned by such incidents, regardless of their origin and/or whether or not they are affected by the consequences.
- take remedial and/or preventative actions to contain impacts, curb the probability of occurrence of (potential or actual) incidents, learn lessons and adapt organisations and put in place, where necessary or worthwhile, an insurance programme.
- establish steering tools and indicators for CACEIS Group's senior managers, business line managers and various system participants assessing the effects of this policy at each entity.

The operational risk monitoring and control system is based on two complementary axes :

- Potential risks, through descriptive maps of all the risks inherent to CACEIS' activities and risk predictive indicators, and
- The proven risks, through reporting, alerting and entry into a centralized database of all operational incidents (reconciled regularly with accounting).

A post-mortem is drafted for every significant incidents, including a corrective action plan. The Managing Directors of the relevant CACEIS entities, CACEIS CEO and deputy CEOs, the Chairman of the Board of Directors and CACEIS Board Risk and Compliance Committee and CASA's Risk department are informed of the incidents according to the alert procedure.

The risk-based approach control plan aims to ensure that there are relevant 2.1 controls on at-risk (critical and sensitive)[12] mapped processes.

[12] A critical process is a "Major" or "Strong" process (red or orange) in terms of financial and/or image-related impact with a risk control level rated as "Defective" or "To be improved". A sensitive process is rated "Major" or "Strong" with an "Acceptable" or "Effective" risk control level.

The procedure for managing third-party asset holders provides a framework for the risk associated with the requirement to return assets to clients.

In terms of business continuity[13] and IT security, dedicated committees are informed of the risk issues, they define priorities and follow up action plans.
Finally, CACEIS has certified the main production control processes according to the international SOC (Service Organization Controls) standard, which is based on the ISAE 3402 (Europe) technical standards.

Following decision made in NAP (new activities/products) committees and NOC (new organization) committees, the operational risk management framework may evolve to secure any significant change in internal processes.

The legal function detects the legal risk, proposes actions to mitigate it and manages the risk arising from disputes & litigations. In this regard, CACEIS's appetite for legal risk is zero, the Board of Directors is regularly informed on the CACEIS' sensitive litigation files.

Legal risks

As of 31 December 2020, no dispute, other than that concerning CACEIS Bank SA Germany Branch, is likely, to our knowledge, to have or have had significant effects on its financial situation or profitability over the past twelve months.

Insurance and risk coverage

Insurance policies cover the entire CACEIS Group with respect to the following risks :

- Business-related risks :
  - Professional Civil Liability (with a specific guarantee called “correction costs”)
  - Civil Liability of Corporate Officers
  - Global Banking (fraud and all-perils securities)
- Operational risks :
  - Loss of banking business
  - Operational civil liability
  - Property damage (policy arranged locally by each entity)
- Employee-related liability :
  - Individual accident cover
  - Self-mission
- Works committee risks :
  - Individual accident cover
  - Operational civil liability

[13] Business Continuity encompasses User Fall-back Plans (UFP), Disaster Recovery Planning (DRP - IT), and crisis management.

3.6. Capital management and regulatory ratios

In accordance with European regulation 575/2013[14] (CRR), CACEIS has to comply with the solvency ratio, leverage and liquidity ratio requirements.

Management of CACEIS' capital is conducted so as to satisfy the prudential capital requirements laid down in European directive 2013/36[15] and European regulation 575/2013, as applicable since 1 January 2014, and required by the competent authorities, the European Central Bank (ECB) and the Autorité de contrôle prudentiel et de résolution (ACPR) to cover credit risk-weighted exposures, operational risks and market risks.

This prudential framework consists in increasing the quality and quantity of the regulatory capital required, assessing risks more effectively and setting aside countercyclical buffers, as well as additional liquidity and leverage requirements.

Capital is classified into three categories:

- Common Equity Tier 1 (CET1) capital, calculated based on restated equity, including certain capital instruments classified as Additional Tier 1 (AT1), and deductions of intangible assets

- Tier 1 capital, consisting of the Common Equity Tier 1 and perpetual Additional Tier 1 instruments

- total capital, comprising Tier 1 capital and Tier 2 capital, which consists of subordinated instruments with a maturity of at least 5 years at issue.

To be recognized as equity, category 1 and category 2 instruments must meet demanding inclusion criteria. If old instruments are not or no longer eligible, they are subject to a "grandfather" clause allowing them to be phased out of equity.

Deductions relating to participations in other credit institutions are reduced to the total of these own funds and are charged respectively according to the type of instrument to the amounts of CET1, Tier 1 (AT1) and Tier 2. They also apply to holdings in the insurance sector, when the establishment does not benefit from the “financial conglomerate waiver".

In 2020, as in 2019, CACEIS met its regulatory requirements in line with the regulations in force.

[14] Complété en juin 2019 par le règlement (UE) 2019/876 et en juin 2020 par le règlement (UE) 2020/873
[15] Complétée en juin 2019 par la directive (UE) 2019/878

4. NOTES ON NET INCOME AND OTHER COMPREHENSIVE INCOME

4.1. Interest income and expenses

(in thousands of euros)	**31/12/2020**	**31/12/2019**
On financial assets at amortised cost	479 240	354 205
Interbank transactions	62 874	50 850
Crédit Agricole internal transactions		
Customer transactions	354 613	244 222
Finance leases		
Debt securities	61 753	59 133
On financial assets recognised at fair value through other comprehensive income	120 375	130 399
Interbank transactions		
Customer transactions		
Debt securities	120 375	130 399
Accrued interest receivable on hedging instruments	191 210	98 068
Other interest income	45 973	27 322
Interest and similar income	**836 798**	**609 994**
On financial liabilities at amortised cost	-212 069	-199 778
Interbank transactions	-186 581	-112 692
Crédit Agricole internal transactions		
Customer transactions	-20 183	-76 023
Finance leases		
Debt securities	-961	-6 517
Subordinated debt	-4 344	-4 546
Accrued interest receivable on hedging instruments	-327 121	-219 549
Other interest expenses	-11 794	-15 013
Interest and similar expenses	**-550 985**	**-434 340**

Interest income and expense include:

- account terms and conditions applied to CACEIS customers
- account terms and conditions applied by the (depositary and cash) correspondents to CACEIS
- gains/losses on money-market transactions requested by our customers or as part of the Group’s treasury management activities.

4.2. Fees and commissions income and expense

(in thousands of euros)	31/12/2020			31/12/2019		
	Income	Expense	Net	Income	Expense	Net
Interbank transactions			0			0
Crédit Agricole internal transactions			0			0
Customer transactions	1 526	-205	1 321	3	0	3
Securities transactions		-19 144	-19 144		-223	-223
Foreign exchange transactions	13 811	-391	13 419	11 001	-291	10 709
Derivative instruments and other off-balance sheet items	37 169	-1 979	35 190	84 032	-70 117	13 915
Payment instruments and other banking and financial services	231 539	-115 878	115 661	157 062	-85 769	71 293
Mutual funds management, fiduciary and similar operations	737 038	-92 810	644 229	610 122	-62 299	547 823
Total Fees and commissions income and expense	**1 021 083**	**-230 407**	**790 676**	**862 219**	**-218 699**	**643 521**

Net fee and commission income derives primarily from fees on outstandings (custody/depositary control fees) and on movements (clearing/stock market orders). These commissions relate to services and operations carried out on behalf of customers.

4.3. Net gains (losses) on financial instruments at fair value through profit or loss

(in thousands of euros)	31/12/2020	31/12/2019
Dividends received	380	1 099
Unrealised or realised gains (losses) on assets/liabilities held for trading	1 039	-452
Unrealised or realised gains (losses) on equity instruments at fair value through profit or loss	-1 434	2 837
Unrealised or realised gains (losses) on debt instruments that do not meet the conditions of the “SPPI” test	-10 839	-401
Net gains (losses) on assets backing unit-linked contracts		
Unrealised or realised gains (losses) on assets/liabilities designated at fair value through profit or loss		
Net gains (losses) on Foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	114 684	136 912
Gains (losses) from hedge accounting	1 884	87
Net gains (losses) on financial instruments at fair value through profit or loss	**105 714**	**140 082**

Analysis of net gains (losses) from hedge accounting

(in thousands of euros)	31/12/2020			31/12/2019		
	Gains	Losses	Net	Gains	Losses	Net
Fair value hedges	**130 555**	**-129 747**	**808**	**296 510**	**-296 253**	**257**
Changes in fair value of hedged items attributable to hedged risks	112 880	-16 899	95 981	263 603	-36 588	227 015
Changes in fair value of hedging derivatives (including termination of hedges)	17 675	-112 848	-95 173	32 907	-259 665	-226 758
Cash flow hedges	**0**	**0**	**0**	**0**	**0**	**0**
Changes in fair value of hedging derivatives - ineffective portion						
Hedges of net investments in foreign operations	**0**	**0**	**0**	**0**	**0**	**0**
Changes in fair value of hedging derivatives - ineffective portion						
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	**1 641**	**-1 997**	**-356**	**13 275**	**-13 446**	**-171**
Changes in fair value of hedged items	4 862	2 775	7 637	4 300	-9 017	-4 717
Changes in fair value of hedging derivatives	-3 221	-4 772	-7 993	8 975	-4 429	4 546
Cash flow hedges of the interest rate exposure of a portfolio of financial instruments	**0**	**0**	**0**	**0**	**0**	**0**
Changes in fair value of hedging instrument - ineffective portion						
Total Gains (losses) from hedge accounting (1)	**132 196**	**-131 744**	**452**	**309 785**	**-309 699**	**86**

(1) The total amount of ineffective hedging does not include the effects linked to the reform of the reference rates.

4.4. Net gains (losses) on financial instruments at fair value through other comprehensive income

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss	8 767	44
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)	63	198
Net gains (losses) on financial instruments at fair value through other comprehensive income	**8 830**	**242**

4.5. Net gains (losses) from the derecognition of financial assets at amortised cost

No financial assets at amortised cost were derecognised at 31 December 2020.

4.6. Net income (expenses) on other activities

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Gains (losses) on fixed assets not used in operations		
Policyholder profit-sharing		
Other net income from insurance activities		
Change in insurance technical reserves		
Net income from investment property		
Other net income (expense)	-62 385	-22 560
Income (expense) related to other activities	**-62 385**	**-22 560**

4.7. Operating expenses

(in thousands of euros)	31/12/2020	31/12/2019
Employee expenses	-447 080	-384 836
Taxes other than on income or payroll-related and regulatory contributions	-42 830	-28 054
External services and other operating expenses	-329 014	-257 369
Operating expenses	**-818 923**	**-670 259**

Fees paid to statutory auditors

Operating expenses include the fees paid to CACEIS' statutory auditors.

The breakdown by firm and by type of mission of the fees of the statutory auditors of the fully consolidated CACEIS companies is as follows for 2020 :

	Ernst & Young		PricewaterhouseCoopers		Total 2020
(in thousands of euros excluding taxes)	2020	2019	2020	2019	
Independant audit, certification, review of parent company and consolidated financial statements	**856**	**802**	**1 075**	**807**	**1 931**
Issuer	149	170	166	176	315
Fully consolidated subsidiaries	707	632	909	631	1 616
Non audit services	**1 206**	**1 857**	**669**	**841**	**1 875**
Issuer	8	1 051	8	143	16
Fully consolidated subsidiaries	1 198	806	661	698	1 859
Total	**2 062**	**2 659**	**1 744**	**1 648**	**3 806**

The total sum of fees paid to Ernst & Young & Autres, statutory auditor of CACEIS S.A., appearing in the consolidated income statement for the year, amounts to €489 thousand, of which €421 thousand relates to the certification of the accounts of CACEIS S.A. and its subsidiaries, and €68 thousand relates to non-audit services (comfort letters, agreed-upon procedures, responsibility statements, review of tax returns, services relating to social and environmental information, consultations, etc.).

The total sum of fees paid to PricewaterhouseCoopers Audit, statutory auditor of CACEIS S.A., appearing in the consolidated income statement for the year, amounts to €645 thousand, of which €542 thousand relates to the certification of the accounts of CACEIS S.A. and its subsidiaries, and €103 thousand relates to non-audit services (comfort letters, agreed-upon procedures, responsibility statements, services relating to social and environmental information, consultations, etc.).

No other Statutory Auditor was involved in the audit of the fully consolidated CACEIS companies.

4.8. Depreciation, amortisation and impairment of property, plant & equipment and intangible assets

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Depreciation and amortisation	**-64 451**	**-57 780**
Property, plant and equipment (1)	-33 763	-31 369
Intangible assets	-30 688	-26 411
Impairment losses (reversals)	**0**	**0**
Property, plant and equipment		
Intangible assets		
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	**-64 451**	**-57 780**

(1) Including €28 913 thousand recognised in respect of depreciation of right-of-use assets at 31 December 2020.

4.9. Cost of risk

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Charges net of reversals to impairments on performing assets (Bucket 1 or Bucket 2) (A)	**-8 207**	**-5 882**
Bucket 1: Loss allowance measured at an amount equal to 12-month expected credit loss	**-8 217**	**-4 965**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	1 128	594
Debt instruments at amortised cost	-10 476	-4 245
Commitments by signature	1 131	-1 314
Bucket 2: Loss allowance measured at an amount equal to lifetime expected credit loss	**10**	**-917**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Debt instruments at amortised cost	0	-22
Commitments by signature	10	-895
Charges net of reversals to impairments on credit-impaired assets (Bucket 3) (B)	**37**	**-76**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Debt instruments at amortised cost	37	-76
Commitments by signature		
Other assets (C)	**-265**	**-567**
Risks and expenses (D)	**0**	**0**
Charges net of reversals to impairment losses and provisions (E)=(A)+(B)+(C)+(D)	**-8 435**	**-6 525**
Realised gains (losses) on disposal of impaired debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Realised gains (losses) on impaired debt instruments at amortised cost		
Losses on non-impaired loans and bad debt		
Recoveries on loans and receivables written off	98	0
recognised at amortised cost	98	
recognised in other comprehensive income that may be reclassified to profit or loss		
Discounts on restructured loans		
Losses on commitments by signature		
Other losses	**-1**	**-19**
Other income		
Cost of risk	**-8 338**	**-6 544**

4.10. Net gains (losses) on other assets

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Property, plant & equipment and intangible assets used in operations	**0**	**0**
Gains on disposals		
Losses on disposals		
Consolidated equity investments	**0**	**0**
Gains on disposals		
Losses on disposals		
Net income (expense) on combinations	**0**	**-9 833**
Net gains (losses) on other assets	**0**	**-9 833**

4.11. Income tax charge

Income tax charge and income

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Current tax charge	-74 035	-77 372
Deferred tax charge	19 154	19 644
Total Tax charge	**-54 881**	**-57 728**

Exit from the Crédit Agricole S.A. consolidation tax group in France

Following the change of CACEIS shareholder on 23 December 2019, CACEIS is now 69.5% owned by Crédit Agricole SA and 30.5% by Santander, CACEIS and its subsidiaries located in France have all exited the integration tax of which Crédit Agricole SA is the head of the group with retroactive effect to 1 January 2019.

A tax consolidation group was set up in France as of 1 January 2020 with CACEIS as the head entity. The French subsidiaries wholly owned by CACEIS, namely CACEIS Bank, CACEIS Fund Administration and CACEIS Corporate Trust are part of this tax consolidation group.

Reconciliation of theoretical tax rate and effective tax rate

At 31 December 2020

(in thousands of euros)	**Base**	**Tax rate**	**Tax**
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	236 812	*32,02%*	-75 827
Impact of permanent differences			-3 022
Impact of different tax rates on foreign subsidiaries			14 969
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences			2 089
Impact of reduced tax rate			-577
Impact of tax rate change			1 251
Impact of other items			6 236
Effective tax rate and tax charge		***23,17%***	**-54 881**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2020.

<u>At 31 December 2019</u>

(in thousands of euros)	**Base**	**Tax rate**	**Tax**
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	216 077	*34,43%*	-74 395
Impact of permanent differences			-3 856
Impact of different tax rates on foreign subsidiaries			14 721
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences			883
Impact of reduced tax rate			302
Impact of tax rate change			-368
Impact of other items			4 985
Effective tax rate and tax charge		***26,72%***	**-57 728**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2019.

4.12. Changes in other comprehensive income

The breakdown of income and expenses recognised for the period is presented below:

Breakdown of total other comprehensive income

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Other comprehensive income on items that may be reclassified subsequently to profit or loss		
Gains and losses on translation adjustments	1 482	-33
Revaluation adjustment of the period		
Reclassified to profit or loss		
Other changes	1 482	-33
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**85 284**	**62 598**
Revaluation adjustment of the period	95 371	59 997
Reclassified to profit or loss	-8 767	-26
Other changes	-1 320	2 627
Gains and losses on hedging derivative instruments	**0**	**0**
Revaluation adjustment of the period		
Reclassified to profit or loss		
Other changes		
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	**-95 495**	**-1**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**-20 565**	**-14 810**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	**0**	**0**
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations	**0**	**0**
Other comprehensive income on items that may be reclassified subsequently to profit or loss net of income tax	**-29 294**	**47 754**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss		
Actuarial gains and losses on post-employment benefits	-8 503	-1 093
Other comprehensive income on financial liabilities attributable to changes in own credit risk	**0**	**0**
Revaluation adjustment of the period		
Reclassified to reserves		
Other changes		
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	**0**	**0**
Revaluation adjustment of the period		
Reclassified to reserves		
Other changes		
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	11	15
Income tax related to items that will not be reclassified excluding equity-accounted entities	4 254	34
Income tax related to items that will not be reclassified on equity-accounted entities	-2	-9
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	0	0
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	**-4 240**	**-1 054**
Other comprehensive income net of income tax	**-33 534**	**46 700**
Of which Group share	-33 540	46 705
Of which non-controlling interests	6	-6

Breakdown of tax impacts related to other comprehensive income :

(in thousands of euros)	31/12/2019				Changes				31/12/2020			
	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share	Gross	Income tax charges	Net of income tax	Net of income tax of which Group Share
Other comprehensive income on items that may be reclassified subsequently to profit or loss												
Gains and losses on translation adjustments	58 193	0	58 193	58 193	1 482	-508	974	974	59 675	-508	59 167	59 167
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	64 935	-15 931	49 004	49 010	85 284	-20 057	65 227	65 221	150 219	-35 988	114 231	114 231
Gains and losses on hedging derivative instruments												
Other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	123 128	-15 931	107 197	107 204	86 766	-20 565	66 201	66 195	209 894	-36 496	173 398	173 399
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	-1	0	-1	-1	-95 495		-95 495	-95 495	-95 496	0	-95 496	-95 496
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities on discontinued operations												
Other comprehensive income on items that may be reclassified subsequently to profit or loss	**123 127**	**-15 931**	**107 196**	**107 203**	**-8 729**	**-20 565**	**-29 294**	**-29 300**	**114 398**	**-36 496**	**77 902**	**77 903**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss												
Actuarial gains and losses on post-employment benefits	-25 164	5 475	-19 689	-19 689	-8 503	4 254	-4 248	-4 248	-33 666	9 729	-23 937	-23 937
Other comprehensive income on financial liabilities attributable to changes in own credit risk												
Other comprehensive income on equity instruments that will not be reclassified to profit or loss												
Other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	-25 164	5 475	-19 689	-19 689	-8 503	4 254	-4 248	-4 248	-33 666	9 729	-23 937	-23 937
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	15	-9	6	6	11	-2	9	9	25	-11	14	14
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities on discontinued operations												
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**-25 149**	**5 466**	**-19 683**	**-19 683**	**-8 492**	**4 252**	**-4 240**	**-4 240**	**-33 641**	**9 718**	**-23 923**	**-23 923**
Other comprehensive income	**97 978**	**-10 465**	**87 513**	**87 520**	**-17 221**	**-16 313**	**-33 534**	**-33 540**	**80 757**	**-26 778**	**53 979**	**53 980**

5. SEGMENT REPORTING

Definition of operating segments

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. Factors that should be considered in determining whether products and services are related include:

- the nature of the products or services
- the nature of production processes
- the type or class of customer for the products or services
- the methods used to distribute the products or provide the services
- if applicable, the nature of the regulatory environment, for example, banking, insurance, or public utilities

An enterprise's business and geographical segments for external reporting purposes should be those organisational units for which information is reported to the board of directors and to the chief executive officer for the purpose of evaluating the unit's past performance and for making decisions about future allocations of resources

Two or more internally reported business segments or geographical segments that are substantially similar may be combined as a single business segment or geographical segment. Two or more business segments or geographical segments are substantially similar only if:

- they exhibit similar long-term financial performance, and
- they are similar in all of the factors in the appropriate definition in the (aforementioned) paragraph.

Given the requirements of the standards reiterated above and the logic underpinning its creation, CACEIS is considered to form a single sector: Financial Services for institutional investors.

5.1. Segment information : geographical analysis

The geographical analysis of segment assets and results is based on the place where operations are booked for accounting purposes. The breakdown is shown based on the geographical areas used in its internal reporting. Given the overall monitoring of CACEIS group activity (see note 6.15), all of the goodwill is presented in France, CACEIS headquarters.

	31/12/2020				31/12/2019			
(in thousands of euros)	Net income Group Share	of which Revenues	Segment assets	of which goodwill	Net income Group Share	of which Revenues	Segment assets	of which goodwill
France (including overseas departments and territories)	20 599	440 783	51 519 953	1 041 644	37 310	450 865	33 874 739	1 031 599
Other European Union countries	163 024	677 480	68 683 412		119 731	479 983	53 756 532	
Other European countries (1)	-1 692	10 386	229 878		1 527	7 955	33 301	
North America								
Central and South America	7 112		261 788				350 023	
Africa and Middle East								
Asia-Pacific (ex. Japan)								
Japan								
Total	**189 043**	**1 128 649**	**120 695 031**	**1 041 644**	**158 568**	**938 803**	**88 014 595**	**1 031 599**

(1) As of December 31, 2020, the United Kingdom is presented in the line item "Other European countries".

6. Notes to the balance sheet

6.1. Cash, central Banks

	31/12/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Cash	4		3	
Central banks (1)	47 806 015	0	9 223 790	72 148
Carrying amount	47 806 019	0	9 223 793	72 148

(1) Grouping of deposits with the Banque de France under the central Banks heading see note 6.5 "Financial assets at amortised cost".

6.2. Financial assets at fair value through profit or loss

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Held for trading financial assets	**476 637**	**545 840**
Other financial instruments at fair value through profit or loss	**31 289**	**44 314**
Equity instruments	28 531	41 650
Debt instruments that do not meet the conditions of the "SPPI" test	2 758	2 664
Assets backing unit-linked contracts		
Financial assets designated at fair value through profit or loss		
Carrying amount	**507 926**	**590 154**
Of which lent securities		

Held for trading financial assets

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Equity instruments	**0**	**0**
Equities and other variable income securities		
Debt securities	**0**	**0**
Treasury bills and similar securities		
Bonds and other fixed income securities		
Mutual funds		
Loans and receivables	**0**	**0**
Loans and receivables due from credit institutions		
Loans and receivables due from customers		
Securities bought under repurchase agreements		
Pledged securities		
Derivative instruments	**476 637**	**545 840**
Carrying amount	**476 637**	**545 840**

Equity instruments at fair value through profit or loss

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Equities and other variable income securities	445	19 268
Non-consolidated equity investments	28 086	22 382
Total Equity instruments at fair value through profit or loss	**28 531**	**41 650**

Debt instruments that do not meet the conditions of the "SPPI" test

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Debt securities	**2 758**	**2 664**
Treasury bills and similar securities		
Bonds and other fixed income securities		
Mutual funds	2 758	2 664
Loans and receivables	**0**	**0**
Loans and receivables due from credit institutions		
Loans and receivables due from customers		
Securities bought under repurchase agreements		
Pledged securities		
Total Debt instruments that do not meet the conditions of the "SPPI" test	**2 758**	**2 664**

Financial liabilities at fair value through profit or loss

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Held for trading financial liabilities	646 409	587 500
Financial liabilities designated at fair value through profit or loss		
Carrying amount	**646 409**	**587 500**

Held for trading financial liabilities

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Securities sold short		
Securities sold under repurchase agreements		
Debt securities		
Due to customers		
Due to credit institutions		
Derivative instruments	646 409	587 500
Carrying amount	**646 409**	**587 500**

6.3. Hedging derivative instruments

Detailed information is provided in the note 3.4 “Cash flow and fair value interest rate and foreign exchange hedging” on the cash flow or fair value hedges, with a focus on interest-rate and currency risks.

6.4. Financial assets at fair value through other comprehensive income

	31/12/2020			31/12/2019		
(in thousands of euros)	Carrying amount	Unrealised gains	Unrealised losses	Carrying amount	Unrealised gains	Unrealised losses
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	9 316 991	150 576	-359	13 096 229	74 371	-9 437
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	66			34		
Total	**9 317 057**	**150 576**	**-359**	**13 096 263**	**74 371**	**-9 437**

Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss

	31/12/2020			31/12/2019		
(in thousands of euros)	Carrying amount	Unrealised gains	Unrealised losses	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	225 790	446		558 991	153	
Bonds and other fixed income securities	9 091 201	150 130	-359	12 537 238	74 218	-9 437
Total Debt securities	**9 316 991**	**150 576**	**-359**	**13 096 229**	**74 371**	**-9 437**
Loans and receivables due from credit institutions						
Loans and receivables due from customers						
Total Loans and receivables	**0**	**0**	**0**	**0**	**0**	**0**
Total Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**9 316 991**	**150 576**	**-359**	**13 096 229**	**74 371**	**-9 437**
Income tax charge		**-36 077**	**89**		**-18 305**	**2 374**
Other comprehensive income on debt instruments that will not be reclassified to profit or loss (net of income tax)		**114 499**	**-270**		**56 066**	**-7 063**

6.5. Financial assets at amortised cost

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Loans and receivables due from credit institutions (1)	17 317 193	31 478 071
Loans and receivables due from customers	5 926 931	6 999 345
Debt securities	32 555 213	20 053 458
Carrying amount	**55 799 337**	**58 530 874**

(1) Grouping of deposits with the Banque de France under the central Banks heading see note 6.1 “Cash, central Banks”.

Loans and receivables due from credit institutions

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Credit institutions		
Loans and receivables	11 855 445	27 801 322
of which non doubtful current accounts in debit (1)	1 378 094	1 955 379
of which non doubtful overnight accounts and advances (1) (2)	97 432	23 234 710
Pledged securities		
Securities bought under repurchase agreements	5 462 605	3 677 749
Subordinated loans		
Other loans and receivables		
Gross amount	**17 318 050**	**31 479 071**
Impairment	- 856	- 1 000
Net value of loans and receivables due from credit institutions	**17 317 193**	**31 478 071**
Crédit Agricole internal transactions		
Current accounts		
Securities bought under repurchase agreements		
Term deposits and advances		
Subordinated loans		
Total Crédit Agricole internal transactions	**0**	**0**
Carrying amount	**17 317 193**	**31 478 071**

(2) These transactions are partly comprised of the item "Net demand loans and deposits with credit institutions" on the Cash Flow Statement
(3) Grouping of deposits with the Banque de France under the central bank heading see 6.1.

Loans and receivables due from customers

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Loans and receivables due from customers	**0**	**0**
Trade receivables	2 057	1 432
Other customer loans	921 538	936 549
Pledged securities		
Securities bought under repurchase agreements	2 392 240	3 597 027
Subordinated loans		
Insurance receivables		
Reinsurance receivables		
Advances in associates' current accounts		
Current accounts in debit	2 626 497	2 475 025
Gross amount	**5 942 332**	**7 010 033**
Impairment	-15 401	- 10 688
Net value of loans and receivables due from customers	**5 926 931**	**6 999 345**
Finance leases	**0**	**0**
Property leasing		
Equipment leases, operating leases and similar transactions		
Gross amount	**0**	**0**
Impairment		
Net value of lease financing operations	**0**	**0**
Carrying amount	**5 926 931**	**6 999 345**

Debt securities

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Treasury bills and similar securities	3 722 030	1 345 340
Bonds and other fixed income securities	28 845 408	18 715 394
Total	**32 567 438**	**20 060 734**
Impairment	-12 225	-7 276
Carrying amount	**32 555 213**	**20 053 458**

6.6. Transferred assets not derecognised or derecognised with on-going involvement

Transferred assets not derecognised in full

<u>At 31 December 2020</u>

Nature of assets transferred (in thousands of euros)	Transferred assets but still fully recognised											Transferred assets recognised to the extent of the entity's continuing involvement		
	Transferred assets					Associated liabilities					Assets and associated liabilities			
	Carrying amount	of which securitisation (non- deconsolidating)	of which securities sold/bought under repurchase agreements	of which other (1)	Fair value (2)	Carrying amount	of which securitisation (non- deconsolidating)	of which securities sold/bought under repurchase agreements	of which other (1)	Fair value (2)	Net fair value (2)	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
Financial assets held for trading	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity instruments														
Debt securities														
Loans and receivables														
Other financial instruments at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity instruments														
Debt securities														
Loans and receivables														
Financial assets at fair value through other comprehensive income	**153 597**	**0**	**0**	**153 597**	**153 597**	**0**	**0**	**0**	**0**	**0**	**153 597**	**0**	**0**	**0**
Equity instruments														
Debt securities	153 597			153 597	153 597						153 597			
Loans and receivables														
Financial assets at amortised cost	**4 992**	**0**	**0**	**4 992**	**4 992**	**0**	**0**	**0**	**0**	**0**	**4 992**	**0**	**0**	**0**
Debt securities	4 992			4 992	4 992						4 992			
Loans and receivables														
Total Financial assets	**158 589**	**0**	**0**	**158 589**	**158 589**	**0**	**0**	**0**	**0**	**0**	**158 589**	**0**	**0**	**0**
Finance leases														
Total Transferred assets	**158 589**	**0**	**0**	**158 589**	**158 589**	**0**	**0**	**0**	**0**	**0**	**158 589**	**0**	**0**	**0**

[1] Including securities lending without cash collateral.

[2] When the "counterparty" (counterparties) to the associated liabilities has (have) recourse only to the transferred assets" (IFRS 7.42D.(d))

At 31 December 2019

Nature of assets transferred	Transferred assets but still fully recognised											Transferred assets recognised to the extent of ~~on~~ the entity's continuing involvement		
	Transferred assets					Associated liabilities					Assets and associated liabilities			
(in thousands of euros)	Carrying amount	of which securitisation (non- deconsolidating)	of which securities sold/bought under repurchase agreements	of which other (1)	Fair value (2)	Carrying amount	of which securitisation (non- deconsolidating)	of which securities sold/bought under repurchase agreements	of which other (1)	Fair value (2)	Net fair value (2)	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
Financial assets held for trading	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity instruments														
Debt securities														
Loans and receivables														
Other financial instruments at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity instruments														
Debt securities														
Loans and receivables														
Financial assets at fair value through other comprehensive income	**300 236**	**0**	**0**	**300 236**	**300 236**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity instruments														
Debt securities	300 236	0	0	300 236	300 236	0	0	0	0	0	0	0	0	0
Loans and receivables														
Financial assets at amortised cost	**88 183**	**0**	**0**	**88 183**	**88 183**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Debt securities	88 183	0	0	88 183	88 183	0	0	0	0	0	0	0	0	0
Loans and receivables														
Total Financial assets	**388 419**	**0**	**0**	**388 419**	**388 419**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Finance leases														
Total Transferred assets	**388 419**	**0**	**0**	**388 419**	**388 419**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

[1] Including securities lending without cash collateral.

[2] When the “counterparty” (counterparties) to the associated liabilities has (have) recourse only to the transferred assets” (IFRS 7.42D.(d))

Obligations arising from transferred assets fully derecognized

At 31 December 2020, the CACEIS Group had no obligations arising from transferred assets fully derecognised.

6.7. Exposure to sovereign risk

The scope of sovereign exposures recorded covers exposures to Governments, but does not include local authorities. Tax debt is excluded from these amounts.

Exposure to sovereign debt corresponds to an exposure net of impairment (carrying amount) presented both gross and net of hedging.

The Group’s exposure to sovereign risk is as follows :

31/12/2020	Exposures net of impairment						
	Other financial instruments at fair value through profit or loss		Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	Financial assets at amortised cost	Total banking activity before hedging	Hedging	Total banking activity after hedging
(in thousands of euros)	Held for trading financial assets	Other financial instruments at fair value through profit or loss					
Saudi Arabia					**0**		**0**
Argentina					**0**		**0**
Austria				182 483	**182 483**		**182 483**
Belgium				266 546	**266 546**		**266 546**
Brazil					**0**		**0**
China					**0**		**0**
Egypt					**0**		**0**
Spain			172 127	2 033 537	**2 205 664**		**2 205 664**
United States			10	164 601	**164 611**		**164 611**
France			53 653	264 381	**318 034**		**318 034**
Greece					**0**		**0**
Hong Kong					**0**		**0**
Iran					**0**		**0**
Ireland					**0**		**0**
Italy					**0**		**0**
Japan					**0**		**0**
Lebanon					**0**		**0**
Lituania					**0**		**0**
Morocco					**0**		**0**
Poland					**0**		**0**
United Kingdom					**0**		**0**
Russia					**0**		**0**
Syria					**0**		**0**
Ukraine					**0**		**0**
Turkey					**0**		**0**
Venezuela					**0**		**0**
Yemen					**0**		**0**
Other sovereign countries (1)				808 101	**808 101**		**808 101**
Total	**0**	**0**	**225 790**	**3 719 649**	**3 945 439**	**0**	**3 945 439**

(1) Including Germany for €757,286 thousand.

31/12/2019 *(in thousands of euros)*	Exposures net of impairment						
	Other financial instruments at fair value through profit or loss		**Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss**	**Financial assets at amortised cost**	**Total banking activity before hedging**	**Hedging**	**Total banking activity after hedging**
	Held for trading financial assets	Other financial instruments at fair value through profit or loss					
Saudi Arabia					**0**		**0**
Argentina					**0**		**0**
Austria					**0**		**0**
Belgium					**0**		**0**
Brazil					**0**		**0**
China					**0**		**0**
Egypt					**0**		**0**
Spain			426 080	561 579	**987 659**		**987 659**
United States					**0**		**0**
France			132 910		**132 910**		**132 910**
Greece					**0**		**0**
Hong Kong					**0**		**0**
Iran					**0**		**0**
Ireland					**0**		**0**
Italy					**0**		**0**
Japan					**0**		**0**
Lituania					**0**		**0**
Morocco					**0**		**0**
Poland					**0**		**0**
United Kingdom					**0**		**0**
Russia					**0**		**0**
Syria					**0**		**0**
Ukraine					**0**		**0**
Turkey					**0**		**0**
Venezuela					**0**		**0**
Yemen					**0**		**0**
Other sovereign countries		2 664		783 315	**785 979**		**785 979**
Total	**0**	**2 664**	**558 990**	**1 344 894**	**1 906 548**	**0**	**1 906 548**

6.8. Financial liabilities at amortised cost

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Due to credit institutions	14 085 292	4 810 965
Due to customers	95 030 026	71 843 933
Debt securities	109 955	109 993
Carrying amount	**109 225 273**	**76 764 891**

Due to credit institutions

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Credit institutions		
Accounts and borrowings	11 639 727	2 685 681
of which current accounts in credit (1)	2 572 318	2 666 235
of which overnight accounts and deposits (1)	41 756	9 960
Pledged securities		
Securities sold under repurchase agreements	2 445 565	2 125 285
Total	**14 085 292**	**4 810 966**

(1)These transactions are partly comprised of the item "Net demand loans and deposits with credit institutions" on the Cash Flow Statement.

Due to customers

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Current accounts in credit	93 598 229	70 626 720
Special savings accounts		
Other amounts due to customers	568 215	507 781
Securities sold under repurchase agreements	863 582	709 431
Insurance liabilities		
Reinsurance liabilities		
Cash deposits received from ceding and retroceding companies against technical insurance commitments		
Carrying amount	**95 030 026**	**71 843 932**

Debt securities

(in thousands of euros)	31/12/2020	31/12/2019
Interest bearing notes		
Money-market securities		
Negotiable debt securities		
Bonds	109 955	109 993
Other debt securities		
Carrying amount	**109 955**	**109 993**

6.9. Offsetting - Financial assets and liabilities

Offsetting - Financial assets

Type of financial instrument *(in thousands of euros)*	31/12/2020 Offsetting effects on financial assets covered by master netting agreements and similar agreements					
	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Other amounts that can be offset under given conditions		Net amount after all offsetting effects
				Gross amounts of financial liabilities covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	
Derivatives	497 536		**497 536**	461 338		**36 198**
Reverse repurchase agreements	7 854 845		**7 854 845**		7 854 845	**0**
Securities lent	158 580		**158 580**			**158 580**
Other financial instruments			**0**			**0**
Total Financial assets subject to offsetting	**8 510 961**	**0**	**8 510 961**	**461 338**	**7 854 845**	**194 778**

Type of financial instrument *(in thousands of euros)*	31/12/2019 Offsetting effects on financial assets covered by master netting agreements and similar agreements					
	Gross amounts of recognised financial assets before offsetting	Gross amounts of recognised financial liabilities set off in the financial statements	Net amounts of financial assets presented in the financial statements	Other amounts that can be offset under given conditions		Net amount after all offsetting effects
				Gross amounts of financial liabilities covered by master netting agreements	Amounts of other financial instruments received as collateral, including security deposits	
Derivatives	577 501		**577 501**	360 110		**217 391**
Reverse repurchase agreements	7 274 776		**7 274 776**		7 274 776	**0**
Securities lent	471 603		**471 603**			**471 603**
Other financial instruments			**0**			**0**
Total Financial assets subject to offsetting	**8 323 880**	**0**	**8 323 880**	**360 110**	**7 274 776**	**688 994**

Offsetting - Financial liabilities

Type of financial instrument *(in thousands of euros)*	31/12/2020 Offsetting effects on financial liabilities covered by master netting agreements and similar agreements					
	Gross amounts of recognised financial liabilities before offsetting	Gross amounts of recognised financial assets set off in the financial statements	Net amounts of financial liabilities presented in the financial statements	Other amounts that can be offset under given conditions		Net amount after all offsetting effects
				Gross amounts of financial assets covered by master netting agreements	Amounts of other financial instruments given as guarantee, including security deposits	
Derivatives	1 556 624		**1 556 624**	461 338	574 427	**520 859**
Reverse repurchase agreements	3 309 149		**3 309 149**		3 309 149	**0**
Securities lent	-1 574 488		**-1 574 488**			**-1 574 488**
Other financial instruments			**0**			**0**
Total Financial liabilities subject to offsetting	**3 291 285**	**0**	**3 291 285**	**461 338**	**3 883 576**	**-1 053 629**

Type of financial instrument *(in thousands of euros)*	31/12/2019 Offsetting effects on financial liabilities covered by master netting agreements and similar agreements					
	Gross amounts of recognised financial liabilities before offsetting	Gross amounts of recognised financial assets set off in the financial statements	Net amounts of financial liabilities presented in the financial statements	Other amounts that can be offset under given conditions		Net amount after all offsetting effects
				Gross amounts of financial assets covered by master netting agreements	Amounts of other financial instruments given as guarantee, including security deposits	
Derivatives	1 135 880		**1 135 880**	360 110		**775 770**
Reverse repurchase agreements	2 834 720		**2 834 720**		2 834 720	**0**
Securities lent			**0**			**0**
Other financial instruments			**0**			**0**
Total Financial liabilities subject to offsetting	**3 970 600**	**0**	**3 970 600**	**360 110**	**2 834 720**	**775 770**

6.10. Current and deferred tax assets and liabilities : breakdown of the balance

Current taxes on the assets side of the balance sheet include a claim of € 312 million on the Bavarian tax authorities recognized by CACEIS Bank S.A., Germany Branch.

A tax debt of €5,086 thousand is recognized in Current taxes on the liabilities side of the balance sheet in return for Income tax: this debt covers the proposed rectification in terms of corporate tax received from the Tax Administration in December 2019 for the control carried out on CACEIS for the 2016 and 2017 financial years.

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Current tax	322 866	341 907
Deferred tax	43 235	33 627
Total Current and deferred tax assets	**366 101**	**375 534**
Current tax	57 266	61 656
Deferred tax	195 222	204 857
Total Current and deferred tax liabilities	**252 488**	**266 513**

	31/12/2020		**31/12/2019**	
(in thousands of euros)	**Deferred Tax Assets**	**Deferred Tax Liabilities**	**Deferred Tax Assets**	**Deferred Tax Liabilities**
Temporary timing differences - tax	**127 764**	**258 614**	**119 705**	**280 290**
Non-deductible accrued expenses	4 371		4 576	
Non-deductible provisions for liabilities and charges	11 687		12 554	
Other temporary differences	111 706	258 614	102 575	280 290
Deferred tax on reserves for unrealised gains or losses	**12 905**	**34 043**	**5 776**	**16 421**
Financial assets at fair value through other comprehensive income	633	33 744	167	16 138
Cash flow hedges				
Gains and losses/Actuarial differences	12 273	299	5 609	283
Other comprehensive income attributable to changes in own credit risk				
Deferred tax on income and reserves	**-97 434**	**-97 434**	**-91 854**	**-91 854**
Total Deferred tax	**43 235**	**195 222**	**33 627**	**204 857**

6.11. Accrued income and expenses and other assets and liabilities

Accruals, prepayments and sundry assets

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Other assets	**3 950 144**	**3 454 122**
Sundry debtors	3 544 878	3 320 061
Settlements accounts	405 266	134 061
Accruals and deferred income	**851 410**	**558 767**
Items in course of transmission	220 526	166 058
Adjustment and suspense accounts	163 475	28 697
Accrued income	187 081	209 246
Prepaid expenses	33 336	19 106
Other accruals prepayments and sundry assets	246 992	135 660
Carrying amount	**4 801 554**	**4 012 889**

Accruals, deferred income and sundry liabilities

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Other liabilities	**4 148 611**	**4 901 455**
Settlements accounts	1 165 030	1 660 563
Sundry creditors	2 885 415	3 171 114
Liabilities related to trading securities		
Lease liabilities	98 166	69 778
Other		
Accruals and deferred income	**890 488**	**502 751**
Items in course of transmission	197 154	153 619
Adjustment and suspense accounts	165 301	27 790
Unearned income	502	3 291
Accrued expenses	262 206	250 694
Other accruals prepayments and sundry liabilities	265 325	67 357
Carrying amount	**5 039 099**	**5 404 206**

6.12. Assets and liabilities related to non-current assets held for sale

At 31 December 2020, no assets and liabilities were held for sale.

6.13. Joint ventures and associates

As of December 31, 2020, the equity value of joint ventures amounted to € 262 million and mainly corresponds to the custody and asset servicing activities of the Group in Latin America.

Significant joint ventures and associates are presented in the table below. These are the main joint ventures and associates that make up the "equity method on the balance sheet".

(in thousands of euros)	31/12/2020						
	% of interest	Equity-accounted value	Market value	Dividends paid to Group's entities	Share of net income	Share of shareholders' equity	Goodwill
Joint ventures							
S3 Latam Holdco 1	50%	-287			-419	6 862	-7 149
Santander Securities Services Brasil Participaçoes, S.A.	50%	1 452			-370	1 452	0
Banco S3 México, S.A.	50%	44 571			2 736	43 299	1 272
Santander Securities Services Colombia S.A.	50%	4 061			-624	3 981	80
S3 Latam Holdco 2	50%	99			-16	99	0
Santander Securities Services Brasil Distribuidora de titulos e Valores Mobiliarios, S.A.	50%	211 892			5 806	110 095	101 797
Others	20%				-124		
Net carrying amount of investments in equity-accounted entities (Joint ventures)		**261 788**			**6 988**	**165 789**	**96 000**

(in thousands of euros)	31/12/2019						
	% of interest	Equity-accounted value	Market value	Dividends paid to Group's entities	Share of net income	Share of shareholders' equity (1)	Goodwill
Joint ventures							
S3 Latam Holdco 1	50%	233 816				100 530	133 286
Santander Securities Services Brasil Participaçoes, S.A.	50%	1 893				1 893	
Banco S3 México, S.A.	50%	33 270				33 270	
Santander Securities Services Colombia S.A.	50%	3 851				3 851	
S3 Latam Holdco 2	50%	360				360	
Santander Securities Services Brasil Distribuidora de titulos e Valores Mobiliarios, S.A.	50%	76 833				76 833	
Other	20%	163			28	163	
Net carrying amount of investments in equity-accounted entities (Joint ventures)		**350 186**			**28**	**216 900**	**133 286**

The summary financial information for joint ventures and significant associates of the CACEIS group is presented below :

(en milliers d'euros)	31/12/2020			
	PNB	Résultat net	Total actif	Total capitaux propres
Co-entreprises				
S3 Latam Holdco 1	2 820	1 982	716 513	716 470
SANTANDER CACEIS BRASIL PARTICIPAÇÕES S.A.	4 053	3 236	140 134	136 726
Banco S3 México, S.A.	12 480	4 007	156 621	61 503
Santander Securities Services Colombia S.A.	562	-1 252	8 273	7 908
S3 Latam Holdco 2		-33	2 381	2 355
Santander Securities Services Brasil Distribuidora de titulos e Valores Mobiliarios, S.A.	56 719	20 969	158 066	124 201

(in thousands of euros)	31/12/2019			
	Revenues	Net income	Total assets	Total equity
Joint ventures				
S3 Latam Holdco 1			714 519	714 487
Santander Securities Services Brasil Participaçoes, S.A.			194 147	193 812
Banco S3 México, S.A.			137 325	66 539
Santander Securities Services Colombia S.A.			8 088	7 703
S3 Latam Holdco 2			2 424	2 388
Santander Securities Services Brasil Distribuidora de titulos e Valores Mobiliarios, S.A.			253 371	225 142

6.14. Property, plant & equipment and intangible assets (excluding goodwill)

(in thousands of euros)	31/12/2019	Impact IFRS 16	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2020
Property, plant & equipment used in operations								
Gross amount	198 966	22 661	0	48 991	-1 873	5	-68	268 683
Depreciation and impairment	-87 774	87	0	-33 910	1 484	8	-547	-120 653
Carrying amount	**111 192**	**22 748**	**0**	**15 082**	**-389**	**13**	**-616**	**148 030**
Intangible assets								
Gross amount	1 012 015		0	51 073	-31 904	1		1 031 184
Depreciation and impairment	-354 709		2	-30 349	-37 547	1		-422 602
Carrying amount	**657 306**	**0**	**2**	**20 724**	**-69 451**	**1**	**0**	**608 582**

(in thousands of euros)	31/12/2018	Impact IFRS 16	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2019
Property, plant & equipment used in operations								
Gross amount	88 725	76 849	20 160	16 164	-3 091	160		198 966
Depreciation and impairment	-53 895		-5 627	-31 372	3 159	-39		-87 774
Carrying amount	**34 830**	**76 849**	**14 533**	**-15 208**	**68**	**121**	**0**	**111 192**
Intangible assets								
Gross amount	453 670		566 801	26 093	-34 563	14		1 012 015
Depreciation and impairment	-337 102		-14 682	-26 411	23 494	-8		-354 709
Carrying amount	**116 567**	**0**	**552 119**	**-317**	**-11 069**	**6**	**0**	**657 306**

6.15. Goodwill

Goodwill amounted to € 1 042 million at 31 December 2020.

(in thousands of euros)	31/12/2019	Increases (acquisitions)	Decreases (divestments)	Impairment losses during the period	Translation adjustments	Other movements	31/12/2020
Goodwill - Gross amount	1 381 602	10 021			24		1 391 647
Badwill	-350 003						-350 003
Total	**1 031 599**	**10 021**	**0**	**0**	**24**	**0**	**1 041 644**

Analysis of changes in goodwill

The variation in the period is mainly related to the acquisition of the Santander entities in December 2020. In accordance with IFRS 3, the Group had a period of 12 months from the acquisition date to make a final measurement of the fair value of the assets and liabilities of the acquired entities.

DETERMINING THE VALUE IN USE OF THE CGU

Goodwill was subject to impairment test based on the assessment of the value in use of the cash generating unit (CGU) with which it is associated. Determining the value in use was based on discounting the CGUs' estimated future cash flows calculated from activities forecasts over a period over three years (2021-2023) developed for Group management purposes, extrapolated over a fourth and fifth year in order to marge towards growth trends to infinity.

Based on the results of this test, no goodwill impairment was recognised in CACEIS Group's financial statements.

The parameters used to assess the CGU's value in use are as follows :

- perpetual growth rate : 2%
- discount rate : 8,1%
- capital allocation rate : 8,93%

Sensitivity of the valuation of CGUS to the main valuation parameters

Sensitivity tests were performed to show the result of making changes to the main valuation parameters as described below.

This sensitivity testing revealed :
Change in the discount rate :

- a 50-basis point increase in discount rates would reduce the CGU's valuation by around €377 million
- a 50-basis point reduction in discount rates would increase the CGU's valuation by around €444 million

Change in capital allocation:

- a 100bp increase in the capital allocated to the CGU would reduce the CGU's valuation by around €65 million

Change in the perpetual growth rate:

- a 50-basis point decrease in the perpetual growth rate would reduce the CGU's valuation by around €279 million

Change in the cost/income ratio:

- a 100bp increase in the cost/income ratio in the final year would reduce the CGU's valuation by around €120 million
- a 100bp reduction in the cost/income ratio in the final year would increase the CGU's valuation by around €120 million

Change in revenues:

- A 100bp increase in revenues in the final year would increase the CGU's valuation by around €44 million
- A 100bp decrease in revenues in the final year would reduce the CGU's valuation by around €44 million

None of these various scenarios would lead to any impairment in the CGU's value.

6.16. Provisions

(in thousands of euros)	31/12/2019	Changes in scope	Additions	Reversals, amounts used	Reversals, amounts unused	Translation adjustments	Other movements	31/12/2020
Execution risks of commitments by signature	4 850		3 936	0	-5 076	0	0	3 709
Operational risks	8 232		4 663	-3 744	-1 585	0	-1 083	6 483
Employee retirement and similar benefits (1)	87 855		6 329	-2 403	-2 020	3	10 410	100 174
Litigation	7 134		1 251	-777	-1 918	0	137	5 827
Equity investments	0							0
Restructuring	1 210						-1 210	0
Other risks	7 704		7 237	0	-9	0	-3 634	11 298
Total	**116 986**	**0**	**23 416**	**-6 924**	**-10 608**	**3**	**4 620**	**127 491**

(1) Of which € 82 thousand for post-employment benefits under defined benefit plans, as detailed in Note 7.4 "Post-employment benefits, defined-benefit plan", including € 7 thousand for the long-service medal provision.

(in thousands of euros)	31/12/2018	01/01/2019 (2)	Changes in scope	Additions	Reversals, amounts used	Reversals, amounts unused	Translation adjustments	Other movements	31/12/2019
Execution risks of commitments by signature	2 639			3 755	0	-1 544			4 850
Operational risks	6 710		224	4 164	-1 898	-969	1		8 232
Employee retirement and similar benefits (1)	71 064		4 792	12 017	-511	-668	66	1 095	87 855
Litigation	6 058		1 505	1 887	-1 687	-180	0	-449	7 134
Equity investments	0								0
Restructuring	678			1 210	-44	-634			1 210
Other risks	3 257		4 956	4 442	0	-4 951			7 704
Total	**90 406**	**0**	**11 477**	**27 475**	**-4 140**	**-8 946**	**68**	**646**	**116 986**

(1) Of which € 71 thousands for post-employment benefits on defined benefit plans, as detailed in Note 7.4 "Post-employment benefits, defined-benefit plan", including € 6 thousand for the long-service medal provision.
(2) Reclassification of provisions for tax risks relating to income tax from the heading "Provisions" to the heading "Current and deferred tax liabilities" as of January 1, 2019

Employee benefit obligations cover both retirement benefits and long-service awards.

Provisions for other liabilities and charges mainly comprise provisions for operational risks.

6.17. Subordinated debt

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Dated subordinated debt	273 039	272 776
Undated subordinated debt		
Mutual security deposits		
Participating securities and loans		
Carrying amount	**273 039**	**272 776**

Subordinated debt issues

The issue of subordinated debt plays a part in regulatory capital management while contributing to refinancing all of CACEIS 's operations.

The Capital Requirements Regulation and Directive (CRD 4/CRR) define the conditions under which subordinated instruments qualify as regulatory capital and set out the terms and conditions for progressive disqualification of older instruments that do not meet these requirements.

All subordinated debt issuance, whether new or old, is likely to be subject to Bail-in in certain circumstances, particularly in the event of resolution of the issuing bank, in accordance with the Order of 20 August 2015 containing various provisions adapting French legislation to EU law on financial matters, transposing EU Directive of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive, or BRRD).

Details of the types of subordinated debt issued by CACEIS and still outstanding are as follows :

- Dated subordinated notes (TSR) and contingent capital securities

Dated subordinated notes (TSR) issued by CACEIS are usually fixed-rate and pay interest on a quarterly or annual basis with a fixed maturity. They may be redeemed prior to maturity under contractually defined conditions and subject to certain conditions.

TSR differ from preferred and non-preferred senior bonds in terms of their ranking (principal and interest) as contractually defined by the subordination clause with reference to Article L. 228-97 of the French Commercial Code.

In the case of notes issued by CACEIS, in the event of liquidation (judicial or otherwise), dated subordinated notes (TSR) will be repaid after all other secured and unsecured creditors (including creditors of preferred and non-preferred senior bonds), but before deeply subordinated notes (“TSS”).

As of 31 December 2020, CACEIS had not issued any dated subordinated notes.

- Issues of deeply subordinated notes (TSS)

The Additional Tier 1 deeply subordinated notes (AT1 TSS) issued by CACEIS are consistent with the new CRD 4/CRR rules.

The AT1 deeply subordinated notes issued by CACEIS are undated floating rate securities that are senior to Common Equity Tier 1 Capital (CET1), including CACEIS shares, but subordinated to all other higher-ranking subordinated notes.

The AT1 deeply subordinated notes issued by CACEIS carry a clause providing for temporary partial impairment of the securities in the event that CACEIS’ Basel 3 Common Equity Tier 1 regulatory ratio falls below 5.125%.

Coupons are optional at the discretion of CACEIS (which may decide to suspend interest payments) or at the competent regulator’s request, and subject to regulatory restrictions if distributable amounts are insufficient or CACEIS Group fails to meet regulatory total capital requirements (including capital buffers).

Instruments classified as Tier 1 equity instruments (AT1 issued after the entry into force of CRD 4/CRR rules), recorded in Group equity, are presented in Note 6.18 “Undated financial instruments”.

- Senior non-preferred debt issues

The law on transparency, the fight against corruption and the modernisation of the economy (also referred to as the “Sapin 2 Law”) was published in the Official Journal on 10 December 2016 and became effective on 11 December, 2016. As part of this law, France created a new category of senior debt -- senior “non-preferred” debt -- meeting the eligibility criteria of the TLAC and MREL ratios (as they are presently defined). This new category of debt is also taken into account in the draft amendment to the Bank Recovery and Resolution Directive (BRRD) published on 23 November, 2016, which points to a harmonisation of banks’ creditor ranking.

In the course of a resolution process (likely to occur prior to liquidation), it will be possible to impair senior non-preferred securities in full or in part, or to convert them into equity as part of the bail-in procedure, ahead of other senior debt securities (senior “preferred” debt securities), but only after the full depreciation or the conversion into equity of subordinated instruments. The latter include own funds-related instruments of first category (CET1 and Additional Tier 1) and second category instruments (Tier 2). Only if the impairment or conversion of these instruments is insufficient will senior-non preferred debt securities be used in the bail-in of a particular institution.

In a liquidation event, senior non-preferred securities will be redeemed if there still are funds available, after the repayment of all senior preferred instruments, but ahead of subordinated securities (in particular of dated subordinated notes TSR known as “Tier 2” own funds).

The outstanding amount of senior non-preferred securities of CACEIS thus stood at € 110 million as of 31 December 2020.

6.18. Equity Ownership structure

CACEIS is a *société anonyme* (public limited company) with €941 million in share capital, fully subscribed and paid-up, made up of 23,513,451 shares. All the shares in issue belong to the same class. CACEIS and its subsidiaries do not hold any CACEIS shares.

The share capital and ownership structure break down as follows :

Shareholders of CACEIS	Number of shares at 31/12/2019	Number of shares issued	Number of shares transferred	Number of refunded shares	Number of shares at 31/12/2020	% of the share capital	% of voting rights
Main shareholders	**23 513 451**	**0**	**0**	**0**	**23 513 451**	**100,00%**	**100,00%**
CREDIT AGRICOLE SA	16 341 850				16 341 850	69,50%	69,50%
SANTANDER INVESTMENT	7 171 601				7 171 601	30,50%	30,50%
Outside of group	-				-		
Public	**0**	**0**	**0**	**0**	**0**	**0,00%**	**0,00%**
Institutional investors							
Individual shareholders							
Total	**23 513 451**	**0**	**0**	**0**	**23 513 451**	**100,00%**	**100,00%**

Earning per share

Since all shares belong to the same class, earnings per share in the financial year to 31 December 2020 came to €10,10.

Earnings per share

	31/12/2020	31/12/2019
Net income Group share during the period (in thousands of euros)	189 043	158 568
Interests paid to undated deeply subordinated securities (in thousands of euros)	-21 736	-5 734
Net income attributable to holders of ordinary shares	**167 307**	**152 834**
Weighted average number of ordinary shares in circulation during the period	16 557 980	16 557 980
Adjustment ratio	1,000	1,000
Weighted average number of ordinary shares for calculation of diluted earnings per share	16 557 980	16 557 980
Basic earnings per share (in euros)	**10,10**	**9,23**
Basic earnings per share from ongoing activities (in euros)	**10,10**	**9,23**
Basic earnings per share from discontinued operations (in euros)	**0,000**	**0,000**
Diluted earnings per share (in euros) (in euros)	**10,10**	**9,23**
Diluted earnings per share from ongoing activities (in euros)	**10,10**	**9,23**
Diluted earnings per share from discontinued operations (in euros)	**0,000**	**0,000**

As of 31 December 2020, the calculation includes €-21,7 million in issuance costs and interest due on subordinated notes and Additional Tier 1 deeply subordinated notes.

Dividends

(in euros)	**Proposal for 2020**	**2019**	**2018**	**2017**
Ordinary dividend Loyalty dividend	472 000 000	-	177 525 932	145 365 553

Dividends paid during the reporting period

In accordance with the recommendations of the European Central Bank ECB/2020/19 of 27 March 2020 and ECB/2020/35 of 27 July 2020, CACEIS did not pay any dividends in 2020 for the 2019 financial year.

Appropriation of CACEIS' 2020 individual net income and dividend decision

Shareholders will be asked to approve the appropriation in full to retained earnings of CACEIS net income of € 175 million recorded in respect of the financial year to 31 December 2020.

Net income 2020		**174 749**
Allocation to the legal reserve		**8 737**
Net income 2020 after allocation to the legal reserve	166 012	
Retained earnings as at 31.12.2019	306 671	
Distributable amount at 31.12.2019 before down payment	472 683	
Down payment on dividends		
Distributable amount at 31.12.2019 after down payment	**472 683**	
Allocation of the distributable amount:		
Other reserves	**0**	**0**
As cash dividend	**0**	**472 000**
As dividend (with option of payment in shares)	**0**	**0**
Retained earnings for the balance	**0**	**683**

In addition, shareholders are offered the distribution in cash of a dividend of €472 million.

Undated subordinated and deeply subordinated debt

The main issues of undated subordinated and deeply subordinated debt classified in shareholders' equity Group share are :

Issue date	Currency	Amount in currency at 31 December 2019 *(in thousands of units)*	Partial repurchases and redemptions *(in thousands of units)*	Amount in currency at 31 December 2020 *(in thousands of units)*	At 31 December 2020 Amount in euros at inception rate (in thousands of euros)	Interests paid Group share (in thousands of euros)	Issuance costs net of taxes (in thousands of euros)	Shareholders' equity Group share (in thousands of euros)
15/12/2017	EUR	100 000		100 000	100 000	-10 394		89 606
15/12/2017	EUR	65 000		65 000	65 000	-6 756		58 244
16/12/2019	EUR	350 000		350 000	350 000	-13 580		336 420
30/06/2020	EUR			100 000	100 000	-2 553		97 447
Total					**615 000**	**-33 283**	**0**	**548 434**

Changes relating to undated subordinated and deeply subordinated debt affecting shareholders' equity Group share are as follows :

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Undated deeply subordinated notes		
Interests paid accounted as reserves	-21 736	-5 734
Changes in nominal amounts		
Income tax savings related to interest paid to security holders recognised in net income	7 484	1 974
Issuance costs (net of tax) accounted as reserves		
Other		

6.19. Breakdown of financial assets and financial liabilities by contractual maturity

The breakdown of balance sheet financial assets and liabilities is made according to contractual maturity date.

The maturities of derivative instruments held for trading and for hedging correspond to their date of contractual maturity.

Equities and other variable-income securities are by nature without maturity; they are classified "Indefinite".

(in thousands of euros)	31/12/2020					
	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash, central banks	47 806 019					47 806 019
Financial assets at fair value through profit or loss	393 176	65 079	20 844	296	28 531	507 926
Hedging derivative Instruments	8 699		202	12 732		21 633
Financial assets at fair value through other comprehensive income	315 785	898 115	7 438 105	664 986	66	9 317 057
Financial assets at amortised cost	21 542 826	2 619 774	18 243 050	13 393 712		55 799 362
Revaluation adjustment on interest rate hedged portfolios	15 360					15 360
Total Financial assets by maturity	**70 081 865**	**3 582 968**	**25 702 201**	**14 071 726**	**28 597**	**113 467 358**
Central banks						
Financial liabilities at fair value through profit or loss	495 743	128 634	21 736	296		646 409
Hedging derivative Instruments	343 429	4 360	431 447	131 713		910 949
Financial liabilities at amortised cost	108 441 787	673 464		110 013	9	109 225 273
Subordinated debt	11			272 793	235	273 039
Revaluation adjustment on interest rate hedged portfolios	10 779					10 779
Total Financial liabilities by maturity	**109 291 749**	**806 458**	**453 183**	**514 815**	**244**	**111 066 449**

(in thousands of euros)	31/12/2019					
	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash, central banks	9 223 793					9 223 793
Financial assets at fair value through profit or loss	439 910	68 288	40 293	12	41651	590 154
Hedging derivative Instruments			1353	29 820	104	31277
Financial assets at fair value through other comprehensive income	831940	1922 586	9 028 266	1313 437	34	13 096 263
Financial assets at amortised cost	35 666 984	1684 967	13 523 087	7 655 863		58 530 900
Revaluation adjustment on interest rate hedged portfolios	3 527					3 527
Total Financial assets by maturity	**46 166 154**	**3 675 841**	**22 592 999**	**8 999 132**	**41789**	**81475 914**
Central banks	72 148					72 148
Financial liabilities at fair value through profit or loss	485 641	60 146	40 537	1176		587 500
Hedging derivative Instruments	100 278	17 476	284 739	145 400	103	547 996
Financial liabilities at amortised cost	76 555 654	48 068	1	110 020	51148	76 764 891
Subordinated debt	11			272 765		272 776
Revaluation adjustment on interest rate hedged portfolios	6 585					6 585
Total Financial liabilities by maturity	**77 220 317**	**125 690**	**325 277**	**529 361**	**51251**	**78 251896**

7. EMPLOYEE BENEFITS AND OTHER COMPENSATION

7.1. Analysis of employee expenses

(in thousands of euros)	31/12/2020	31/12/2019
Salaries (1)	317 766	271 225
Contributions to defined-contribution plans	12 340	11 545
Contributions to defined-benefit plans	7 607	1 422
Other social security expenses	82 946	74 443
Profit-sharing and incentive plans	16 542	16 905
Payroll-related tax	9 878	9 296
Total Employee expenses	**447 080**	**384 836**

(1) Of which €4,290 thousand in retirement benefit obligations at 31 December 2020 compared with €3,009 thousand at 31 December 2019.

7.2. Average headcount during the period

Average headcount	**31/12/2020**	**31/12/2019**
France	1 919	1 843
International	2 103	2 120
Total	**4 022**	**3 963**

7.3. Post-employment benefits, defined-contribution plans

“Employers” contribute to a variety of compulsory pension schemes. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the year and during prior years. Consequently, CACEIS have no liability in this respect other than the contributions payable.

7.4. Post-employment benefits, defined-benefit plans

Change in actuarial liability

(in thousands of euros)	31/12/2020			31/12/2019
	Eurozone	Outside Eurozone	All Zones	All Zones
Actuarial liability at 31/12/N-1	**119 601**	**4 932**	**124 533**	**102 301**
Translation adjustments		5	5	115
Cost of service rended during the period	3 867	1 338	5 205	4 502
Financial cost	992	219	1 211	1 383
Employee contributions		495	495	448
Benefit plan changes, withdrawals and settlement		-375	-375	0
Changes in scope	-10 149	10 167	18	11 349
Benefits paid (mandatory)	-1 945	-734	-2 679	-2 108
Tax, administratives costs and bonuses			-5	0
Actuarial (gains)/losses arising from changes in demographic assumptions	809	832	1 641	-1 185
Actuarial (gains)/losses arising from changes in financial assumptions	10 435	217	10 652	7 728
Actuarial liability at 31/12/N	**123 610**	**17 097**	**140 702**	**124 533**

Breakdown of net charge recognised in the income statement

(in thousands of euros)	31/12/2020			31/12/2019
	Eurozone	Outside Eurozone	All Zones	All Zones
Service cost	3 867	1 132	4 998	4 506
Income/expenses on net interests	643	4	647	1 526
Impact on profit or loss for the year	**4 510**	**1 135**	**5 645**	**6 032**

Breakdown of income recognised in OCI that will not be reclassified to profit and loss

(in thousands of euros)	31/12/2020			31/12/2019
	Eurozone	Outside Eurozone	All Zones	All Zones
Revaluation from net liabilities (from net assets)				
Total amount of actuarial gains or losses recognised in other comprehensive income that will not be reclassified to profit or loss at 31/12/N-1	**25 226**	**-47**	**25 179**	**24 055**
Translation adjustments		2	2	-5
Actuarial (gains)/losses on assets	-2 944	-1 024	-3 968	-5 415
Actuarial (gains)/losses arising from changes in demographic assumptions	809	831	1 641	-1 185
Actuarial (gains)/losses arising from changes in financial assumptions	10 435	218	10 652	7 728
Adjustment of assets restriction's impact	125	173	298	0
Impact in other comprehensive income at 31/12/N	**8 424**	**200**	**8 625**	**1 123**

Change in fair value of assets

(in thousands of euros)	31/12/2020			31/12/2019
	Eurozone	Outside Eurozone	All Zones	All Zones
Fair value of assets at 31/12/N-1	50 983	3 655	54 638	**36 435**
Translation adjustments		8	8	114
Interests on asset (income)	348	228	577	475
Actuarial gains/(losses)	2 944	1 024	3 968	5 415
Employer contributions	214	859	1 072	959
Employee contributions		495	495	448
Benefit plan changes, withdrawals and settlement			0	0
Changes in scope	-10 930	10 785	-145	10 764
Tax, administratives costs and bonuses	-1	-172	-173	-4
Benefits paid out under the benefit plan	-25	-734	-759	32
Fair value of assets at 31/12/N	**43 534**	**16 147**	**59 681**	**54 638**

Net position

(in thousands of euros)	31/12/2020			31/12/2019
	Eurozone	Outside Eurozone	All Zones	All Zones
Closing actuarial liability	**123 610**	**17 092**	**140 702**	**124 533**
Impact of asset restriction		804	804	618
Fair value of assets at end of period	-43 534	-16 147	-59 681	-54 638
Net position of assets/(liabilities) at end of period	**80 076**	**1 750**	**81 825**	**70 513**

At 31 December 2020, the sensitivity analysis showed that :

- a 50 basis point increase in discount rates would reduce the commitment by 11,20%;
- a 50 basis point decrease in discount rates would increase the commitment by 13,19%.

Information on plan assets: Allocation of assets

(in thousands of euros)	Eurozone			Outside Eurozone			All Zones		
	%	Amount	of which listed	%	Amount	of which listed	%	Amount	of which listed
Equities	17,2%	9 437	9 437	28,0%	1 300	1 300	18,0%	10 737	10 737
Bonds	7,0%	3 860	3 860	28,0%	1 300	1 300	8,6%	5 160	5 160
Property/Real estate	2,6%	1 415		23,3%	1 083		4,2%	2 498	
Other	73,3%	40 300		20,8%	967		69,2%	41 267	

7.5. Other employee benefits

The provisions funded for these other employee benefit obligations amounted to €18,346 thousands at 31 December 2020, corresponding to a provision under Caceis Bank Netherlands Branch and Caceis Bank Germany Branch restructuring plan as well as to provisions for long service awards.

7.6. Executive compensation

As at 31 December 2020, the governance of CACEIS consisted of :

- a General Management team ;
- an Executive Committee (Comex), which constitutes the Group's executive body and comprises General Management, Country Managing Directors for France, Luxembourg, the Netherlands and Germany, the Head of International Development and the Chief Financial Officer (Spain and Latin America being represented by the Deputy Managing Director in charge of strategy, market intelligence and management of the network of correspondents) ;
- a Group Management Committee comprising General Management, the main business unit managers and the main country managers.

In 2020, CACEIS' Executive Committee received total compensation of €4,308,780 and CACEIS' Group Management Committee received total compensation of €9,210,751."

8. LEASES

8.1. Lease agreements of which CACEIS is a lessee

Property, plant and equipment used in operations on the balance sheet comprises assets held for own use and leased assets that do not meet the criteria to be accounted for as investment properties.

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Owned property, plant & equipment	50 427	40 995
Right-of-use on lease contracts	97 602	70 198
Total Property, plant & equipment used in operations	**148 030**	**111 193**

CACEIS is also a lessee under IT hardware leases (photocopiers, PCs, etc.) with a term of 1 to 3 years. These leases have a low unit value and/or short terms. CACEIS has opted to apply the exemptions provided for by IFRS 16 and not to recognise right-of-use assets and lease liabilities on the balance sheet in respect of these leases.

Right-of-use assets : variation

CACEIS is a lessee of numerous assets, including mainly offices agencies and IT equipment. Information relating to these contracts are as follows :

(in thousands of euros)	31/12/2019	FTA IFRS 16	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2020
Property/Real estate								
Gross amount	99 228	22 661	0	34 235	-703	3	-67	155 357
Depreciation and impairment	-29 030	87	0	-29 066	551	7	-303	-57 754
Total Property/Real estate	**70 198**	**22 748**	**0**	**5 169**	**-152**	**10**	**-371**	**97 603**
Equipment								
Gross amount								0
Depreciation and impairment								0
Total Equipment	**0**	**0**	**0**	**0**	**0**	**0**		**0**
Total Right-of-use	**70 198**	**22 748**	**0**	**5 169**	**-152**	**10**		**97 603**

(in thousands of euros)	01/01/2019	FTA IFRS 16	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2019
Property/Real estate								
Gross amount		76 849	14 259	8 009			111	99 228
Depreciation and impairment			-1 777	-27 240			-13	-29 030
Total Property/Real estate	**0**	**76 849**	**12 482**	**-19 231**	**0**	**0**	**98**	**70 198**
Equipment								
Gross amount								0
Depreciation and impairment								0
Total Equipment	**0**	**0**	**0**	**0**	**0**	**0**		**0**
Total Right-of-use	**0**	**76 849**	**12 482**	**-19 231**	**0**	**0**		**70 198**

Maturity analysis of lease liabilities

(in thousands of euros)	**31/12/2020**			
	≤ 1 year	**> 1 year up to ≤ 5 years**	**> 5 years**	**Total Lease liabilities**
Lease liabilities	**28 265**	**46 494**	**23 407**	**98 166**

(in thousands of euros)	**31/12/2019**			
	≤ 1 year	**> 1 year up to ≤ 5 years**	**> 5 years**	**Total Lease liabilities**
Lease liabilities	**28 929**	**37 296**	**3 553**	**69 778**

Details of expense and income on lease contracts

(in thousands of euros)	31/12/2020	31/12/2019
Interest expense on lease liabilities	-621	-7
Total Interest and similar expenses (Revenues)	**-621**	**-7**
Expense relating to short-term leases		
Expense relating to leases of low-value assets	-3 441	-3 445
Expense relating to variable lease payments not included in the measurement of lease liabilities		
Income from subleasing right-of-use assets		
Gains or losses arising from leaseback transactions		
Gains or losses arising from lease modifications		
Total Operating expenses	**-3 441**	**-3 445**
Depreciation for right-of-use	-28 913	-27 240
Total Depreciation and amortisation of property, plant & equipment	**-28 913**	**-27 240**
Total Expense and income on lease contracts	**-32 975**	**-30 692**

Cash flow amounts for the period

(in thousands of euros)	31/12/2020	31/12/2019
Total Cash outflow for leases	**-32 450**	**-30 182**

8.2. Lease agreements of which CACEIS is a lessor

CACEIS offers its clients rental activities that take the form of leasing contracts, with option to buy, financial leasing, or long-term leasing. Leases are classified as finance leases when the terms of the lease transfer in substance almost all of the risks and rewards inherent in ownership to the lessee.

The other leases are classified as operating leases.

lease contracts income

(in thousands of euros)	31/12/2020	31/12/2019
Finance leases	**0**	**0**
Selling profit or loss		
Finance income on the net investment in the lease		
Income relating to variable lease payments		
Operating leases	**50**	**47**
Lease income	50	47

9. Commitments given and received and other guarantees

Commitments given and received

(in thousands of euros)	**31/12/2020**	**31/12/2019**
Commitments given	**1 620 937**	**1 542 714**
Financing commitments	**1 208 977**	**1 031 887**
Commitments given to credit institutions	33 996	100 000
Commitments given to customers	1 174 981	931 887
Confirmed credit lines	1 125 834	926 883
Documentary credits	*20 143*	
Other confirmed credit lines	*1 105 691*	*926 883*
Other commitments given to customers	49 147	5 004
Guarantee commitments	**411 960**	**510 827**
Credit institutions	6 802	6 578
Confirmed documentary credit lines		
Other	6 802	6 578
Customers	405 158	504 249
Property guarantees	1	
Other customer guarantees	405 157	504 249
Securities commitments		
Securities to be delivered		
Commitments received	**4 768 951**	**5 283 650**
Financing commitments	**7 655**	
Commitments received from credit institutions	7 655	
Commitments received from customers		
Guarantee commitments	**4 761 296**	**5 283 651**
Commitments received from credit institutions	3 716 271	3 713 578
Commitments received from customers	1 045 025	1 570 073
Guarantees received from government bodies or similar institutions		39 039
Other guarantees received	1 045 025	1 531 034
Securities commitments		
Securities to be received		

Commitments received consist of guarantees received by CACEIS Bank, Luxembourg Branch in the course of all its activities and guarantees received by CACEIS Bank in the course of its listed derivatives clearing activities.

Commitments given and received and other guarantees

(in thousands of euros)	31/12/2020	31/12/2019
Carrying amount of financial assets provided as collateral (including transferred assets)		
Securities and receivables provided as collateral for the refinancing structures (Banque de France, CRH, etc.)	3 323 524	3 747
Securities lent	158 589	388 421
Security deposits on market transactions	2 154 821	2 496 529
Other security deposits	-	0
Securities sold under repurchase agreements	3 309 147	2 834 717
Total Carrying amount of financial assets provided as collateral	**8 946 081**	**5 723 414**
Carrying amount of financial assets received in garantee	-	
Other security deposits	-	
Fair value of instruments received as reusable and reused collateral (2)		
Securities borrowed	-	
Secutities bought under repurchase agreements	13 525 005	7 275 614
Securities sold short	-	
Total Fair value of instruments received as reusable and reused collateral	**13 525 005**	**7 275 614**

Guarantees held

At 31 December 2020, the CACEIS Group received a total of €706 million in securities as collateral from its customers in connection with derivatives trading.

At 31 December 2020, the CACEIS Group used €463 million of this collateral.

10. RECLASSIFICATIONS OF FINANCIAL INSTRUMENTS

Reclassifications are performed only under exceptional circumstances and following a decision by the Executive Management of the entity as a result of internal or external changes: significant changes in the entity's activity.

In 2020, CACEIS did not carry out any reclassification pursuant to paragraph 4.4.1 of IFRS 9.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received at the sale of an asset or paid to transfer a liability in a standard transaction between market participants at the measurement date.

Fair value is defined on the basis of the “exit price”.

The fair values shown below are estimates made on the reporting date using observable market data wherever possible. These are subject to change in subsequent periods due to developments in market conditions or other factors.

The calculations represent best estimates. They are based on a number of assumptions. It is assumed that market participants act in their best economic interest.
The fair value hierarchy of financial assets and liabilities is broken down according to the general observability criteria of the valuation inputs, pursuant to the principles defined under IFRS 13.

Level 1 applies to the fair value of financial assets and liabilities quoted in active markets.

Level 2 applies to the fair value of financial assets and liabilities with observable inputs. This agreement includes market data relating to interest rate risk or credit risk when the latter can be revalued based on Credit Default Swap (CDS) spread. Securities bought or sold under repurchase agreements with underlyings quoted in an active market are also in cluded in Level 2 of the hierarchy, as are financial assets and liabilities with a demand component for which fair value is measured at unadjusted amortised cost.

Level 3 indicates the fair value of financial assets and liabilities with unobservable inputs or for which some datas can be revalued using internal models based on historical data. This mainly includes market data relating to credit risk or early redemption risk.

In some cases, market values are close to carrying amounts. This applies primarily to :

- assets or liabilities at variable rates for which interest rate changes do not have a significant influence on the fair value, since the rates on these instruments frequently adjust themselves to the market rates ;
- short-term assets or liabilities where the redemption value is considered to be close to the market value ;
- instruments executed on a regulated market for which the prices are set by the public authorities ;
- demand assets and liabilities ;
- transactions for which there are no reliable observable data.

11.1. Fair value of financial assets and liabilities recognised at amortised cost

Amounts presented below include accruals and prepayments and are net of impairment.

Financial assets recognised at cost and measured at fair value on the balance sheet

(in thousands of euros)	**Value at 31/12/2020**	**Estimated fair value at 31/12/2020**	Quoted prices in active markets for identical instruments: **Level 1**	Valuation based on observable data: **Level 2**	Valuation based on unobservable data: **Level 3**
Financial assets not measured at fair value on balance sheet					
Loans and receivables	**23 244 124**	**23 244 124**		**23 244 124**	
Loans and receivables due from credit institutions	**17 317 193**	**17 317 193**		**17 317 193**	
Current accounts and overnight loans	1 475 526	1 475 526		1 475 526	
Accounts and long-term loans	10 379 063	10 379 063		10 379 063	
Pledged securities					
Securities bought under repurchase agreements	5 462 605	5 462 605		5 462 605	
Subordinated loans					
Other loans and receivables					
Loans and receivables due from customers	**5 926 931**	**5 926 931**		**5 926 931**	
Trade receivables	2 057	2 057		2 057	
Other customer loans	912 864	912 864		912 864	
Pledged securities					
Securities bought under repurchase agreements	2 392 240	2 392 240		2 392 240	
Subordinated loans					
Insurance receivables					
Reinsurance receivables					
Advances in associates' current accounts					
Current accounts in debit	2 619 770	2 619 770		2 619 770	
Debt securities	**32 555 213**	**32 555 213**	**3 280**	**32 551 933**	
Treasury bills and similar securities	3 719 649	3 719 649	-	3 719 649	
Bonds and other fixed income securities	28 835 564	28 835 564	3 280	28 832 284	
Total Financial assets of which fair value is disclosed	**55 799 337**	**55 799 337**	**3 280**	**55 796 057**	**0**

(in thousands of euros)	**Value at 31/12/2019**	**Estimated fair value at 31/12/2019**	Quoted prices in active markets for identical instruments: **Level 1**	Valuation based on observable data: **Level 2**	Valuation based on unobservable data: **Level 3**
Financial assets not measured at fair value on balance sheet					
Loans and receivables	**38 477 416**	**38 488 337**		**38 488 337**	
Loans and receivables due from credit institutions	**31 478 071**	**31 476 061**		**31 476 061**	
Current accounts and overnight loans	25 189 526	25 187 020		25 187 020	
Accounts and long-term loans	2 610 796	2 610 444		2 610 444	
Pledged securities					
Securities bought under repurchase agreements	3 677 749	3 678 597		3 678 597	
Subordinated loans					
Other loans and receivables					
Loans and receivables due from customers	**6 999 345**	**7 012 276**		**7 012 276**	
Trade receivables	1 432	1 432		1 432	
Other customer loans	933 734	948 446		948 446	
Pledged securities					
Securities bought under repurchase agreements	3 597 027	3 597 017		3 597 017	
Subordinated loans					
Insurance receivables					
Reinsurance receivables					
Advances in associates' current accounts					
Current accounts in debit	2 467 152	2 465 381		2 465 381	
Debt securities	**20 053 458**	**19 785 198**	**11 385 149**	**8 400 049**	
Treasury bills and similar securities	1 344 894	1 337 820	1 337 820		
Bonds and other fixed income securities	18 708 564	18 447 378	10 047 329	8 400 049	
Total Financial assets of which fair value is disclosed	**58 530 874**	**58 273 535**	**11 385 149**	**46 888 386**	**0**

Financial liabilities recognised at amortised cost and measured at fair value on the balance sheet :

(in thousands of euros)	**Value at 31/12/2020**	**Estimated fair value at 31/12/2020**	Quoted prices in active markets for identical instruments: **Level 1**	Valuation based on observable data: **Level 2**	Valuation based on unobservable data: **Level 3**
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**14 085 292**	**14 085 609**		**14 085 609**	
Current accounts and overnight loans	2 614 074	2 612 799		2 612 799	
Accounts and term deposits	9 025 653	9 026 888		9 026 888	
Pledged securities					
Securities sold under repurchase agreements	2 445 565	2 445 922		2 445 922	
Due to customers	**95 030 026**	**95 029 346**		**95 029 346**	
Current accounts in credit	93 598 229	93 597 538		93 597 538	
Special savings accounts					
Other amounts due to customers	568 215	568 222		568 222	
Securities sold under repurchase agreements	863 582	863 586		863 586	
Insurance liabilities					
Reinsurance liabilities					
Cash deposits received from ceding and retroceding companies against technical insurance commitments					
Debt securities	**109 955**	**109 934**		**109 934**	
Subordinated debt	**273 039**	**273 000**		**273 000**	
Total Financial liabilities of which fair value is disclosed	**109 498 312**	**109 497 889**		**109 497 889**	

(in thousands of euros)	**Value at 31/12/2019**	**Estimated fair value at 31/12/2019**	Quoted prices in active markets for identical instruments: **Level 1**	Valuation based on observable data: **Level 2**	Valuation based on unobservable data: **Level 3**
Financial liabilities not measured at fair value on balance sheet					
Due to credit institutions	**4 810 966**	**4 805 824**		**4 805 824**	
Current accounts and overnight loans	2 676 196	2 672 622		2 672 622	
Accounts and term deposits	9 485	7 251		7 251	
Pledged securities					
Securities sold under repurchase agreements	2 125 285	2 125 951		2 125 951	
Due to customers	**71 843 932**	**71 842 872**		**71 842 872**	
Current accounts in credit	70 626 719	70 625 656		70 625 656	
Special savings accounts					
Other amounts due to customers	507 781	507 772		507 772	
Securities sold under repurchase agreements	709 432	709 444		709 444	
Insurance liabilities					
Reinsurance liabilities					
Cash deposits received from ceding and retroceding companies against technical insurance commitments					
Debt securities	**109 993**	**109 969**		**109 969**	
Subordinated debt	**272 776**	**272 735**		**272 735**	
Total Financial liabilities of which fair value is disclosed	**77 037 667**	**77 031 400**		**77 031 400**	

11.2. Information about financial instruments measured at fair value

The valuation of counterparty risk (*Credit Valuation Adjustment* or CVA) of own's credit risk (Debit Valuation Adjustment or DVA) and of funding risk (Funding valuation Adjustment) on derivatives operations).

The value adjustment linked to the counterparts quality (CVA) aims to incorporate in derivatives' valuation the credit risk associated with the counterparty (risk of non-payment of sums due in the event of default). This adjustment is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions after deducting any collateral. This adjustment is always negative and reduces the fair value of the financial instruments.

The value adjustment linked to our institution's own credit risk (Debt Value Adjustment - DVA) aims to incorporate the risk borne by our counterparties in the valuation of derivative instruments. This adjustment is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions. This adjustment is always positive and reduces the fair value of the financial instruments.

The CVA/DVA is calculated on the basis of estimated expected losses based on the probability of default and loss given default. The methodology used maximises the use of observable market inputs. The probability of a default is in priority deducted from quoted CDS or proxies from quoted CDS when they are considered sufficiently liquid.

The financial impacts are not significant at the level of the CACEIS group.

Breakdown of financial instruments at fair value by valuation model

Amounts presented below include accruals and prepayments and are net of impairment.

Financial assets measured at fair value

(in thousands of euros)	31/12/2020	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Held for trading financial assets	**476 637**	**89 795**	**386 842**	**0**
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Securities bought under repurchase agreements				
Pledged securities				
Held for trading securities	0	0	0	0
Treasury bills and similar securities				
Bonds and other fixed income securities				
Mutual funds				
Equities and other variable income securities				
Derivative instruments	476 637	89 795	386 842	
Other financial instruments at fair value through profit or loss	**31 289**	**2 697**	**28 404**	**188**
Equity instruments at fair value through profit or loss	**28 531**	**0**	**28 343**	**188**
Equities and other variable income securities	445		257	188
Non-consolidated equity investments	28 086		28 086	
Debt instruments that do not meet the conditions of the "SPPI" test	**2 758**	**2 697**	**61**	**0**
Loans and receivables due from credit institutions	0			
Loans and receivables due from customers	0			
Debt securities	2 758	2 697	61	0
Treasury bills and similar securities	0			
Bonds and other fixed income securities	0			
Mutual funds	2 758	2 697	61	
Assets backing unit-linked contracts	**0**	**0**	**0**	**0**
Treasury bills and similar securities	0			
Bonds and other fixed income securities	0			
Equities and other variable income securities	0			
Mutual funds	0			
Financial assets designated at fair value through profit or loss	**0**	**0**	**0**	**0**
Loans and receivables due from credit institutions	0			
Loans and receivables due from customers	0			
Debt securities	0	0	0	0
Treasury bills and similar securities	0			
Bonds and other fixed income securities	0			
Financial assets at fair value through other comprehensive income	**9 317 057**	**9 317 054**	**3**	**0**
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	66	66	0	0
Equities and other variable income securities	66	66		
Non-consolidated equity investments	0			
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	9 316 991	9 316 988	3	0
Loans and receivables due from credit institutions	0			
Loans and receivables due from customers	0			
Debt securities	9 316 991	9 316 988	3	0
Treasury bills and similar securities	225 790	225 790		
Bonds and other fixed income securities	9 091 201	9 091 198	3	
Hedging derivative Instruments	**21 633**	**12 841**	**8 792**	
Total Financial assets measured at fair value	**9 846 616**	**9 422 387**	**424 041**	**188**

(in thousands of euros)	31/12/2019	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Held for trading financial assets	**545 840**	**108 128**	**437 712**	**0**
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Securities bought under repurchase agreements				
Pledged securities				
Held for trading securities				
Treasury bills and similar securities				
Bonds and other fixed income securities				
Mutual funds				
Equities and other variable income securities				
Derivative instruments	545 840	108 128	437 712	
Other financial instruments at fair value through profit or loss	**44 314**	**32 077**	**10 999**	**1 238**
Equity instruments at fair value through profit or loss	**41 650**	**29 413**	**10 999**	**1 238**
Equities and other variable income securities	19 268	14 520	3 510	1 238
Non-consolidated equity investments	22 382	14 893	7 489	
Debt instruments that do not meet the conditions of the "SPPI" test	**2 664**	**2 664**	**0**	**0**
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Debt securities	2 664	2 664		
Treasury bills and similar securities				
Bonds and other fixed income securities				
Mutual funds	2 664	2 664		
Assets backing unit-linked contracts	**0**	**0**	**0**	**0**
Treasury bills and similar securities				
Bonds and other fixed income securities				
Equities and other variable income securities				
Mutual funds				
Financial assets designated at fair value through profit or loss	**0**	**0**	**0**	**0**
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Debt securities				
Treasury bills and similar securities				
Bonds and other fixed income securities				
Financial assets at fair value through other comprehensive income	**13 096 263**	**13 026 395**	**69 868**	**0**
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	34	34		0
Equities and other variable income securities	34	34		0
Non-consolidated equity investments				0
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	13 096 229	13 026 361	69 868	0
Loans and receivables due from credit institutions				0
Loans and receivables due from customers				0
Debt securities	13 096 229	13 026 361	69 868	0
Treasury bills and similar securities	558 992	558 992		0
Bonds and other fixed income securities	12 537 237	12 467 369	69 868	0
Hedging derivative Instruments	**31 277**	**29 108**	**2 169**	**0**
Total Financial assets measured at fair value	**13 717 694**	**13 195 708**	**520 748**	**1 238**

Financial liabilities measured at fair value

(in thousands of euros)	31/12/2020	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Held for trading financial liabilities	**646 409**	**89 795**	**556 614**	**0**
Securities sold short				
Securities sold under repurchase agreements				
Debt securities				
Due to credit institutions				
Due to customers				
Derivative instruments	646 409	89 795	556 614	
Financial liabilities designated at fair value through profit or loss	**0**	**0**	**0**	**0**
Hedging derivative Instruments	**910 949**	**0**	**910 949**	**0**
Total Financial liabilities measured at fair value	**1 557 358**	**89 795**	**1 467 563**	**0**

(in thousands of euros)	31/12/2019	Quoted prices in active markets for identical instruments: Level 1	Valuation based on observable data: Level 2	Valuation based on unobservable data: Level 3
Held for trading financial liabilities	**587 500**	**110 189**	**477 311**	**0**
Securities sold short				
Securities sold under repurchase agreements				
Debt securities				
Due to credit institutions				
Due to customers				
Derivative instruments	587 500	110 189	477 311	0
Financial liabilities designated at fair value through profit or loss				
Hedging derivative Instruments	**547 996**		**547 996**	
Total Financial liabilities measured at fair value	**1 135 496**	**110 189**	**1 025 307**	**0**

CACEIS has not valued financial instruments based on level 3 models.

12. CONSOLIDATION SCOPE AT DECEMBER 31, 2020

Composition of the perimeter

Scope of consoldation of CACEIS group	Consolidation method	Scope changes (1)	Principal place of business	Country of incorporation (if different from the principal place of business)	Nature of entity and control (2)	% control		% interest	
						31/12/2020	31/12/2019	31/12/2020	31/12/2019
Banking and financial institutions									
CACEIS Switzerland	Full		Switzerland		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Belgium	Full		Belgium		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Ireland Ltd	Full		Irland		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Corporate Trust	Full		France		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS SA	Full		France		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Fund Administration	Full		France		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Bank	Full		France		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Bank, Luxembourg Branch	Full		Luxembourg	France	Branch	100,0%	100,0%	100,0%	100%
CACEIS Bank S.A., Germany Branch	Full		Germany	France	Branch	100,0%	100,0%	100,0%	100%
CACEIS Bank, Ireland Branch	Full		Irland	France	Branch	100,0%	100,0%	100,0%	100%
CACEIS Bank, Netherlands Branch	Full		Netherlands	France	Branch	100,0%		100,0%	
CACEIS Bank, Belgium Branch	Full		Belgium	France	Branch	100,0%	100,0%	100,0%	100%
CACEIS Bank, Italy Branch	Full		Italy	France	Branch	100,0%	100,0%	100,0%	100%
CACEIS Bank, UK Branch	Full		United Kingdom	France	Branch	100,0%	100,0%	100,0%	100%
CACEIS Bank, Switzerland Branch	Full		Switzerland	France	Branch	100,0%	100,0%	100,0%	100%
KAS BANK N.V. (absorbée par Caceis Bank Netherlands Branch au 01/11/2020)	Full	E4	Netherlands		Subsidiary		97,4%		97%
KAS LONDON BRANCH (absorbée par Caceis Bank UK Branch au 01/11/2020)	Full	E4	United Kingdom	Netherlands	Branch		97,4%		97%
KAS BANK FRANKFURT BRANCH (absorbée par Caceis Bank Germany Branch au 01/11/2020)	Full	E4	Germany	Netherlands	Branch		97,4%		97%
KAS TRUST & DEPOSITARY SERVICES B.V. (Absorbée par CACEIS Bank, Netherlands Branch au 18/02/2020)	Full	E4	Netherlands		Subsidiary		100,0%		97%
BTN Förvaltning AB	Equity Accounted	E2	Netherlands		Associate		20,0%		19%
CACEIS BANK SPAIN, S.A.U. (Bf : Santander Securities Services, S.A.)	Full		Spain		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS FUND ADMINISTRATION SPAIN S.A.U (Bf : Santander Fund Administration, S.A.)	Full		Spain		Subsidiary	100,0%	100,0%	100,0%	100%
Santander CACEIS Brasil Participações S.A. (Bf : Santander Securities Services Brasil Participaçoes, S.A.)	Equity Accounted		Brazil		Joint venture	50,0%	50,0%	50,0%	50%
Santander Securities Services Brasil Distribuidora de titulos e Valores Mobiliarios, S.A. (Bf : Santander Securities Services Brasil Distribuidora de titulos e Valores Mobiliarios, S.A.)	Equity Accounted		Brazil		Joint venture	50,0%	50,0%	50,0%	50%
Banco Santander CACEIS México, S.A., Institución de Banca Múltiple (Bf : Banco S3 México, S.A.)	Equity Accounted		Mexico		Joint venture	50,0%	50,0%	50,0%	50%
SANTANDER CACEIS COLOMBIA S.A, SOCIEDAD FIDUCIARIA (Bf : Santander Securities Services Colombia S.A.)	Equity Accounted		Colombia		Joint venture	50,0%	50,0%	50,0%	50%
Other									
Investor Services House	Full		Luxembourg		Subsidiary	100,0%	100,0%	100,0%	100%
Partinvest	Full		Luxembourg		Subsidiary	100,0%	100,0%	100,0%	100%
S3 LATAM Hold co. 1	Equity Accounted		Spain		Joint venture	50,0%	50,0%	50,0%	50%
S3 LATAM Hold co. 2	Equity Accounted		Spain		Joint venture	50,0%	50,0%	50,0%	50%

E2: Sales to non-Group companies or deconsolidation following loss of control
E4: Merger or takeover

No regulatory, legal or contractual provision restricts CACEIS' ability to have enjoy access to its subsidiaries' assets and to settle liabilities.

13. INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND STRUCTURED ENTITIES

13.1. Non-consolidated controlled entities

These securities, measured at fair value through profit and loss, are variable-income securities that are intended to be held for a long time.

This item amounted to €31,093 thousand at 31 December 2020 (€22,382 thousand at 31 December 2019).

At 31 December 2020, the unconsolidated participating interests held by the CACEIS Group were as follows:

Non-consolidated companies	Country of incorporation	% interest	
		31.12.2020	31.12.2019
CACEIS Hong Kong Ltd	Hong Kong	80,00%	80,00%
KAS NOMINEES LTD. (GB66797)	United Kingdom	100,00%	100,00%
GIE registar	France	20,00%	12,50%
Liquidshare	France	7,96%	14,29%
Luxcellence Management Company	Luxembourg	100,00%	100,00%
CACEIS Fond Services GmbH	Germany	100,00%	100,00%
FidFund Management	Switzerland	45,00%	45,00%
CAHub@Luxembourg	Luxembourg	20,00%	20,00%
Caceis Canada Asset Servicing Limited	Canada	100,00%	100,00%
Caceis UK Nominees Limited	United Kingdom	100,00%	100,00%

The net income, total assets and equity of these participating interests were not material by comparison with the net income, total assets and equity of the consolidated companies as a whole at 31 December 2020.

13.2. Non-consolidated structured entities

In accordance with IFRS 12, a structured entity is an entity designed in such a way that voting rights or similar rights are not the determining factor in establishing who controls the entity; this is particularly the case when the voting rights relate only to administrative tasks and the relevant activities are managed by means of contractual agreements.

Interests held in structured entities not consolidated by type of activity

As of 31 December 2020 and 31 December 2019, the involvement of CACEIS in unconsolidated structured entities is presented for all of the families of sponsored structured entities significant for CACEIS in the tables below:

	31.12.2020															
	Securitisation vehicules				Asset management				Investment Funds				Structured finance			
		Maximum loss				Maximum loss				Maximum loss				Maximum loss		
(in thousands of euros)	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure
Financial assets at fair value through profit or loss									3 093	3 093		3 093				
Financial assets at fair value through other comprehensive income																
Financial assets at amortised cost	0	0		0					207 144	207 144		207 144				
Total Assets recognised relating to non-consolidated structured entities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**210 237**	**210 237**	**0**	**210 237**	**0**	**0**	**0**	**0**
Equity instruments issued																
Financial liabilities at fair value through profit or loss																
Liabilities																
Total Liabilities recognised relating to non-consolidated structured entities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Commitments given																**0**
Financing commitments																
Guarantee commitments																
Other																
Provisions for execution risks - commitments given																
Total Commitments (net of provision) to non-consolidated structured entities		**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**0**		**0**	**0**	**0**
Total Balance sheet relating to non-consolidated structured entities	**0**								**209 592**							

	31.12.2019															
	Securitisation vehicules				Asset management				Investment Funds				Structured finance			
		Maximum loss				Maximum loss				Maximum loss				Maximum loss		
(in thousands of euros)	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure	Carrying amount	Maximum exposure to losses	Guarantees received and other credit enhancements	Net exposure
Financial assets at fair value through profit or loss									2 610	2 610		2 610				
Financial assets at fair value through other comprehensive income																
Financial assets at amortised cost	0	0		0					205 307	205 307		205 307				
Total Assets recognised relating to non-consolidated structured entities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**207 917**	**207 917**	**0**	**207 917**	**0**	**0**	**0**	**0**
Equity instruments issued																
Financial liabilities at fair value through profit or loss																
Liabilities																
Total Liabilities recognised relating to non-consolidated structured entities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Commitments given																**0**
Financing commitments																
Guarantee commitments																
Other																
Provisions for execution risks - commitments given																
Total Commitments (net of provision) to non-consolidated structured entities		**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**0**		**0**	**0**	**0**
Total Balance sheet relating to non-consolidated structured entities	**0**								**224 138**							

(1) Structured non-sponsored entities do not present any specific risks linked to the nature of the entity.

14. EVENTS SUBSEQUENT TO 31 DECEMBER 2020

No significant events took place after the closing date.