PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

CACEIS

Year ended December 31, 2021

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, 2021

Statutory auditors' report on the consolidated financial statements

To the General Meeting of CACEIS Bank,

Opinion

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of CACEIS Bank for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the year ended 31 December 2021 and of the financial position and assets and liabilities of the company at that date in accordance with the accounting rules and principles applicable in France.

The opinion expressed above is consistent with the contents of 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 auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

■ Independence

We conducted our audit engagement in compliance with 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 1 January 2021 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 consolidated 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 consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Risk on the presentation and valuation of goodwill in the consolidated 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 four years (2022-2025) for your group's management purposes, extrapolated over a a fifth year in order to converge to the perpetual growth trend. As of 31 December 2021, the amount of goodwill recorded in the balance sheet amounted to € 1,042 million. 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, financial forecasts and discount rates.	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. We examined the financial forecasts prepared by the management of each entity concerned and used in the model to : • 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 four-year period. These assumptions were assessed in view of 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 (excluding interests on arrears) 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 consolidated 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, the Company's replies to the German tax authorities and the risk estimates provided by the Company; • examining the conclusions of the Company's legal 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 2021. Lastly, we reviewed the information given in this regard in the notes to the consolidated 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, 2021, PricewaterhouseCoopers Audit and ERNST & YOUNG et Autres were in the 11th and the 21st of total uninterrupted engagement, respectively, including four 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 is expected 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 risks 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 statement

■ 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 from 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 of users taken 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 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 exercices professional judgement throughout the audit and furthermore:

- ► Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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 his 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, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or 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 program 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 and Paris-La Défense, April 15th 2022

The Statutory Auditors

PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Bara Naija	Matthieu Préchoux

CACEIS

CONSOLIDATED FINANCIAL STATEMENTS AT

31 DECEMBER 2021

Approved by the CACEIS Board of Directors on 8th April 2022

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).

Catherine Duvaud having ceased her functions on 31 March 2021, CACEIS has 3 effective directors as at 31 December 2021: Jean-François Abadie, Joseph Saliba and Carlos Rodríguez de Robles.

Since 20 December 2019 :

- CACEIS' share capital has amounted to 941 008 309.02 euros. 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 2021, the principal business activities of CACEIS, via its subsidiaries and branches in Europe, in Latin America and Asia, were as follows :

- <u>Depositary banking – custodian :</u>

  - in France: CACEIS Bank
  - in Spain: CACEIS Bank Spain, S.A.U.
  - in Brazil: S3 CACEIS Brasil DTVM S.A (previously named Santander CACEIS Brasil DTVM S.A.)
  - in Mexico: : Banco S3 CACEIS México, S.A., Institución de Banca Múltiple
  - in Colombia: Santander CACEIS 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, CACEIS Fund Service GmbH

- 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

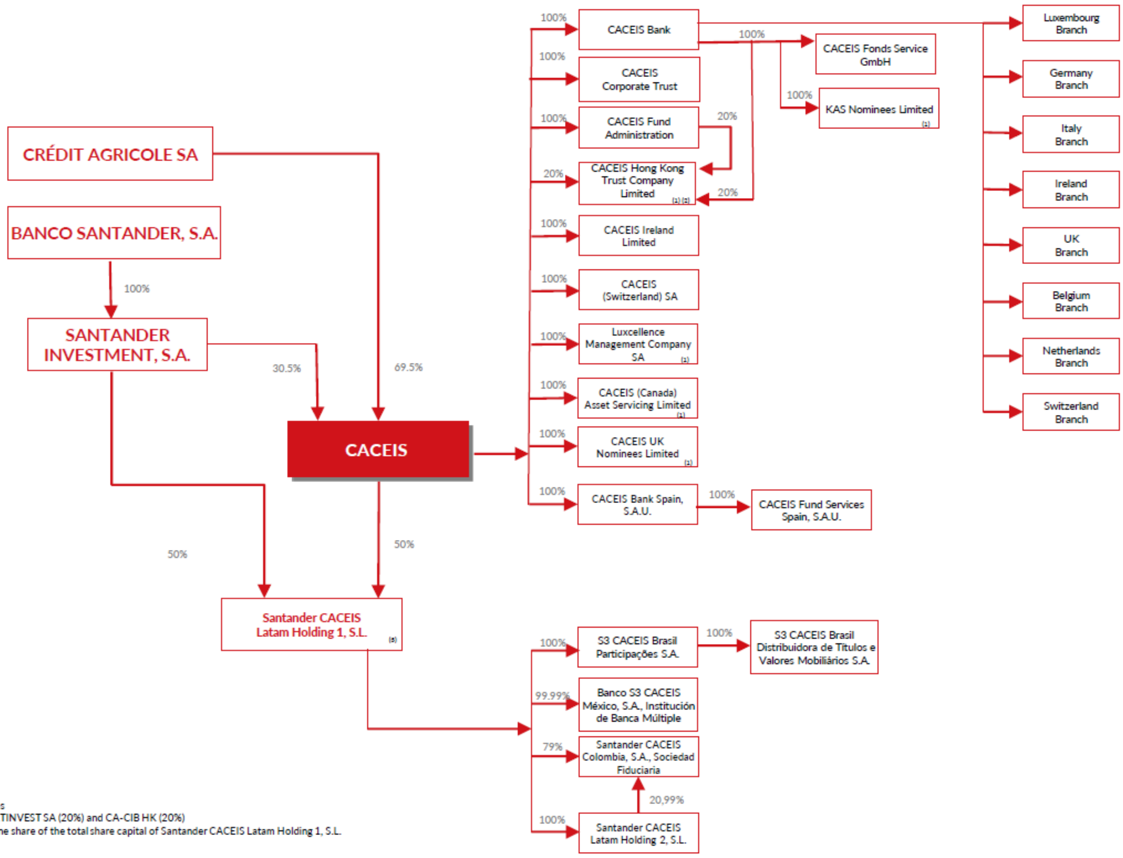
- Fund Administration :

  - in France: CACEIS Fund Administration
  - in Spain: CACEIS Fund Services Spain, S.A.U. (previously named CACEIS Fund Administration Spain, S.A.U.)
  - in Switzerland: CACEIS (Switzerland) S.A. (merger / absorption of Fidfund into CACEIS (Switzerland) SA on 1 January 2021)
  - 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

Organizational chart of CACEIS main entities as of 31 December 2021



(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 CACEIS Latam Holding 1, 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 2021 linked to related parties are shown below :

In thousands of euros		31/12/2021
		Crédit Agricole SA
ASSETS	Financial assets designated at fair value through profit or loss by type	376 361
	Financial assets at fair value through other comprehensive income	6 450 886
	Loans and receivables due from credit institutions	12 436 443
	Loans and receivables due from customers	1 027
	Financial assets at amortised cost	26 455 105
	Accrued income and expenses and other assets	903 996
	Total	***46 623 818***
LIABILITIES	Derivative financial instruments	56 010
	Derivative financial future instruments	432 136
	Due to credit institutions	4 325 369
	Due to customers	861 132
	Accrued income and expenses and other liabilities	443 928
	Total	***6 118 575***
OFF BALANCE SHEET	Guarantee commitments	3 786 919
	Hedging financial instruments	54 756 927
	Financial futures	46 412 103
	Total	***105 318 758***

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	31/12/2021	31/12/2020
Interest and similar income	4.1	956 816	836 798
Interest and similar expenses	4.1	-681 274	-550 985
Fee and commission income	4.2	1 122 045	1 021 083
Fee and commission expenses	4.2	-270 887	-230 407
Net gains (losses) on financial instruments at fair value through profit or loss	4.3	98 784	105 714
Net gains (losses) on held for trading assets/liabilities		394 249	-151 869
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss		-295 465	257 583
Net gains (losses) on financial instruments at fair value through other comprehensive income	4.4	228	8 830
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss		228	8 767
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)			63
Net gains (losses) arising from the derecognition of financial assets at amortised cost	4.5	10 871	
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	6 944	17 172
Expenses on other activities	4.6	-64 442	-79 557
REVENUES		**1 179 084**	**1 128 649**
Operating expenses	4.7	-881 543	-818 923
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	4.8	-67 111	-64 451
GROSS OPERATING INCOME		**230 430**	**245 274**
Cost of risk	4.9	4 345	-8 338
OPERATING INCOME		**234 774**	**236 936**
Share of net income of equity-accounted entities		7 552	6 988
Net gains (losses) on other assets	4.10	177	
Change in value of goodwill	2.	63	
PRE-TAX INCOME		**242 567**	**243 924**
Income tax	4.11	-55 862	-54 881
Net income from discontinued operations			
NET INCOME		**186 705**	**189 043**
Non-controlling interests			
NET INCOME GROUP SHARE		**186 705**	**189 043**
Earnings per share (in euros) (1)	6.18	6,74	7,12
Diluted earnings per share (in euros) (1)	6.18	6,74	7,12

(1) Income including net income from discontinued operations
(2) Earnings per share reported in 2020 has been adjusted to take into account the number of shares outstanding as of 31/12/2020

NET INCOME AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	*Notes*	**31/12/2021**	**31/12/2020**
Net income		**186 705**	**189 043**
Actuarial gains and losses on post-employment benefits	4.12	11 021	-8 503
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			
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	4.12	11 021	**-8 503**
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	4.12	15	**11**
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	4.12	-3 249	**4 254**
Income tax related to items that will not be reclassified to profit or loss on equity-accounted entities	4.12	13	**-2**
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	**7 799**	**-4 240**
Gains and losses on translation adjustments	4.12	-3 291	1 482
Other comprehensive income on debt instruments that may be reclassified to profit or loss	4.12	-57 027	85 284
Gains and losses on hedging derivative instruments			
Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	-60 318	**86 766**
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	4.12	7 039	**-95 495**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	15 556	**-20 565**
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	**-37 722**	**-29 294**
Other comprehensive income net of income tax	4.12	**-29 923**	**-33 534**
Net income and other comprehensive income		**156 781**	**155 509**
Of which Group share		156 781	155 503
Of which non-controlling interests			6

(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	31/12/2021	31/12/2020
Cash, central banks	6.1	46 953 885	47 806 019
Financial assets at fair value through profit or loss	3.1 - 6.4 - 6.6 - 6.7	516 520	507 926
Held for trading financial assets		479 997	476 637
Other financial assets at fair value through profit or loss		36 523	31 289
Hedging derivative Instruments	3.2 - 3.4	191 772	21 633
Financial assets at fair value through other comprehensive i	3.1 - 6.4 - 6.6 - 6.7	8 029 611	9 317 057
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		8 029 578	9 316 991
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss		33	66
Financial assets at amortised cost	.1 - 3.3 - 6.5 - 6.6 - 6.7	59 365 183	55 799 337
Loans and receivables due from credit institutions		17 314 719	17 317 193
Loans and receivables due from customers		6 428 420	5 926 931
Debt securities		35 622 044	32 555 213
Revaluation adjustment on interest rate hedged portfolios		16 220	15 360
Current and deferred tax assets	6.10	357 154	366 101
Accruals, prepayments and sundry assets	6.11	4 561 494	4 801 554
Non-current assets held for sale and discontinued operations			
Deferred participation			
Investments in equity-accounted entities	6.13	276 438	261 788
Investment property			
Property, plant and equipment	6.15	244 365	148 030
Intangible assets	6.15	576 993	608 582
Goodwill	6.16	1 042 423	1 041 644
TOTAL ASSETS		122 132 059	**120 695 031**

BALANCE SHEET – LIABILITIES & EQUITY

(in thousands of euros)	Notes	31/12/2021	31/12/2020
Central banks	6.1	1 314	
Financial liabilities at fair value through profit or loss	6.2	296 776	646 409
Held for trading financial liabilities		296 776	646 409
Financial liabilities designated at fair value through profit or loss			
Hedging derivative Instruments	3.2 - 3.4	432 136	910 949
Financial liabilities at amortised cost	3.1 - 3.3 - 6.8	109 178 355	109 225 273
Due to credit institutions		8 431 502	14 085 292
Due to customers		100 636 869	95 030 026
Debt securities	3.3 - 6.8	109 984	109 955
Revaluation adjustment on interest rate hedged portfolios		11 159	10 779
Current and deferred tax liabilities	6.10	213 961	252 488
Accruals, deferred income and sundry liabilities	6.11	7 410 639	5 039 099
Liabilities associated with non-current assets held for sale and discontinued operations			
Insurance compagny technical reserves			
Provisions	6.16	149 448	127 491
Subordinated debt	3.3 - 6.17	273 033	273 039
Total Liabilities		**117 966 821**	**116 485 527**
Equity		**4 165 238**	**4 209 503**
Equity - Group share		4 165 238	4 209 503
Share capital and reserves		3 016 332	2 716 332
Consolidated reserves		938 145	1 250 148
Other comprehensive income		24 057	53 980
Other comprehensive income on discontinued operations			
Net income (loss) for the year		186 705	189 043
Non-controlling interests			
TOTAL LIABILITIES AND EQUITY		**122 132 059**	**120 695 031**

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 2020	**941 008**	**2 426 193**		**515 000**	**3 882 201**	**107 202**	**-19 683**	**87 519**		**3 969 720**	**5 272**	**2**		**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			**-21 736**					**-21 736**						**-21 736**
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**
Appropriation of 2020 net income		189 043			**189 043**				-189 043							
Equity at 1 January 2021	**941 008**	**2 599 516**		**615 000**	**4 155 524**	**77 902**	**-23 923**	**53 979**		**4 209 503**						**4 209 503**
Equity at 1 January 2021 restated	**941 008**	**2 603 662**		**615 000**	**4 159 670**	**77 902**	**-23 923**	**53 979**		**4 213 649**						**4 213 649**
Capital increase																
Changes in treasury shares held																
Issuance / redemption of equity instruments				300 000	**300 000**					**300 000**						**300 000**
Remuneration of undated deeply subordinated notes		-28 338			**-28 338**					**-28 338**						**-28 338**
Dividends paid in 2021		-472 000			**-472 000**					**-472 000**						**-472 000**
Impact of acquisitions/disposals on non-controlling interests																
Changes due to share-based payments		308			**308**					**308**						**308**
Changes due to transactions with shareholders		**-500 030**		**300 000**	**-200 030**					**-200 030**						**-200 030**
Changes in other comprehensive income						**-37 721**	**7 799**	**-29 922**		**-29 922**						**-29 922**
Share of changes in equity-accounted entities																
Net income for 2021									186 705	**186 705**						**186 705**
Other changes		-5 163			**-5 163**					**-5 163**						**-5 163**
EQUITY AT 31 DECEMBER 2021	**941 008**	**2 098 469**		**915 000**	**3 954 477**	**40 181**	**-16 124**	**24 057**	**186 705**	**4 165 238**						**4 165 238**

(1) Estimated impact of the first application of the IFRS IC decision of 21 April 2021 on the calculation of obligations relating to certain defined benefit plans (see Note 1.1 Applicable standards and comparability). At 1 January 2020, the impact on equity would have been 3,507 thousand euros.
(2) An issuance of undated Additional Tier 1 subordinated bonds subscribed by Crédit Agricole S.A. was realised on 30 April 2021 for an amount of 300 million euros.

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	31/12/2021	31/12/2020
Pre-tax income		**242 567**	**243 924**
Net depreciation and impairment of property, plant & equipment and intangible assets		67 112	64 598
Impairment of goodwill and other fixed assets	6.16	-63	
Net addition to provisions		33 748	15 359
Share of net income (loss) of equity-accounted entities		-7 552	-6 988
Net income (loss) from investment activities			
Net income (loss) from financing activities		4 441	5 926
Other movements		23 718	70 700
Total Non-cash and other adjustment items included in pre-tax income		***121 403***	***149 596***
Change in interbank items		-5 240 149	-259 078
Change in customer items		5 140 639	24 287 089
Change in financial assets and liabilities		-2 942 458	-8 140 062
Change in non-financial assets and liabilities		2 588 141	-1 192 931
Dividends received from equity-accounted entities			
Taxes paid		-75 366	-61 787
Net change in assets and liabilities used in operating activities		***-529 193***	***14 633 231***
Cash provided (used) by discontinued operations			
Total Net cash flows from (used by) operating activities (A)		**-165 224**	**15 026 751**
Change in equity investments (1)		***879***	***-4 964***
Change in property, plant & equipment and intangible assets		***-52 179***	***-64 041***
Cash provided (used) by discontinued operations			
Total Net cash flows from (used by) investing activities (B)		**-51 300**	**-69 005**
Cash received from (paid to) shareholders (2)		***-200 338***	***78 264***
Other cash provided (used) by financing activities (3)		***-35 672***	***-34 319***
Cash provided (used) by discontinued operations			
Total Net cash flows from (used by) financing activities (C)		**-236 010**	**43 945**
Impact of exchange rate changes on cash and cash equivalent (D)		**630**	**-32**
Net increase/(decrease) in cash and cash equivalent (A + B + C + D)		**-451 903**	**15 001 659**
Cash and cash equivalents at beginning 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
Cash and cash equivalents at end of period		**46 216 100**	**46 668 003**
Net cash accounts and accounts with central banks *		46 953 943	47 806 019
Net demand loans and deposits with credit institutions **		-737 843	-1 138 016
Net change in cash and cash equivalents		**-451 903**	**15 001 659**

* 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 2021, the net impact of acquisitions on CACEIS 'cash position amounts to +879 thousand euros, relating in particular to the merger between CACEIS (Switzerland) SA and FidFund Management SA for 1,168 thousand euros, the inclusion in the scope of consolidation of CACEIS Fonds Service, GmBH for -562 thousand euros and the cash related to the sale of Swift shares for 272 thousand euros.

(2) Cash received from (paid to) shareholders: it includes the payment of AT1 emission from Crédit Agricole SA for 300 000 thousand euros net of AT1 interest for 28 338 thousands euros, dividend payments to Crédit Agricole SA for 328,040 thousand euros and to Banco Santander, S.A. for 143,960 thousand euros.

(3) Other cash provided (used) by financing activities: this line includes the repayment of IFRS 16 lease debt for -31 221 thousand euros, and interest payments on subordinated debt and bonds for -4 635 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 interprStatementions applicable as of 31 December 2021 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 interprStatementions 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 interprStatementions are the same as those applied and described in the Group's financial statements for the financial year ended 31 December 2021.

They have been supplemented by the IFRS standards as adopted by the European Union as of 31 December 2021 and that must be applied for the first time in 2021. These cover the following :

Standards, amendments or interpretations	Date of first-time application: financial years from	Applicable in the Group
Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	1st January 2021 (1)	Yes
Amendment to IFRS 4 Optional deferral of the application of IFRS 9 for entities involved primarily in insurance, including entities in the insurance sector that are part of a financial conglomerate as at 1 January 2023.	1st January 2021	No
Amendment to IFRS16 2nd amendment on rental concessions linked to the COVID-19.	1st April 2021	Yes (2)

(1) The Group opted for early application of the amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 concerning the interest rate benchmark reform – Phase 2 as of 1 January 2021.
(2) Retrospective application as at 1 January 2021.

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

Benchmark indices reforms

In early 2019, the Crédit Agricole Group adopted a programme to prepare for and manage the benchmark transition for all its activities, rolling out dedicated projects within each entity concerned. The programme complies with the time frames and standards defined by the working parties involved – with Crédit Agricole playing an active role in some – and the EU regulatory framework (BMR).

In accordance with the recommendations of national working parties and the authorities, the Group has favoured as much as possible switching to alternative indices ahead of the disappearance of the benchmark indices, while also aiming to comply with the time frames set or even imposed by the authorities and incentive milestones as much as possible. Considerable investment and extensive involvement of operational staff were required in order to adapt tools and absorb the workload resulting from these transitions, including for amending contracts. It should be noted that IT developments were highly dependent on the time frame for determining alternative target indices to LIBOR and the emergence of market standards.

All of the measures taken since 2019 ensured that these transitions were made in an orderly and controlled manner. In the second half of 2021, entities focused their efforts in particular on finalising all IT developments and providing more information to and improving interaction with customers to explain the transition process in more detail, as well as continuing with the efforts made to prevent conduct risk.

The work done also enabled the Group's entities to manage the new RFR products on offer while also protecting the customer experience and customer satisfaction.

Overview of transitions as at 31/12/2021:

For most of the entities and activities concerned, the proactive transition plans were activated from 2020 and continued until the end of 2021: cash lending/borrowing between Group entities, customer deposit accounts, financing to PERES customers, cleared interest rate derivatives transitioned en masse via the clearing houses' conversion cycles.

At CACEIS level, there are no contracts that could not be renegotiated before before the index termination date. In accordance with Crédit Agricole SA's recommendations, fallback clauses have been included in existing contracts.

Risk management:

In addition to preparing and implementing the replacement of the benchmark indices disappearing or becoming non-representative as at 31 December 2021, as well as compliance with the Benchmark Regulation (BMR), work on the project also concerned the management and control of the risks inherent to the transition to new benchmark indices, in particular in terms of the financial, operational, legal and compliance aspects with regards to protecting customers (preventing conduct risk).

For example, as regards the financial aspect, the risk of market fragmentation resulting from using different types of interest rates (calculation of a predetermined "forward-looking" interest rate at the start of the period or of a post-determined "backward-looking" interest rate) and different conventions depending on the asset class/currency may result in financial risks for sector operators. However, it is anticipated that these risks – clearly identified within the Group – should tend to decrease as market standards emerge and that the private sector – with the support of banks – will be able to manage this fragmentation.

USD LIBOR:

In 2022, work on the transition programme continued, in particular to prepare for the cessation of publication of USD LIBOR and its non-representativeness in June 2023.. For the transition from USD LIBOR, adoption of a legislative framework will be confirmed at a later date by the UK authorities, while the US authorities have already validated the designation of statutory replacement interest rates for contracts subject to New York law.

So that accounting hedging relationships affected by this benchmark index reform can be maintained despite uncertainties about the timing and means of transition from the current indices to 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 2021. The Credit Agricole Group shall apply these amendments as long as uncertainties about the future of the indices affect interest flow amounts.

As at 31 December 2021, hedging instruments affected by the reform and still subject to uncertainty represent a zero nominal amount for CACEIS.

Other amendments published by the IASB in August 2021, in addition to those published in 2019, focus on the consequences in accounting terms of replacing the old benchmark interest rates with other benchmark rates following the reforms.

These “Phase 2” changes concern mainly changes to contractual cash flows. They mean that entities do not have to de-recognise or adjust the accounting value of financial instruments to take account of the changes required by the reform, but rather update the effective interest rate to reflect the change of alternative benchmark rate.

As regards hedge accounting, entities will not have to disqualify their hedging relationships when they make the changes required by the reform and subject to economic equivalence.

As at 31 December 2021, CACEIS has no exposure to any of the old benchmark rates which must be switched to the new rates before their maturity (i.e. EONIA, USD LIBOR, GBP, JPY, CHF and EUR).

Accounting consequences of the IFRS IC decision of April 2021 concerning the attribution of post-employment benefits to periods of service for defined benefit plans

In December 2021, the IFRS IC addressed a question concerning the methodology for calculating provisions for employee obligations under defined benefit plans over the vesting period of benefits to be applied on the basis of a specific example in which the number of years of service resulting in the allocation of benefits is capped. From a number of approaches analysed, the IFRS IC selected the approach consisting of attributing benefits on a straight-line basis over the capped period preceding the age of retirement and allowing for the benefits to be obtained.

The plans concerned by the IFRS IC IAS 19 decision are those for which:

- Attribution of benefits is subject to being part of the company at the time of retirement (with the loss of all benefits in the event of early retirement);
- Benefits are dependent on length of service but capped above a certain number of years of service. This cap usually comes into effect before retirement, at least for some employees.

This decision constitutes a change of method in the approaches applied by the Group.

The impact of this decision, which was registered on 1 January 2021 without comparative information, amounts to -5 590 thousand euros in terms of benefit obligations (see Notes 6.16 - Provisions and 7 - Employee benefits and other compensation) set off against equity. The impact on equity amounts to -4 146 thousand euros after taking account of the tax effects (see Statement of changes in equity). As at 1 January 2021, the impact on benefit obligations would have been 4 728 thousand euros and the impact on equity would have been -3 507 thousand euros.

Furthermore, if the early application of standards and interpretations adopted by the European Union is optional over a given period, the option is not selected by the Group unless stated specifically.

This concerns in particular :

Standards, amendments or interpretations	**Date of first-time application: financial years from**	**Applicable in the Group**
Improvements to IFRSs 2018-2021 cycle **- IFRS 1** *First-time Adoption of International Financial Reporting Standards* **- IFRS 9** *Financial Instruments, and* **- IAS 41** *Agriculture*	1st January 2022	Yes
Amendment to IFRS 3 References to the conceptual framework	1st January 2022	Yes
Amendment to IAS 16 Proceeds before Intended Use	1st January 2022	Yes
Amendment to IAS 37 Costs a company includes when assessing whether a contract will be loss-making	1st January 2022	Yes
IFRS 17 Insurance contracts	1st January 2023	No

Standards and interpretations not yet adopted by the European Union as at 31 December 2021

The standards and interpretations published by the IASB at 31 December 2021 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 2021.

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).

  - o 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.

These financial assets are subsequently measured at fair value, with changes in fair value recorded in other comprehensive income on items that can be reclassified and offset against the outstandings account (excluding accrued interest recognised in profit or loss according to 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 CACEIS 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.

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

Only dividends are recognised in profit or loss.

- 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 (Stages):

- stage 1 : upon initial recognition of the financial instrument (credit, debt security, guarantee, etc.), CACEIS recognises the 12-month expected credit losses ;
- stage 2 : if the credit quality deteriorates significantly for a given transaction or portfolio, CACEIS recognises the losses expected to maturity ;
- stage 3 : 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, CACEIS recognises incurred credit losses to maturity. Subsequently, if the conditions for classifying financial instruments in stage 3 are not met, the financial instruments are reclassified in stage 2, then in stage 1 according to the subsequent improvement in the quality of the credit risk.

As of 31 December 2021, the term “bucket” used since the transition to IFRS 9 has been replaced by the term “stage” in all financial statements.

N.B. This is just a change of terminology, with no impact on the recognition of adjustments for expected credit losses (ECL).

- 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 ;
- CACEIS 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 (Stage 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 CACEIS 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 (Stages).

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 Stage 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 Stage 1 to Stage 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 CACEIS 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 Stage 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 (Stage 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 Stage 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 Stage 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 Stage 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 (Stage 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 (Stage 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 Stage 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.

CACEIS includes in fair value the counterparty risk assessment relating to derivative assets (Credit Valuation Adjustment or CVA) and, using a symmetrical approach, the non-performance risk relating to derivative liabilities (Debit Valuation Adjustment or DVA or own credit risk).

The CVA makes it possible to determine expected losses relating to the counterparty from the viewpoint of the Crédit Agricole group, while the DVA makes it possible to determine expected losses relating to the Crédit Agricole group from the viewpoint of the counterparty.

The CVA/DVA calculation is based on an estimate of expected losses on the basis of the probability of default and the loss in the event of default. The methodology applied maximises the use of observable inputs. It is based primarily on market parameters such as single name Credit Default Swaps (CDS) or index CDS if there is no single name CDS relating to the counterparty. Under some circumstances, default past parameters can be used.

- 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 CACEIS 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, CACEIS 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.

- 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 CACEIS 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 CACEIS 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 :

- CACEIS 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
Land	Not-depreciable
Structural works	30 to 80 years
Non-structural works	8 to 40 years
Plant and equipment	5 to 25 years
Fixture and fittings	5 to 15 years
Computer equipment	4 to 7 years
Special equipment	4 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 (in accordance to IFRS 9).

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 3-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, except those which are not significant in comparison with the companies included in the consolidation scope.

✓ 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 CACEIS 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 CACEIS’s returns. When assessing control, consideration is given not only to contractual arrangements in force but also to whether CACEIS was involved in creating CACEIS 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 CACEIS’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 CACEIS'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 CACEIS 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 CACEIS and the exposure to variable returns of other interests in CACEIS.

Joint control is deemed to exist when there is a contractual division of control over an economic activity. Decisions affecting CACEIS'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 share of 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 CACEIS). 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

✓ Measurement and recognition of 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 CACEIS 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.

In the event of a step acquisition, the stake held before the acquisition is remeasured at fair value through profit or loss on the date of acquisition and goodwill is calculated once, on the basis of the fair value on the acquisition date of the assets acquired and liabilities assumed.

In the event of loss of control, proceeds from the disposal are calculated for the entire entity sold and any investment kept is recognised on the balance sheet at its fair value on the date of loss of control.

✓ **Goodwill impairment**

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

The choices and valuation assumptions for investments not giving control on the acquisition date may influence the amount of initial goodwill and any impairment resulting from a loss of value.

For the requirements of this impairment testing, all goodwill is divided between the Group's various cash generating units (CGUs) that will benefit from the expected benefits of the business combination. The CGUs have been defined within the Group's main business lines as the smallest identifiable group of assets and liabilities operating according to their own business model. During impairment testing, the carrying amount of each CGU, including the carrying amount of goodwill allocated to it, is compared with its recoverable amount.

The recoverable amount of the CGU is defined as the higher of its fair value less costs to sell and its value in use. Value in use is calculated as the present value of estimated future cash flows generated by the CGU, as resulting from medium-term plans established for the purposes of steering the Group.

When the recoverable amount is less than the carrying amount, the goodwill attached to the CGU is duly impaired. This impairment is irreversible.

✓ **Changes in percentage stake post-acquisition and goodwill**

In the event of an increase or decrease in the percentage stake held by CACEIS in an entity already subject to exclusive control without loss of control, there will be no impact on the amount of goodwill recognized at the origin of the business combination.

In the event 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 under "Consolidated reserves", Group share. The expenses arising from these transactions are recognised in equity.

✓ **Put options granted to minority shareholders**

The accounting treatment of put options granted to minority shareholders is as follows:

- When a put option is granted to the minority shareholders of a fully consolidated subsidiary, a debt is recognised on the liabilities side of the balance sheet; it is initially recognised at the estimated present value of the exercise price of the options granted to the minority shareholders. To offset this debt, the share of net assets of the minority shareholders concerned is taken to zero and the balance is deducted from equity.

- Subsequent changes in the estimated value of the exercise price alter the amount of debt recorded under liabilities, offset against the adjustment in equity. Symmetrically, subsequent changes in the share of net assets of minority shareholders are cancelled out against equity.

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

The scope of consolidation and its changes as at 31 December 2021 are presented in detail at the end of the notes to the financial statements in Note 13 "Scope of consolidation as at 31 December 2021".

Project Turbo – Transformation of and changes to CACEIS's organisational structure

CACEIS has launched a project to transform and change its organisational structure in order to adapt to its enlarged business scope (KAS BANK and then Santander Securities Services), as well as competition in the asset servicing sector and changes in working practices within and outside the company.

The aim of the project is to make CACEIS more agile and increase client proximity and satisfaction by means of a more effective service with better controlled costs, primarily by means of :

- Increased centralisation by region of certain activities within global skills centres;
- A more simplified organisational structure;
- Ongoing standardisation of our procedures by rolling out digital tools.

This overall approach, which is due to be implemented over three years (2021-2023), concerns CACEIS Group and in particular entities in France, Luxembourg and Germany.
For France, an agreement concerning the project was signed with employee representative partners on 21 April 2021. This agreement provides for a number of voluntary departures (mobility leave, early retirement or immediate retirement) not exceeding 245 jobs. As at 31 December 2021, 189 applications had been accepted and 56 were expected.
Comparable schemes were presented to employee representative partners in Luxembourg and agreements have been signed in Germany in accordance with local regulatory requirements. These concern an estimated 55 departures in Luxembourg and 33 in Germany.

On the basis of the estimated specific costs resulting from the Turbo agreements for all actual and expected departures, an expense of 45,482 thousand euros was recognised in 2021, including 35,159 thousand euros for France, 4,962 thousand euros for Luxembourg and 5,361 thousand euros for Germany.

As some departures were effective in 2021, the balance of provisions for other employee benefits in respect of the Turbo project amounts to 46,955 thousand euros (including non-Turbo retirement benefits concerning applications accepted in France), including 36,828 thousand euros for France, 4,962 thousand euros for Luxembourg and 5,165 thousand euros for Germany.

Covid-19 pandemic crisis

The Covid-19 health crisis did not have any significant consequences in respect of 2021:

- The volume of trades and other transactions processed remained high;

- The crisis did not generate any additional credit risk;
- There were no specific operating effects in connection with the health crisis;
- The capacity of the Group's IT systems made it possible to process operations and let its employees continue to work from home.

Finalisation of the merger of KAS Bank N.V. into CACEIS Bank

As a reminder, KAS Bank N.V. was merged with CACEIS Bank on 1 November 2020 after obtaining regulatory authorisation from the Dutch, French and European regulatory authorities.

After being integrated into the CACEIS Group's governance, the transfer of KAS Bank's operations to CACEIS Bank, Netherlands Branch, CACEIS Bank, Germany Branch and CACEIS Bank UK Branch was accompanied by the migration of clients to CACEIS's IT infrastructure during the first quarter of 2021.

Merger between CACEIS (Switzerland) SA and FidFund Management SA

CACEIS (Switzerland) SA became FidFund Management SA's sole shareholder following the buyout on 25 May 2021 of 100% of the entity's share capital and 55% of investment capital from Banque Bonhôte et Cie SA.

Following the merger agreement signed on 1 June 2021 between the two entities, FidFund Management SA was merged into CACEIS (Switzerland) SA with retroactive effect on 1 January 2021.

The inclusion of FidFund Management SA in the scope of consolidation as a result of its merger into CACEIS (Switzerland) SA resulted in the recognition of badwill of 63 thousand euros.

Inclusion in the scope of consolidation of CACEIS Fonds Service, GmbH

As CACEIS Fonds Service GmbH exceeded the CACEIS Group's consolidation thresholds, it was decided that it should be consolidated on 31 December 2021. The impact of this consolidation recorded on 1 January 2021 is not significant. Due to a tax consolidation agreement signed on 7 March 2017, the results of this subsidiary of CACEIS Bank S.A., Germany Branch, have already been included in CACEIS's consolidated results since 2017 under Miscellaneous banking operating expenses recognised as Net banking income.

Change of name : CACEIS Fund Services Spain, S.A.U. (Bf. CACEIS Fund Administration Spain, S.A.U.)

CACEIS Fund Administration Spain, S.A.U. changed its company name on 20 December 2021 to CACEIS Fund Services Spain, S.A.U.

AT1 additional tier 1 perpetual subordinated bond issue

Within the framework of strengthening the Group's regulatory capital, on 30 April 2021, CACEIS issued a 300 million euros Additional Tier 1 perpetual subordinated bond subscribed by Crédit Agricole S.A., London Branch. The funds were replaced at CACEIS Bank.

CACEIS Bank S.A, Germany Branch

In 2019, CACEIS Germany received from the Bavarian tax authorities a demand to recover tax on dividends received from some of its clients in 2010.

This demand concerned an amount of 312 million euros. It was accompanied by a demand to pay interest calculated at the rate of 6% per year.

CACEIS has requested a payment deferral pending the outcome of the main proceedings as described below. Deferral has been granted for the payment of interest and refused for the demand to recover taxes in the amount of 312 million euros. CACEIS has appealed against this refusal. As the refusal decision is binding, the sum of 312 million euros has been paid by CACEIS, which included a receivable of this amount in its financial statements for the third quarter of 2019 in view of the appeal proceedings in process.

CACEIS Germany strongly objects to this demand, which it believes is completely unfounded. CACEIS Germany submitted its conclusions supporting its position to the Bavarian tax authorities in 2021.

Within the framework of preparing the financial statements for the period ended 31 December 2021, in the absence of factors or circumstances altering its judgment as regards the risk involved, the Group confirms its accounting position, namely maintaining the receivable recognised in the third quarter of 2019.

See note 14. Events subsequent to 31 December 2021

Risque de crédit

In accordance with the IASB communication of 27 March 2021 on accounting for expected credit losses under IFRS 9 on financial instruments in the current exceptional circumstances, the importance of judgement in applying the principles of IFRS 9 to credit risk and the resulting classification of financial instruments has been reiterated.

The calculation of the amount of expected losses should take into account the specific circumstances and the support measures implemented by the public authorities.

In the context of the COVID-19 health crisis, the Group has also revised its forward-looking macro-economic forecasts (forward looking) for determining the credit risk estimate.

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 2021 concerning dividend policies during the Covid-19 pandemic (ECB/2021/19).
- 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 revised 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 the revised 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 :

  - 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.
  - 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 ;
  - 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 ;
  - 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 ;
  - 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 ;
  - Residual risk, which is the risk that credit risk reduction techniques will have less than expected effectiveness ;

- 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 Global 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.

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 exposure, with some exceptions. The residual risk[9] is low as the assets pledged are in practice

[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

[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.

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 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.

<u>Financial assets at amortised cost: debt securities</u>

	Performing assets				Credit-impaired assets (stage 3)		Total		
	Assets subject to 12-month ECL (stage 1)		Assets subject to lifetime ECL (stage 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 2020	**32 567 438**	**-12 225**					**32 567 438**	**-12 225**	**32 555 213**
Transfers between stages during the period									
Transfers from stage 1 to stage 2									
Return from stage 2 to stage 1									
Transfers to stage 3 (1)									
Return from stage 3 to stage 2 / stage 1									
Total after transfers	**32 567 438**	**-12 225**					**32 567 438**	**-12 225**	**32 555 213**
Changes in gross carrying amounts and loss allowances	**3 667 522**	**-2 061**					**3 667 522**	**-2 061**	
New financial assets : purchase, granting, origination,... (2)	6 436 539	-14 200					6 436 539	-14 200	
Derecognition : disposal, repayment, maturity...	-2 769 017	11 992					-2 769 017	11 992	
Write-offs									
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period		147						147	
Changes in model / methodology									
Changes in scope									
Other									
Total	**36 234 960**	**-14 286**					**36 234 960**	**-14 286**	**36 220 674**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	-598 630						-598 630		
Balance at 31 December 2021	**35 636 330**	**-14 286**					**35 636 330**	**-14 286**	**35 622 044**

(1) Transfers to Stage 3 correspond to outstandings initially classified in Stage 1, which were downgraded during the year directly to Stage 3, or to Stage 2, then Stage 3.
(2) Originations in Stage 2 may include loans originated in Stage 1, then reclassified in Stage 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 (excluding internal Crédit Agricole transactions)

(in thousands of euros)	Performing assets: Assets subject to 12-month ECL (stage 1) – Gross carrying amount	Performing assets: Assets subject to 12-month ECL (stage 1) – Loss allowance	Performing assets: Assets subject to lifetime ECL (stage 2) – Gross carrying amount	Performing assets: Assets subject to lifetime ECL (stage 2) – Loss allowance	Credit-impaired assets (stage 3) – Gross carrying amount	Credit-impaired assets (stage 3) – Loss allowance	Total – Gross carrying amount (a)	Total – Loss allowance (b)	Total – Net carrying amount (a) + (b)
Balance at 31 December 2020	**17 317 683**	**-490**			**367**	**-367**	**17 318 051**	**-857**	**17 317 193**
Transfers between stages during the period									
Transfers from stage 1 to stage 2									
Return from stage 2 to stage 1									
Transfers to stage 3 (1)									
Return from stage 3 to stage 2 / stage 1									
Total after transfers	**17 317 683**	**-490**			**367**	**-367**	**17 318 051**	**-857**	**17 317 193**
Changes in gross carrying amounts and loss allowances	**-66 092**	**-1 868**					**-66 092**	**-1 868**	
New financial assets : purchase, granting, origination,...(2)	6 929 594	-2 517					6 929 594	-2 517	
Derecognition : disposal, repayment, maturity...	-7 001 041	649					-7 001 041	649	
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	4 724						4 724		
Other	631						631	0	
Total	**17 251 591**	**-2 358**			**367**	**-367**	**17 251 959**	**-2 725**	**17 249 234**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	65 484						65 484		
Balance at 31 December 2021	**17 317 075**	**-2 358**			**367**	**-367**	**17 317 443**	**-2 725**	**17 314 719**

(1) Transfers to Stage 3 correspond to outstandings initially classified in Stage 1, which were downgraded during the year directly to Stage 3, or to Stage 2, then Stage 3.
(2) Originations in Stage 2 may include loans originated in Stage 1, then reclassified in Stage 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

	Performing assets				Credit-impaired assets (stage 3)		Total		
	Assets subject to 12-month ECL (stage 1)		Assets subject to lifetime ECL (stage 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 2020	**5 931 206**	**-8 411**			**-3 177**	**-6 990**	**5 942 308**	**-15 401**	**5 926 931**
Transfers between stages during the period	**-30 733**	**5**	**30 733**	**-5**					
Transfers from stage 1 to stage 2	-30 733	5	30 733	-5					
Return from stage 2 to stage 1									
Transfers to stage 3 (1)									
Return from stage 3 to stage 2 / stage 1									
Total after transfers	**5 900 473**	**-8 406**	**30 733**	**-5**	**-3 177**	**-6 990**	**5 942 308**	**-15 401**	**5 926 907**
Changes in gross carrying amounts and loss allowances	**465 548**	**6 345**	**33 499**	**-25**	**-4 179**	**67**	**494 868**	**6 382**	
New financial assets : purchase, granting, origination,… (2)	2 844 243	-6 219	33 499	-25			2 877 742	-6 245	
Derecognition : disposal, repayment, maturity…	-2 378 695	12 569			-4 138	54	-2 382 833	12 622	
Write-offs					-41	41	-41	40	
Changes of cash flows resulting in restructuring due to financial difficulties						-28		-29	
Changes in models' credit risk parameters during the period		-5						-6	
Changes in model / methodology									
Changes in scope									
Other									
Total	**6 366 021**	**-2 061**	**64 232**	**-30**	**-7 356**	**-6 923**	**6 437 176**	**-9 019**	**6 428 157**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	236				14 306		263		
Balance at 31 December 2021	**6 366 257**	**-2 061**	**64 232**	**-30**	**6 950**	**-6 923**	**6 437 439**	**-9 019**	**6 428 420**

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

(2) Originations in Stage 2 may include loans originated in Stage 1, then reclassified in Stage 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

	Performing assets				Credit-impaired assets (stage 3)		Total	
	Assets subject to 12-month ECL (stage 1)		Assets subject to lifetime ECL (stage 2)					
(in thousands of euros)	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance
Balance at 31 December 2020	**9 316 991**	**-3 687**					**9 316 991**	**-3 687**
Transfers between stages during the period								
Transfers from stage 1 to stage 2								
Return from stage 2 to stage 1								
Transfers to stage 3 (1)								
Return from stage 3 to stage 2 / stage 1								
Total after transfers	**9 316 991**	**-3 687**					**9 316 991**	**-3 687**
Changes in gross carrying amounts and loss allowances	**-1 286 950**	**1 210**					**-1 286 950**	**1 210**
Fair value revaluation during the period	**-92 825**						**-92 825**	
New financial assets : purchase, granting, origination,… (2)	**5 812**	**-20**					**5 812**	**-20**
Derecognition : disposal, repayment, maturity...	**-1 199 940**	**1 183**					**-1 199 940**	**1 183**
Write-offs								
Changes of cash flows resulting in restructuring due to financial difficulties								
Changes in models' credit risk parameters during the period		**47**						**47**
Changes in model / methodology								
Changes in scope								
Other	**3**						**3**	
Total	**8 030 041**	**-2 477**					**8 030 041**	**-2 477**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	-462						-462	
Balance at 31 December 2021	**8 029 579**	**-2 477**					**8 029 578**	**-2 477**

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

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

(3) Includes impacts relating to the use of the TIE method (in particular amortization of premiums / discounts)

Financing commitments (excluding internal Crédit Agricole transactions)

(in thousands of euros)	Performing commitments				Provisioned commitments (stage 3)		Total		
	Commitments subject to 12-month ECL (stage 1)		Commitments subject to lifetime ECL (stage 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 2020	**1 208 977**	**-2 699**					**1 208 977**	**-2 699**	**1 206 278**
Transfers between stages during the period	**-119 267**	**45**	**119 267**	**-792**				**-747**	
Transfers from stage 1 to stage 2	-119 267	45	119 267	-792				-747	
Return from stage 2 to stage 1									
Transfers to stage 3 (1)									
Return from stage 3 to stage 2 / stage 1									
Total after transfers	**1 089 710**	**-2 654**	**119 267**	**-792**			**1 208 977**	**-3 446**	**1 205 531**
Changes in commitments and loss allowances	**44 169**	**582**	**-33 499**	**269**			**10 670**	**851**	
New commitments given	678 857	-5 276	2				678 859	-5 276	
End of commitments	-634 761	5 859	-33 501	270			-668 262	6 129	
Write-offs									
Changes of cash flows resulting in restructuring due to financial difficulties									
Changes in models' credit risk parameters during the period		-1						-1	
Changes in model / methodology									
Changes in scope									
Other	73			-1			73	-1	
Balance at 31 December 2021	**1 133 879**	**-2 072**	**85 768**	**-523**			**1 219 647**	**-2 596**	**1 217 051**

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

Guarantee commitments (excluding internal Crédit Agricole transactions)

(in thousands of euros)	Performing commitments				Provisioned commitments (stage 3)		Total		
	Commitments subject to 12-month ECL (stage 1)		Commitments subject to lifetime ECL (stage 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 2020	**410 059**	**-99**	**1 901**	**-910**			**411 960**	**-1 009**	**410 951**
Transfers between stages during the period									
Transfers from stage 1 to stage 2									
Return from stage 2 to stage 1									
Transfers to stage 3 (1)									
Return from stage 3 to stage 2 / stage 1									
Total after transfers	**410 059**	**-99**	**1 901**	**-910**			**411 960**	**-1 009**	**410 951**
Changes in commitments and loss allowances	**1 164 688**	**-151**	**-1 833**	**901**			**1 162 855**	**750**	
New commitments given (2)	1 165 899	-776	68	-7			1 165 967	-783	
End of commitments	-1 210	544	-1 901	908			-3 111	1 452	
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	-1	81					-1	81	
Balance at 31 December 2021	**1 574 747**	**-250**	**68**	**-9**			**1 574 815**	**-259**	**1 574 556**

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

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

(in thousands of euros)	At 31 December 2021					
	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
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**482 618**					
Financial assets held for trading	479 997					
Debt instruments that do not meet the conditions of the "SPPI" test	2 621					
Financial assets designated at fair value through profit or loss						
Hedging derivative Instruments	**191 772**					
Total	**674 390**					

(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
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**479 395**					
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**					

Financial assets subject to impairment requirements

(in thousands of euros)	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
Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	**8 029 578**					
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	8 029 578					
of which impaired assets at the reporting date						
Financial assets at amortised cost	**59 365 183**	**7 889 704**		**6 556 855**		
of which impaired assets at the reporting date	24					
Loans and receivables due from credit institutions	17 314 719	4 725 194		6 177 047		
of which impaired assets at the reporting date						
Loans and receivables due from customers	6 428 420	3 164 510		379 808		
of which impaired assets at the reporting date	24					
Debt securities	35 622 044					
of which impaired assets at the reporting date						
Total	**67 394 761**	**7 889 704**		**6 556 855**		
of which impaired assets at the reporting date	24					

(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
Financial assets at fair value through other comprehensive income that may be reclassified to profit or loss	**9 316 991**					
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**		**1 562 290**		
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**		**1 562 290**		
of which impaired assets at the reporting date	-4 136					

Off-balance sheet commitments subject to provision requirements

(in thousands of euros)	At 31 December 2021					
	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)	1 574 556					
of which provisioned commitments at the reporting date						
Financing commitments (excluding Crédit Agricole internal transactions)	1 217 052					
of which provisioned commitments at the reporting date						
Total	2 791 608					
of which provisioned commitments at the reporting date						

(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					
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. Details of the correlation between internal ratings and default probability intervals are provided in the "Risk and pillar 3 – Credit risk management" section of Crédit Agricole S.A.'s universal registration document.

Financial assets at amortised cost (excluding internal Crédit Agricole transactions)

(in thousands of euros)	Credit risk rating grades	At 31 December 2021				At 31 December 2020			
		Carrying amount				Carrying amount			
		Performing assets		Credit-impaired assets (stage 3)	Total	Performing assets		Credit-impaired assets (stage 3)	Total
		Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)			Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)		
Retail customers	PD ≤ 0,5%	422			422	3 025			3 025
	0,5% < PD ≤ 2%								
	2% < PD ≤ 20%								
	20% < PD < 100%								
	PD = 100%								
Total Retail customers		**422**			**422**	**3 025**			**3 025**
Non-retail customers	PD ≤ 0,6%	59 035 362	64 290		59 099 652	55 423 196			55 423 196
	0,6% < PD < 12%	283 819			283 819	390 106			390 106
	12% ≤ PD < 100%								
	PD = 100%			7 317	7 317			11493	11493
Total Non-retail customers		**59 319 181**		**7 317**	**59 390 788**	**55 813 302**		**11 493**	**55 824 795**
Impairment		-18 705	-30	-7 293	-26 027	-21 125		-7 357	-28 482
Total		**59 300 898**	**-30**	**24**	**59 365 183**	**55 795 201**		**4 136**	**55 799 337**

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 2021				At 31 December 2020			
		Carrying amount				Carrying amount			
		Performing assets		Credit-impaired assets (stage 3)	Total	Performing assets		Credit-impaired assets (stage 3)	Total
		Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)			Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)		
Retail customers	PD ≤ 0,5%								
	0,5% < PD ≤ 2%								
	2% < PD ≤ 120%								
	20% < PD < 100%								
	PD = 100%								
Total Retail customers									
Non-retail customers	PD ≤ 0,6%	8 029 578			8 029 578	9 316 991			9 316 991
	0,6% < PD < 12%								
	12% ≤ PD < 100%								
	PD = 100%								
Total Non-retail customers		**8 029 578**			**8 029 578**	**9 316 991**			**9 316 991**
Total		**8 029 578**			**8 029 578**	**9 316 991**			**9 316 991**

Financing commitments (excluding internal Crédit Agricole transactions)

(in thousands of euros)	Credit risk rating grades	At 31 December 2021				At 31 December 2020			
		Amount of commitment				Amount of commitment			
		Performing commitments		Provisioned commitments (stage 3)	Total	Performing commitments		Provisioned commitments (stage 3)	Total
		Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)			Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)		
Retail customers	PD ≤ 0,5%								
	0,5% < PD ≤ 2%								
	2% < PD ≤ 20%								
	20% < PD < 100%								
	PD = 100%								
Total Retail customers									
Non-retail customers	PD ≤ 0,6%	806 216	85 768		891984	705 908			705 908
	0,6% < PD < 12%	327 663			327 663	503 069			503 069
	12% ≤ PD < 100%								
	PD = 100%								
Total Non-retail customers		**1 133 879**	**85 768**		**1 219 647**	**1 208 977**			**1 208 977**
Provisions (1)		-2 072	-523		-2 596	-2 699			-2 699
Total		**1 131 807**	**85 245**		**1 217 051**	**1 206 278**			**1 206 278**

(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 (excluding internal Crédit Agricole transactions)

(in thousands of euros)	Credit risk rating grades	At 31 December 2021				At 31 December 2020			
		Amount of commitment				Amount of commitment			
		Performing commitments		Provisioned commitments (stage 3)	Total	Performing commitments		Provisioned commitments (stage 3)	Total
		Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)			Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)		
Retail customers	PD ≤ 0,5%								
	0,5% < PD ≤ 2%								
	2% < PD ≤ 20%								
	20% < PD < 100%								
	PD = 100%								
Total Retail customers									
Non-retail customers	PD ≤ 0,6%	1574 747	68		1574 815	407 210			407 210
	0,6% < PD < 12%					2 849	1901		4 750
	12% ≤ PD < 100%								
	PD = 100%								
Total Non-retail customers		**1 574 747**	**68**		**1 574 815**	**410 059**	**1 901**		**411 960**
Provisions (1)		-250	-9		-259	-99	-910		-1009
Total		**1 574 497**	**59**		**1 574 556**	**409 960**	**991**		**410 951**

(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 (excluding internal Crédit Agricole transactions)

(in thousands of euros)	At 31 december 2021				At 31 december 2020			
	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets (stage 3)	Total	Performing assets		Credit-impaired assets (stage 3)	Total
	Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)			Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)		
General administration	2 786 833			2 786 833	1 945 150			1 945 150
Central banks	71 028			71 028	2 086 862			2 086 862
Credit institutions	48 914 776		367	48 915 143	44 573 824		367	44 574 191
Large corporates	7 546 545	64 290	6 950	7 617 785	7 207 466		11 126	7 218 592
Retail customers	422			422	3 025			3 025
	0			0				
Impairment	-18 705	-30	-7 293	-26 028	-21 125		-7 357	-28 482
Total	**59 300 899**	**64 260**	**24**	**59 365 183**	**55 795 201**	**0**	**4 136**	**55 799 337**

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

(in thousands of euros)	At 31 december 2021				At 31 december 2020			
	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets (stage 3)	Total	Performing assets		Credit-impaired assets (stage 3)	Total
	Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)			Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)		
General administration	164 721			164 721	324 026			324 026
Central banks					53 451			53 451
Credit institutions	7 845 900			7 845 900	8 916 801			8 916 801
Large corporates	18 957			18 957	22 713			22 713
Retail customers								
Total	**8 029 578**	**0**	**0**	**8 029 578**	**9 316 991**	**0**	**0**	**9 316 991**

Due to customers by customer type

(in thousands of euros)	31/12/2021	31/12/2020
General administration	254 079	146 708
Large corporates	100 305 703	94 779 456
Retail customers	77 087	103 862
Total Amount due to customers	**100 636 869**	**95 030 026**

Financing commitments by customer type (excluding internal Crédit Agricole transactions)

	At 31 decemeber 2021				At 31 december 2020			
	Amount of commitment				Amount of commitment			
	Performing commitments		Provisioned commitments (stage 3)	Total	Performing commitments		Provisioned commitments (stage 3)	Total
(in thousands of euros)	Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)			Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)		
General administration				0				0
Central banks				0				0
Credit institutions	82 474			82 474	33 996			33 996
Large corporates	1 051 405	85 768		1 137 173	1 174 981			1 174 981
Retail customers				0				0
Provisions (1)	-2 072	-523		-2 595	-2 699			-2 699
Total	**1 131 807**	**85 245**	**0**	**1 217 052**	**1 206 278**	**0**	**0**	**1 206 278**

(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 (excluding internal Crédit Agricole transactions)

	At 31 decemeber 2021				At 31 december 2020			
	Amount of commitment				Amount of commitment			
	Performing commitments		Provisioned commitments (stage 3)	Total	Performing commitments		Provisioned commitments (stage 3)	Total
(in thousands of euros)	Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)			Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)		
General administration				0				0
Central banks				0	997			997
Credit institutions	7 626			7 626	4 914	891		5 805
Large corporates	1 567 121	68		1 567 189	404 148	1 010		405 158
Retail customers				0				0
Provisions (1)	-250	-9		-259	-99	-910		-1 009
Total	**1 574 497**	**59**	**0**	**1 574 556**	**409 960**	**991**	**0**	**410 951**

(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 (excluding internal Crédit Agricole transactions)

	At 31 December 2021				At 31 December 2020			
	Carrying amount				Carrying amount			
	Performing assets				Performing assets			
(in thousands of euros)	Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)	Credit-impaired assets (stage 3)	Total	Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)	Credit-impaired assets (stage 3)	Total
France (including overseas departments and territories)	21 487 050			21 487 050	21 419 329			21 419 329
Other European Union countries	9 063 897	64 290	1 329	9 129 516	8 698 295		5 505	8 703 800
Other European countries	26 793 112			26 793 112	24 154 308			24 154 308
North America	1 281 848			1 281 848	1 139 733			1 139 733
Central and South America	23 424		5 988	29 412	16 750		5 988	22 738
Africa and Middle East	65 214			65 214	18 441			18 441
Asia-Pacific (ex. Japan)	594 241			594 241	350 073			350 073
Japan	10 818			10 818	19 398			19 398
Supranational organisations				0				0
Impairment	-18 705	-30	-7 293	-26 028	-21 125		-7 357	-28 482
Total	**59 300 899**	**0**	**24**	**59 365 183**	**55 795 201**		**4 136**	**55 799 337**

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

	At 31 December 2021				At 31 December 2020			
	Carrying amount				Carrying amount			
	Performing assets				Performing assets			
(in thousands of euros)	Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)	Credit-impaired assets (stage 3)	Total	Assets subject to 12-month ECL (stage 1)	Assets subject to lifetime ECL (stage 2)	Credit-impaired assets (stage 3)	Total
France (including overseas departments and territories)	1 137 977			1 137 977	1 842 340			1 842 340
Other European Union countries	364 184			364 184	522 805			522 805
Other European countries	6 431 127			6 431 127	6 711 007			6 711 007
North America	96 290			96 290	225 813			225 813
Central and South America				0				0
Africa and Middle East				0	0			0
Asia-Pacific (ex. Japan)				0	15 026			15 026
Japan				0				0
Supranational organisations				0				0
Total	**8 029 578**	**0**	**0**	**8 029 578**	**9 316 991**	**0**	**0**	**9 316 991**

Due to customers by geographical area

(in thousands of euros)	**31/12/2021**	**31/12/2020**
France (including overseas departments and territories)	58 529 431	60 000 720
Other European Union countries	40 130 250	33 492 349
Other European countries	1 721 197	1 359 534
North America	12 835	4 562
Central and South America	184 121	152 575
Africa and Middle East	55 234	12 928
Asia-Pacific (ex. Japan)		6 435
Japan	3 801	923
Supranational organisations		
Total Amount due to customers	**100 636 869**	**95 030 026**

Financing commitments by geographical area (excluding internal Crédit Agricole transactions)

(in thousands of euros)	At 31 December 2021				At 31 December 2020			
	Amount of commitment				Amount of commitment			
	Performing commitments		Provisioned commitments (stage 3)	Total	Performing commitments		Provisioned commitments (stage 3)	Total
	Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)			Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)		
France (including overseas departments and territories)	669 953			669 953	947 127			947 127
Other European Union countries	462 203	85 768		547 971	260 200			260 200
Other European countries				0				0
North America	1 723			1 723	1 650			1 650
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)	-2 072	-523		-2 595	-2 699			-2 699
Total	**1 131 807**	**85 245**	**0**	**1 217 052**	**1 206 278**	**0**	**0**	**1 206 278**

(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 (excluding internal Crédit Agricole transactions)

(in thousands of euros)	At 31 December 2020				At 31 December 2020			
	Amount of commitment				Amount of commitment			
	Performing commitments		Provisioned commitments (stage 3)	Total	Performing commitments		Provisioned commitments (stage 3)	Total
	Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)			Commitments subject to 12-month ECL (stage 1)	Commitments subject to lifetime ECL (stage 2)		
France (including overseas departments and territories)	963 196			963 196	225			225
Other European Union countries	611 551	68		611 619	409 834	1 901		411 735
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)	-250	-9		-259	-99	-910		-1 009
Total	**1 574 497**	**59**	**0**	**1 574 556**	**409 960**	**991**	**0**	**410 951**

(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, 2021 amounted to 7.3 million euros. They are impaired for 100%.

3.2. Market risk

CACEIS's financial risk management procedures cover transactions carried out within the framework of client transactions as well as managing CACEIS's balance sheet. Overall limits are set by the CA Group's specific risk committees (liquidity, interest rate risk, portfolio, repos).

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

The breakdown of the market value of derivative instruments is based on remaining contractual maturity.

<u>Hedging derivative instruments - Fair value of assets</u>

	31/12/2021						
	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	**0**	**0**	**0**	**42**	**67 685**	**124 045**	**191 772**
Futures							
FRAs							
Interest rate swaps				42	67 685	124 045	191 772
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**	**42**	**67 685**	**124 045**	**191 772**
Forward currency transactions							
Total Fair value of hedging derivatives - Assets	**0**	**0**	**0**	**42**	**67 685**	**124 045**	**191 772**

	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	**0**	**0**	**0**	**8 699**	**202**	**12 732**	**21 633**
Futures							
FRAs							
Interest rate swaps				8 699	202	12 732	21 633
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**	**8 699**	**202**	**12 732**	**21 633**
Forward currency transactions							
Total Fair value of hedging derivatives - Assets	**0**	**0**	**0**	**8 699**	**202**	**12 732**	**21 633**

Hedging derivative instruments – fair value of liabilities

(in thousands of euros)	31/12/2021						
	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**	**136 713**	**274 458**	**20 965**	**432 136**
Futures							
FRAs							
Interest rate swaps				136 713	274 458	20 965	432 136
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**	**136 713**	**274 458**	**20 965**	**432 136**
Forward currency transactions							
Total Fair value of hedging derivatives - Liabilities	**0**	**0**	**0**	**136 713**	**274 458**	**20 965**	**432 136**

(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							
FRAs							
Interest rate swaps				347 789	431 447	131 713	910 949
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**	**347 789**	**431 447**	**131 713**	**910 949**
Forward currency transactions							
Total Fair value of hedging derivatives - Liabilities	**0**	**0**	**0**	**347 789**	**431 447**	**131 713**	**910 949**

Derivative instruments held for trading – fair value of assets

(in thousands of euros)	31/12/2021 Exchange-traded transactions ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Over-the-counter transactions ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total market value
Interest rate instruments	**0**	**0**	**0**	**396**	**0**	**0**	**396**
Futures							0
FRAs							0
Interest rate swaps				396			396
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	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity and index derivatives							0
Precious metal derivatives							0
Commodities derivatives							0
Credit derivatives							0
Other							0
Subtotal	**0**	**0**	**0**	**396**	**0**	**0**	**396**
Forward currency transactions				479 601			479 601
Total Fair value of transaction derivatives - Assets	**0**	**0**	**0**	**479 997**	**0**	**0**	**479 997**

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

Derivative instruments held for trading – fair value of liabilities

(in thousands of euros)	31/12/2021						
	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**	**563**	**0**	**563**
Futures							
FRAs							
Interest rate swaps					563		563
Interest rate options							
Caps - floors - collars							
Other options							
Currency and gold instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							
Currency options							
Other instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity and index derivatives							
Precious metal derivatives							
Commodities derivatives							
Credit derivatives							
Other							
Subtotal	**0**	**0**	**0**	**0**	**563**	**0**	**563**
Forward currency transactions				296 213			296 213
Total Fair value of transaction derivatives - Liabilities	**0**	**0**	**0**	**296 213**	**563**	**0**	**296 776**

(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**	**0**	**892**	**0**	**892**
Futures							
FRAs							
Interest rate swaps					892		892
Interest rate options							
Caps - floors - collars							
Other options							
Currency and gold instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency futures							
Currency options							
Other instruments	**68 655**	**20 844**	**296**	**0**	**0**	**0**	**89 795**
Equity and index derivatives	68 655	20 844	296				89 795
Precious metal derivatives							
Commodities derivatives							
Credit derivatives							
Other							
Subtotal	**68 655**	**20 844**	**296**	**0**	**892**	**0**	**90 687**
Forward currency transactions				555 722			555 722
Total Fair value of transaction derivatives - Liabilities	**68 655**	**20 844**	**296**	**555 722**	**892**	**0**	**646 409**

Derivative instruments : total commitments

(in thousands of euros)	31/12/2021 Total notional amount outstanding	31/12/2020 Total notional amount outstanding
Interest rate instruments	**54 762 713**	**43 485 172**
Futures		
FRAs		
Interest rate swaps	54 762 713	43 485 172
Interest rate options		
Caps - floors - collars		
Other options		
Currency instruments and gold	**0**	**7 696 659**
Currency futures		7 696 659
Currency options		
Other instruments	**0**	**6 839 537**
Equity and index derivatives		6 839 537
Precious metal derivatives		
Commodities derivatives		
Credit derivatives		
Other		
Subtotal	**54 762 713**	**58 021 368**
Forward currency transactions	73 177 778	114 917 440
Total Notional amount	**127 940 491**	**172 938 808**

Change 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.

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 nostri 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)	31/12/2021					
	≤ 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)	10 520 992	20 357	1 249 276	5 526 817		17 317 442
Loans and receivables due from customers (of which finance leases)	5 609 295	827 506	638			6 437 439
Total	**16 130 287**	**847 863**	**1 249 914**	**5 526 817**	**0**	**23 754 881**
Impairment						**-11 742**
Total Loans and receivables due from credit institutions and from customers						**23 743 139**

(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**

Due to credit institutions and to customers by residual maturity

(in thousands of euros)	31/12/2021					
	≤ 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)	8 430 451		669	382		8 431 502
Due to customers	100 636 869					100 636 869
Total Amount due to credit institutions and to customers	**109 067 320**	**0**	**669**	**382**	**0**	**109 068 371**

(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					95 030 026
Total Amount due to credit institutions and to customers	**108 441 854**	**673 464**	**0**	**0**	**0**	**109 115 318**

Debt securities and subordinated debt

(in thousands of euros)	31/12/2021					
	≤ 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						0
Other debt securities	17	0	0	109 976	0	109 993
Total Debt securities	**17**	**0**	**0**	**109 976**	**0**	**109 993**
Subordinated debt						
Dated subordinated debt	33			273 000		273 033
Undated subordinated debt						0
Mutual security deposits						0
Participating securities and loans						0
Total Subordinated debt	**33**	**0**	**0**	**273 000**	**0**	**273 033**

(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**	**0**
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**	**272 804**

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.

The contractual maturities of derivative instruments are set out in note 3.2 "Market risk".

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.

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

	31/12/2021			31/12/2020		
	Market Value		Notional amount	Market Value		Notional amount
(in thousands of euros)	Positive	Negative		Positive	Negative	
Fair value hedges	**191 772**	**432 136**	**54 756 927**	**21 633**	**910 949**	**43 341 461**
Interest rate	191 772	432 136	54 756 927	21 633	910 949	43 341 461
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	**191 772**	**432 136**	**54 756 927**	**21 633**	**910 949**	**43 341 461**

Derivative instruments : Analysis by remaining maturity (notionals)

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

	31/12/2021						
	Exchange-traded transactions			Over-the-counter transactions			Total notional
(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	**0**	**0**	**0**	**9 543 333**	**29 551 594**	**15 662 000**	**54 756 927**
Futures							
FRAs							
Interest rate swaps				9 543 333	29 551 594	15 662 000	54 756 927
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**	**9 543 333**	**29 551 594**	**15 662 000**	**54 756 927**
Forward currency transactions							
Total Notional of hedging derivatives	**0**	**0**	**0**	**9 543 333**	**29 551 594**	**15 662 000**	**54 756 927**

	31/12/2020						
	Exchange-traded transactions			Over-the-counter transactions			Total notional
(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	**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**

Note 3.2 “Market risk – Derivative instruments: analysis by remaining maturity” provides a breakdown of the market value of derivative instruments by remaining contractual maturity.

Fair value hedge

Hedging derivative instruments

(in thousands of euros)	31/12/2021				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
	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	**191 772**	**427 075**	**499 005**	**47 200 930**	**20 300**	**904 265**	**-90 510**	**37 476 827**
Interest rate	191 772	427 075	499 005	47 200 930	20 300	904 265	-90 510	37 476 827
Futures	191 772	427 075	499 005	47 200 930	20 300	904 265	-90 510	37 476 827
Options								
Foreign exchange	0	0	0	0	0	0	0	0
Futures								
Options								
Other								
Total Fair value micro-hedging	**191 772**	**427 075**	**499 005**	**47 200 930**	**20 300**	**904 265**	**-90 510**	**37 476 827**
Fair value hedges of the interest rate exposure of a portfolio of financial instruments		**5 061**	**182**	**7 555 997**	**1 333**	**6 684**	**-297**	**5 864 634**
Total Fair value hedges	**191 772**	**432 136**	**499 187**	**54 756 927**	**21 633**	**910 949**	**-90 807**	**43 341 461**

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	31/12/2021				31/12/2020			
	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)
(in thousands of euros)	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	**6 125 997**	**19 036**		**-36 103**	**6 131 128**	**-61 270**		**-80 498**
Interest rate	6 125 997	19 036		-36 103	6 131 128	-61 270		-80 498
Foreign exchange								
Other								
Debt instruments at amortised cost	**40 883 819**	**-184 419**	**71 405**	**-462 919**	**32 489 617**	**373 428**	**82 722**	**179 692**
Interest rate	40 883 819	-184 419	71 405	-462 919	32 489 617	373 428	82 722	179 692
Foreign exchange								
Other								
Total Fair value hedges on assets items	**47 009 816**	**-165 383**	**71 405**	**-499 022**	**38 620 745**	**312 158**	**82 722**	**99 194**
Debt instruments at amortised cost	**382**							**7 221**
Interest rate	382							7 221
Foreign exchange								
Other								
Total Fair value hedges on liabilities items	**382**							**7 221**

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	31/12/2021		31/12/2020	
(in thousands of euros)	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	16 221		21 258	
Total - Assets	**16 221**	**0**	**21 258**	**0**
Debt instruments at amortised cost	7 567 156		5 875 413	
Total - Liabilities	**7 567 156**	**0**	**5 875 413**	**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)	31/12/2021 Net Income (Total Gains (losses) from hedge accounting)			31/12/2019 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	499 187	-498 542	**645**	-99 934	100 386	**452**
Foreign exchange			**0**			**0**
Other			**0**			**0**
Total	**499 187**	**-498 542**	**645**	**-99 934**	**100 386**	**452**

(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 2021, 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. Climatic risk

CACEIS' climate risks are limited. Nevertheless, they are taken into account in its business strategy and governance. Since November 2021, the SFDR classification of funds for which CACEIS is the custodian is taken into account when deciding on the granting of financing (EBF) and overdrafts. CACEIS is also exposed to climate risk in the context of hedging techniques granted to the Regional Banks' clients (cooperatives and the agriculture sector) on the grain market.

3.7. 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 2021, as in 2020, CACEIS met its regulatory requirements in line with the regulations in force.

[14] Completed in June 2019 by Regulation (EU) 2019/876 and in June 2021 by Regulation (EU) 2020/873
[15] Completed in June 2019 by Directive (EU) 2019/878

4. Notes on net income and other comprehensive income

4.1. Interest income and expenses

(in thousands of euros)	**31/12/2021**	**31/12/2020**
On financial assets at amortised cost	619 304	479 240
Interbank transactions	89 593	62 874
Crédit Agricole internal transactions		
Customer transactions	413 288	354 613
Finance leases		
Debt securities	116 423	61 753
On financial assets recognised at fair value through other comprehensive income	59 978	120 375
Interbank transactions		
Customer transactions		
Debt securities	59 978	120 375
Accrued interest receivable on hedging instruments	242 794	191 210
Other interest income	34 740	45 973
Interest and similar income	**956 816**	**836 798**
On financial liabilities at amortised cost	-281 764	-212 069
Interbank transactions	-260 824	-186 581
Crédit Agricole internal transactions		
Customer transactions	-16 305	-20 183
Finance leases		
Debt securities	-646	-961
Subordinated debt	-3 989	-4 344
Accrued interest receivable on hedging instruments	-377 346	-327 121
Other interest expenses	-22 164	-11 794
Interest and similar expenses	**-681 274**	**-550 985**

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)	31/12/2021			31/12/2020		
	Income	Expense	Net	Income	Expense	Net
Interbank transactions			0			0
Crédit Agricole internal transactions			0			0
Customer transactions	1 570	-237	1 333	1 526	-205	1 321
Securities transactions	0	-18 481	-18 481		-19 144	-19 144
Foreign exchange transactions	16 592	-219	16 373	13 811	-391	13 419
Derivative instruments and other off-balance sheet items	33 339	-912	32 427	37 169	-1 979	35 190
Payment instruments and other banking and financial services	254 259	-132 187	122 072	231 539	-115 878	115 661
Mutual funds management, fiduciary and similar operations	816 285	-118 851	697 434	737 038	-92 810	644 229
Total Fees and commissions income and expense	**1 122 045**	**-270 887**	**851 158**	**1 021 083**	**-230 407**	**790 676**

Statement BFC R-PLQ135

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)	**31/12/2021**	**31/12/2020**
Dividends received	1 652	380
Unrealised or realised gains (losses) on assets/liabilities held for trading	-2 539	1 039
Unrealised or realised gains (losses) on equity instruments at fair value through profit or loss	5 929	-1 434
Unrealised or realised gains (losses) on debt instruments that do not meet the conditions of the “SPPI” test	-10 118	-10 839
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) (1)	103 215	114 684
Gains (losses) from hedge accounting	645	1 884
Net gains (losses) on financial instruments at fair value through profit or loss	**98 784**	**105 714**

(1) Excluding issuer credit spread for liabilities at fair value through profit or loss under option (unless the standard allows for an exception to eliminate or reduce a mismatch in the income statement).

Analysis of net gains (losses) from hedge accounting

(in thousands of euros)	31/12/2021			31/12/2020		
	Gains	Losses	Net	Gains	Losses	Net
Fair value hedges	**570 718**	**-570 735**	**-17**	**130 555**	**-129 747**	**808**
Changes in fair value of hedged items attributable to hedged risks	35 848	-534 870	-499 022	112 880	-16 899	95 981
Changes in fair value of hedging derivatives (including termination of hedges)	534 870	-35 865	499 005	17 675	-112 848	-95 173
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	**13 557**	**-12 895**	**662**	**1 641**	**-1 997**	**-356**
Changes in fair value of hedged items	6 617	-6 137	480	4 862	2 775	7 637
Changes in fair value of hedging derivatives	6 940	-6 758	182	-3 221	-4 772	-7 993
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)	**584 275**	**-583 630**	**645**	**132 196**	**-131 744**	**452**

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

Details of net gains (losses) from hedge accounting by type of relationship (fair value hedge, cash flow hedge, etc.) are provided in note 3.4 “Hedge accounting”.

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

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss (1)	228	8 767
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends) (2)		63
Net gains (losses) on financial instruments at fair value through other comprehensive income	**228**	**8 830**

(1) Excluding the result of the disposal of impaired debt instruments (Stage 3) mentioned in note 4.10 "Cost of risk".

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

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Debt securities Loans and receivables due from credit institutions Loans and receivables due from customers	10 871	
Gains arising from the derecognition of financial assets at amortised cost	**10 871**	**0**
Debt securities Loans and receivables due from credit institutions Loans and receivables due from customers		
Losses arising from the derecognition of financial assets at amortised cost	**0**	**0**
Net gains (losses) arising from the derecognition of financial assets at amortised cost (1)	**10 871**	**0**

4.6. Net income (expenses) on other activities

(in thousands of euros)	**31/12/2021**	**31/12/2020**
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)	-57 499	-62 385
Income (expense) related to other activities	**-57 499**	**-62 385**

4.7. Operating expenses

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Employee expenses	-508 693	-447 080
Taxes other than on income or payroll-related and regulatory contributions	-49 625	-42 830
External services and other operating expenses	-323 225	-329 014
Operating expenses	**-881 543**	**-818 923**

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 2021 :

	Ernst & Young		**PricewaterhouseCoopers**		**Total 2021**
(in thousands of euros excluding taxes)	**2021**	**2020**	**2021**	**2020**	
Independant audit, certification, review of parent company and consolidated financial statements	**878**	**856**	**1 024**	**1 075**	**1 902**
Issuer	139	149	144	166	283
Fully consolidated subsidiaries	739	707	880	909	1 619
Non audit services	**1 777**	**1 206**	**3 310**	**669**	**5 087**
Issuer	99	8	10	8	109
Fully consolidated subsidiaries	1 678	1 198	3 300	661	4 978
Total	**2 655**	**2 062**	**4 334**	**1 744**	**6 989**

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 519 thousand euros, of which 449 thousand euros relates to the certification of the accounts of CACEIS S.A. and its subsidiaries, and 70 thousand euros 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 619 thousand euros, of which 522 thousand euros relates to the certification of the accounts of CACEIS S.A. and its subsidiaries, and 97 thousand euros 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)	**31/12/2021**	**31/12/2020**
Depreciation and amortisation	**-66 732**	**-64 451**
Property, plant and equipment (1)	-36 202	-33 763
Intangible assets	-30 530	-30 688
Impairment losses (reversals)	**-379**	**0**
Property, plant and equipment (2)	-379	
Intangible assets		
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	**-67 111**	**-64 451**

(1) Of which -31,081 thousand euros recognised in respect of the amortisation of the right of use (IFRS 16) at 31 December 2021.
(2) Of which -379 thousand euros recognised in respect of impairment of the right of use (IFRS 16) at 31 December 2021.

4.9. Credit cost

(in thousands of euros)	31/12/2021	31/12/2020
Charges net of reversals to impairments on performing assets (stage 1 or stage 2) (A)	**4 317**	**-8 207**
stage 1: Loss allowance measured at an amount equal to 12-month expected credit loss	**3 968**	**-8 217**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	1 211	1 128
Debt instruments at amortised cost	2 362	-10 476
Commitments by signature	395	1 131
stage 2: Loss allowance measured at an amount equal to lifetime expected credit loss	**349**	**10**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Debt instruments at amortised cost	-30	
Commitments by signature	379	10
Charges net of reversals to impairments on credit-impaired assets (stage 3) (B)	**26**	**37**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Debt instruments at amortised cost	26	37
Commitments by signature		
Other assets (C)	**1**	**-265**
Risks and expenses (D)		
Charges net of reversals to impairment losses and provisions (E)=(A)+(B)+(C)+(D)	**4 344**	**-8 435**
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	1	98
recognised at amortised cost	1	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
Other income		
Cost of risk	**4 345**	**-8 338**

4.10. Net gains (losses) on other assets

(in thousands of euros)	31/12/2021	31/12/2020
Property, plant & equipment and intangible assets used in operations	**177**	**0**
Gains on disposals	177	
Losses on disposals		
Consolidated equity investments	**0**	**0**
Gains on disposals		
Losses on disposals		
Net income (expense) on combinations	**0**	**0**
Net gains (losses) on other assets	**177**	**0**

4.11. Income tax charge

Income tax charge and income

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Current tax charge	-72 379	-74 035
Deferred tax charge	16 517	19 154
Total Tax charge	**-55 862**	**-54 881**

A tax consolidation group was set up in France as of 1 January 2021 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 2021

(in thousands of euros)	Base	Tax rate	Tax
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	235 014	*28,41%*	-66 768
Impact of permanent differences			-3 064
Impact of different tax rates on foreign subsidiaries			4 883
Impact of losses for the year, utilisation of tax loss carryforwards and temporary differences			877
Impact of reduced tax rate			0
Impact of tax rate change			392
Impact of other items			7 819
Effective tax rate and tax charge		***23,77%***	**-55 862**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2021.

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.

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)	31/12/2021	31/12/2020
Other comprehensive income on items that may be reclassified subsequently to profit or loss		
Gains and losses on translation adjustments	-3 291	1 482
Revaluation adjustment of the period		
Reclassified to profit or loss		
Other changes	-3 291	1 482
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**-57 027**	**85 284**
Revaluation adjustment of the period	-55 556	95 371
Reclassified to profit or loss	-228	-8 767
Other changes	-1 243	-1 320
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	**7 039**	**-95 495**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**15 556**	**-20 565**
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	**-37 722**	**-29 294**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss		
Actuarial gains and losses on post-employment benefits	11 021	-8 503
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	15	11
Income tax related to items that will not be reclassified excluding equity-accounted entities	-3 249	4 254
Income tax related to items that will not be reclassified on equity-accounted entities	13	-2
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	**7 799**	**-4 240**
Other comprehensive income net of income tax	**-29 923**	**-33 534**
Of which Group share	-29 923	-33 540
Of which non-controlling interests		6

Breakdown of tax impacts related to other comprehensive income :

	31/12/2020				Changes				31/12/2021			
(in thousands of euros)	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	59 675	-508	59 167	59 167	-3 291	1 301	-1 990	-1 990	56 384	793	57 177	57 177
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	150 220	-35 988	114 232	114 232	-57 027	14 255	-42 772	-42 772	93 193	-21 733	71 460	71 460
Gains and losses on hedging derivative instruments												
Other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	209 895	-36 496	173 399	173 399	-60 318	15 556	-44 762	-44 762	149 577	-20 940	128 637	128 637
Other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	-95 496		-95 496	-95 496	7 039		7 039	7 039	-88 457		-88 457	-88 457
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	**114 399**	**-36 496**	**77 903**	**77 903**	**-53 278**	**15 556**	**-37 722**	**-37 722**	**61 121**	**-20 940**	**40 181**	**40 181**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss												
Actuarial gains and losses on post-employment benefits	-33 666	9 729	-23 937	-23 937	11 021	-3 249	7 772	7 772	-22 645	6 479	-16 166	-16 166
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	-33 666	9 729	-23 937	-23 937	11 021	-3 249	7 772	7 772	-22 645	6 479	-16 166	-16 166
Other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	25	-11	14	14	15	13	28	28	40	2	42	42
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	**-33 641**	**9 718**	**-23 923**	**-23 923**	**11 036**	**-3 237**	**7 799**	**7 799**	**-22 605**	**6 481**	**-16 124**	**-16 124**
Other comprehensive income	**80 758**	**-26 778**	**53 980**	**53 980**	**-42 242**	**12 319**	**-29 923**	**-29 923**	**38 515**	**-14 459**	**24 057**	**24 057**

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.

	31/12/2021				31/12/2020			
(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)	15 564	478 007	59 758 978	1 042 423	20 599	440 783	51 519 953	1 041 644
Other European Union countries	161 356	689 087	62 057 358		163 024	677 480	68 683 412	
Other European countries (1)	2 232	11 990	39 285		-1 692	10 386	229 878	
North America								
Central and South America	7 552		276 438				261 788	
Africa and Middle East								
Asia-Pacific (ex. Japan)								
Japan								
Total	**186 705**	**1 179 084**	**122 132 059**	**1 042 423**	**181 931**	**1 128 649**	**120 695 031**	**1 041 644**

6. Notes to the balance sheet

6.1. Cash, central Banks

(in thousands of euros)	31/12/2021		31/12/2020	
	Assets	Liabilities	Assets	Liabilities
Cash	3		4	
Central banks	46 953 882	1 314	47 806 015	0
Carrying amount	46 953 885	1 314	47 806 019	0

6.2. Financial assets at fair value through profit or loss

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Held for trading financial assets	479 997	476 637
Other financial instruments at fair value through profit or loss	**36 523**	**31 289**
Equity instruments	33 902	28 531
Debt instruments that do not meet the conditions of the “SPPI” test	2 621	2 758
Assets backing unit-linked contracts		
Financial assets designated at fair value through profit or loss		
Carrying amount	**516 520**	**507 926**
Of which lent securities		

The financial assets known as Green Assets and recognised at fair value through the income statement amounted to xx thousand euros at 31 December 2021.

Held for trading financial assets

(in thousands of euros)	**31/12/2021**	**31/12/2020**
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	**479 997**	**476 637**
Carrying amount	**479 997**	**476 637**

The amounts related to securities received under repurchase agreements include those which CACEIS is authorized to give back as guarantee.

Equity instruments at fair value through profit or loss

(in thousands of euros)	31/12/2021	31/12/2020
Equities and other variable income securities	1 377	445
Non-consolidated equity investments	32 525	28 086
Total Equity instruments at fair value through profit or loss	**33 902**	**28 531**

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

(in thousands of euros)	31/12/2021	31/12/2020
Debt securities	**2621**	**2 758**
Treasury bills and similar securities		
Bonds and other fixed income securities		
Mutual funds	2 621	2 758
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	**2621**	**2 758**

Financial liabilities at fair value through profit or loss

(in thousands of euros)	31/12/2021	31/12/2020
Held for trading financial liabilities	296 776	646 409
Financial liabilities designated at fair value through profit or loss		
Carrying amount	**296 776**	**646 409**

Held for trading financial liabilities

(in thousands of euros)	31/12/2021	31/12/2020
Securities sold short		
Securities sold under repurchase agreements		
Debt securities		
Due to customers		
Due to credit institutions		
Derivative instruments	296 776	646 409
Carrying amount	**296 776**	**646 409**

Detailed information on trading derivatives is provided in Note 3.2 on the market risk, in particular on interest rates.

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" .

6.4. Financial assets at fair value through other comprehensive income

(in thousands of euros)	31/12/2021			31/12/2020		
	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	8 029 578	107 303	-14 111	9 316 991	150 576	-359
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	33			66		
Total	**8 029 611**	**107 303**	**-14 111**	**9 317 057**	**150 576**	**-359**

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

(in thousands of euros)	31/12/2021			31/12/2020		
	Carrying amount	Unrealised gains	Unrealised losses	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	51 620	64		225 790	446	
Bonds and other fixed income securities	7 977 958	107 239	-14 111	9 091 201	150 130	-359
Total Debt securities	**8 029 578**	**107 303**	**-14 111**	**9 316 991**	**150 576**	**-359**
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	**8 029 578**	**107 303**	**-14 111**	**9 316 991**	**150 576**	**-359**
Income tax charge		**-21 733**	**0**		**-36 077**	**89**
Other comprehensive income on debt instruments that will not be reclassified to profit or loss (net of income tax)		**85 570**	**-14 111**		**114 499**	**-270**

6.5. Financial assets at amortised cost

(in thousands of euros)	31/12/2021	31/12/2020
Loans and receivables due from credit institutions	17 314 719	17 317 193
Loans and receivables due from customers	6 428 420	5 926 931
Debt securities	35 622 044	32 555 213
Carrying amount	**59 365 183**	**55 799 337**

Loans and receivables due from credit institutions

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Credit institutions		
Loans and receivables	12 592 248	11 855 445
of which non doubtful current accounts in debit (1)	1 545 536	1 378 094
of which non doubtful overnight accounts and advances (1)	249 706	97 432
Pledged securities		
Securities bought under repurchase agreements	4 725 194	5 462 605
Subordinated loans		
Other loans and receivables		
Gross amount	**17 317 442**	**17 318 050**
Impairment	- 2 723	- 856
Net value of loans and receivables due from credit institutions	**17 314 719**	**17 317 193**
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	**17 314 719**	**17 317 193**

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

Loans and receivables due from customers

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Loans and receivables due from customers		
Trade receivables	908	2 057
Other customer loans	887 456	921 538
Pledged securities		
Securities bought under repurchase agreements	3 164 518	2 392 240
Subordinated loans		
Insurance receivables		
Reinsurance receivables		
Advances in associates' current accounts		
Current accounts in debit	2 384 557	2 626 497
Gross amount	**6 437 439**	**5 942 332**
Impairment	-9 019	-15 401
Net value of loans and receivables due from customers	**6 428 420**	**5 926 931**
Finance leases		
Property leasing		
Equipment leases, operating leases and similar transactions		
Gross amount	**0**	**0**
Impairment		
Net value of lease financing operations	**0**	**0**
Carrying amount	**6 428 420**	**5 926 931**

Debt securities

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Treasury bills and similar securities	2 408 472	3 722 030
Bonds and other fixed income securities	33 227 858	28 845 408
Total	**35 636 330**	**32 567 438**
Impairment	-14 286	-12 225
Carrying amount	**35 622 044**	**32 555 213**

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

Transferred assets not derecognised in full

<u>At 31 December 2021</u>

Nature of assets transferred	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			
(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	**970 716**	**0**	**140 053**	**830 664**	**970 716**	**140 053**	**0**	**140 053**	**0**	**140 053**	**830 663**	**0**	**0**	**0**
Equity instruments														
Debt securities	970 716		140 053	830 664	970 716	140 053		140 053		140 053	830 663			
Loans and receivables														
Financial assets at amortised cost	**49 961**	**0**	**9 989**	**39 972**	**49 961**	**9 989**	**0**	**9 989**	**0**	**9 989**	**39 972**	**0**	**0**	**0**
Debt securities	49 961		9 989	39 972	49 961	9 989		9 989		9 989	39 972			
Loans and receivables														
Total Financial assets	**1 020 677**	**0**	**150 042**	**870 636**	**1 020 677**	**150 042**	**0**	**150 042**	**0**	**150 042**	**870 635**	**0**	**0**	**0**
Finance leases														
Total Transferred assets	**1 020 677**	**0**	**150 042**	**870 636**	**1 020 677**	**150 042**	**0**	**150 042**	**0**	**150 042**	**870 635**	**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 2020

Nature of assets transferred	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			
(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	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))

Obligations arising from transferred assets fully derecognized

At 31 December 2021, 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 :

31/12/2021 *(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				179 207	**179 207**	-820	**180 027**
Belgium				260 372	**260 372**	-1 168	**261 540**
Brazil					**0**		**0**
China					**0**		**0**
Egypt					**0**		**0**
Spain				1 693 299	**1 693 299**	102 390	**1 590 909**
United States				80 888	**80 888**		**80 888**
France			51 620	258 409	**310 029**	-1 483	**311 512**
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)				50 288	**50 288**	-481	**50 769**
Total	**0**	**0**	**51 620**	**2 522 463**	**2 574 083**	**98 438**	**2 475 645**

(1) Including Finland for €50,288 thousand euros

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**
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 euros

6.8. Financial liabilities at amortised cost

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Due to credit institutions	8 431 502	14 085 292
Due to customers	100 636 869	95 030 026
Debt securities	109 984	109 955
Carrying amount	**109 178 355**	**109 225 273**

Due to credit institutions

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Credit institutions		
Accounts and borrowings	6 560 040	11 639 727
of which current accounts in credit (1)	2 530 971	2 572 318
of which overnight accounts and deposits (1)	1 407	41 756
Pledged securities		
Securities sold under repurchase agreements	1 871 462	2 445 565
Total	**8 431 502**	**14 085 292**

(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)	**31/12/2021**	**31/12/2020**
Current accounts in credit	99 404 728	93 598 229
Special savings accounts		
Other amounts due to customers	70 898	568 215
Securities sold under repurchase agreements	1 161 025	863 582
Insurance liabilities		
Reinsurance liabilities		
Cash deposits received from ceding and retroceding companies against technical insurance commitments		
Carrying amount	**100 636 651**	**95 030 026**

Debt securities

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Interest bearing notes		
Money-market securities		
Negotiable debt securities		
Bonds	109 984	109 955
Other debt securities		
Carrying amount	**109 984**	**109 955**

6.9. Offsetting - Financial assets and liabilities

Offsetting - Financial assets

Type of financial instrument *(in thousands of euros)*	31/12/2021 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	671 373		**671 373**	486 136		**185 237**
Reverse repurchase agreements	7 889 712		**7 889 712**		7 889 712	**0**
Securities lent	1 020 681		**1 020 681**			**1 020 681**
Other financial instruments			**0**			**0**
Total Financial assets subject to offsetting	**9 581 766**	**0**	**9 581 766**	**486 136**	**7 889 712**	**1 205 918**

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**

Offsetting - Financial liabilities

Type of financial instrument (in thousands of euros)	31/12/2021 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)	728 516		**728 516**	486 136	193 570	**48 810**
Reverse repurchase agreements (2)	3 032 486		**3 032 486**		3 032 486	
Securities lent (3)						
Other financial instruments (4)						
Total Financial liabilities subject to offsetting	**3 761 002**	**0**	**3 761 002**	**486 136**	**3 226 056**	**48 810**

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**

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 euros on the Bavarian tax authorities recognized by CACEIS Bank S.A., Germany Branch.

A debt of 5,1 million euros is recorded in Current tax liabilities under the proposed corporate tax adjustment of CACEIS received from the French Tax Administration in December 2019 as part of the control carried out on the 2016 and 2017 financial years.

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Current tax	311 979	322 866
Deferred tax	45 175	43 235
Total Current and deferred tax assets	**357 154**	**366 101**
Current tax	43 531	57 266
Deferred tax	170 430	195 222
Total Current and deferred tax liabilities	**213 961**	**252 488**

The net deferred tax assets and liabilities are composed as follows :

	31/12/2021		**31/12/2020**	
(in thousands of euros)	**Deferred Tax Assets**	**Deferred Tax Liabilities**	**Deferred Tax Assets**	**Deferred Tax Liabilities**
Temporary timing differences - tax	**162 438**	**273 772**	**127 764**	**258 614**
Non-deductible accrued expenses	4 301		4 371	
Non-deductible provisions for liabilities and charges	10 065		11 687	
Other temporary differences (1)	148 072	273 772	111 706	258 614
Deferred tax on reserves for unrealised gains or losses	**8 307**	**22 228**	**12 905**	**34 043**
Financial assets at fair value through other comprehensive income		21 733	633	33 744
Cash flow hedges				
Gains and losses/Actuarial differences	8 307	495	12 273	299
Other comprehensive income attributable to changes in own credit risk				
Deferred tax on income and reserves	**-125 570**	**-125 570**	**-97 434**	**-97 434**
Total Deferred tax	**45 175**	**170 430**	**43 235**	**195 222**

(1) The amount of deferred tax relating to tax loss carryforwards is 18,264 thousand euros in 2021 compared to 11,547 thousand euros in 2021.

Deferred taxes are netted in the balance sheet by tax entity.

6.11. Accrued income and expenses and other assets and liabilities

Accruals, prepayments and sundry assets

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Other assets	**4 037 674**	**3 950 144**
Sundry debtors (1)	3 571 185	3 544 878
Settlements accounts	466 489	405 266
Accruals and deferred income	**523 820**	**851 410**
Items in course of transmission	164 696	220 526
Adjustment and suspense accounts	3 756	163 475
Accrued income	192 488	187 081
Prepaid expenses	54 021	33 336
Other accruals prepayments and sundry assets	108 860	246 992
Carrying amount	**4 561 494**	**4 801 554**

(1) Including €25 062 thousand in respect of the contribution to the Single Resolution Fund paid in the form of a deposit guarantee. This deposit guarantee can be used by the Single Resolution Fund at any time and without conditions to finance an intervention.

Accruals, deferred income and sundry liabilities

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Other liabilities	**6 782 903**	**4 148 611**
Settlements accounts	835 835	1 165 030
Sundry creditors	5 761 677	2 885 415
Liabilities related to trading securities		
Lease liabilities	185 392	98 166
Other		
Accruals and deferred income	**627 735**	**890 488**
Items in course of transmission	279 363	197 154
Adjustment and suspense accounts	4 478	165 301
Unearned income	28 394	502
Accrued expenses	197 736	262 206
Other accruals prepayments and sundry liabilities	117 764	265 325
Carrying amount	**7 410 639**	**5 039 099**

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

At 31 December 2021, no assets and liabilities were held for sale.

6.13. Joint ventures and associates

As of December 31, 2021, the equity value of joint ventures amounted to 276 million euros (262 million euros as of December 31 2020) 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".

	31/12/2021						
(in thousands of euros)	**% 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							
SANTANDER CACEIS LATAM HOLDING 1,S.L.	50,00%	2 340		-3 688	-1 061	9 489	-7 149
SANTANDER CACEIS BRASIL PARTICIPAÇÕES S.A.	50,00%	1 374		-239	-277	1 374	0
BANCO SANTANDER CACEIS MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE	50,00%	48 205			1 206	46 865	1 340
SANTANDER CACEIS COLOMBIA S.A, SOCIEDAD FIDUCIARIA	50,00%	3 366			-470	3 290	75
SANTANDER CACEIS LATAM HOLDING 2,S.L.	50,00%	81			-19	81	0
SANTANDER CACEIS BRASIL D.T.V.M., S.A.	50,00%	221 073		3 927	8 174	117 051	104 022
Net carrying amount of investments in equity-accounted entities (Joint ventures)		**276 438**			**7 552**	**178 150**	**98 288**

(1) Equity attributable to equity owners of the parent in the financial statements of the joint venture or associate if the joint venture or associate is a sub-group.

	31/12/2020						
(in thousands of euros)	**% 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**

(1) Equity attributable to equity owners of the parent in the financial statements of the joint venture or associate if the joint venture or associate is a sub-group.

The summary financial information for joint ventures and significant associates of the CACEIS group is presented below :

(in thousands of euros)	31/12/2021 Revenues	Net income	Total assets	Total equity
Joint ventures				
SANTANDER CACEIS LATAM HOLDING 1,S.L.	7 249	5 253	721 934	721 723
SANTANDER CACEIS BRASIL PARTICIPAÇÕES S.A.	7 534	6 944	139 497	139 496
BANCO SANTANDER CACEIS MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE	13 030	4 364	154 918	69 312
SANTANDER CACEIS COLOMBIA S.A, SOCIEDAD FIDUCIARIA	1 346	-937	6 972	6 533
SANTANDER CACEIS LATAM HOLDING 2,S.L.		-38	2 346	2 318
SANTANDER CACEIS BRASIL D.T.V.M., S.A.	60 836	23 148	188 866	142 917

(in thousands of euros)	31/12/2020 Revenues	Net income	Total assets	Total equity
Joint ventures				
S3 Latam Holdco 1	2 820	1 982	716 513	716 470
Santander Securities Services Brasil Participaçoes, 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	0	-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

6.14. Property, plant & equipment and intangible assets (excluding goodwill)

Tangible fixed assets include the rights of use of fixed assets leased as a lessee.

Depreciation and amortisation of tangible fixed assets are presented including amortisation of assets under operating lease.

(in thousands of euros)	31/12/2020	Impact IFRS 16	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2021
Property, plant & equipment used in operations								
Gross amount	268 683	0	224	131 427	-3 879	349	252	397 056
Depreciation and impairment	-120 653	0	-196	-36 583	4 899	-196	36	-152 693
Carrying amount	**148 030**	**0**	**29**	**94 844**	**1 020**	**153**	**288**	**244 363**
Intangible assets								
Gross amount	1 031 184		132	38 688	-23 367	68	54	1 046 759
Depreciation and impairment	-422 602		-106	-30 529	-16 533	-43	46	-469 766
Carrying amount	**608 582**	**0**	**26**	**8 159**	**-39 900**	**25**	**100**	**576 993**

(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	-460	-120 653
Carrying amount	**111 192**	**22 748**	**0**	**15 082**	**-389**	**13**	**-529**	**148 030**
Intangible assets								
Gross amount	1 012 015	0	0	51 073	-31 904	1	0	1 031 184
Depreciation and impairment	-354 709	0	2	-30 349	-37 547	1	0	-422 602
Carrying amount	**657 306**	**0**	**2**	**20 724**	**-69 451**	**1**	**0**	**608 582**

(1) Taking into consideration the effects of the first application of the IFRS IC decision of 26 November 2019 on the duration of IFRS 16 leases, the amount of the balance of the rights of use in the balance sheet would have been 121,889 thousand euros as at 31/12/2019 (compared to 99,228 thousand before application of the IFRS IC decision).

6.15. Goodwill

Goodwill amounted to 1 042 million euros at 31 December 2021.

(in thousands of euros)	31/12/2020	Increases (acquisitions)	Decreases (divestments)	Impairment losses during the period	Translation adjustments	Other movements	31/12/2021
Goodwill - Gross amount	1391647	0			780		1392 426
Badwill	-350 003						-350 003
Total	**1041644**	**0**	**0**	**0**	**780**	**0**	**1042 423**

Analysis of changes in goodwill

The variation in the period is mainly related to the acquisition of the Santander entities in December 2021. 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 the 2022 budget and activities forecasts over a period over three years (2023-2025) developed for Group management purposes, extrapolated over a 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 : 9,53%

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 323 million euros
- a 50-basis point reduction in discount rates would increase the CGU's valuation by around 381 million euros

Change in capital allocation:

- a 100bp increase in the capital allocated to the CGU would reduce the CGU's valuation by around 66 million euros

Change in the perpetual growth rate:

- a 50-basis point decrease in the perpetual growth rate would reduce the CGU's valuation by around 198 million euros

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 116 million euros
- a 100bp reduction in the cost/income ratio in the final year would increase the CGU's valuation by around 116 million euros

Change in revenues:

- A 100bp increase in revenues in the final year would increase the CGU's valuation by around 36 million euros
- A 100bp decrease in revenues in the final year would reduce the CGU's valuation by around 37 million euros

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	01/01/2021 (2)	Changes in scope	Additions	Reversals, amounts used	Reversals, amounts unused	Translation adjustments	Other movements	31/12/2021
Execution risks of commitments by signature	3 709			6 894		-7 668		-80	2 855
Operational risks	6 484			1 643	-1	-2 708	2	444	5 864
Employee retirement and similar benefits (1)	100 172	-5 590	1 088	55 897	-13 421	-4 907	51	-12 281	121 008
Litigation	5 828			354	-380	-297			5 505
Equity investments									
Restructuring									
Other risks	11 298			5 049	-3 031	-37	16	920	14 215
Total	**127 491**	**-5 590**	**1 088**	**69 837**	**-16 833**	**-15 617**	**69**	**-10 997**	**149 448**

(1) Including 46,955 thousand euros for the Turbo provision (see Note 2 "major structural transactions and material events during the period") and 63,670 thousand euros for post-employment benefits on defined benefit plans, as detailed in Note 7.4 " Post-employment benefits, defined-benefit plans", of which 6,026 thousand euros for the provision for long-service awards.

(2) Estimated impact of the first application of the IFRS IC decision of 21 April 2021 on the calculation of commitments relating to certain defined benefit plans (see Note 1.1 Applicable standards and comparability). At 1 January 2020, the impact on employee benefits (pensions) would have been 4,728 thousand euros.

At 1 January 2021, the impact on employee benefits (pensions) would have been 4 728 thousand euros.

(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		3 935		-5 077		0	3 708
Operational risks	8 232		4 663	-3 744	-1 585		-1 083	6 483
Employee retirement and similar benefits (1)	87 855	-230	6 329	-2 403	-2 020	3	10 640	100 174
Litigation	7 134		1 251	-777	-1 918		137	5 827
Equity investments	0							0
Restructuring	1 210		0	0	0		-1 210	0
Other risks	7 704	230	7 237	0	-9		-3 864	11 298
Total	**116 986**	**0**	**23 415**	**-6 924**	**-10 609**	**3**	**4 620**	**127 491**

(1) Of which € 81,826 thousand euros for post-employment benefits on defined benefit plans, as detailed in Note 7.4 "Post-employment benefits, defined-benefit plan", including 6,738 thousand euros for the long-service medal provision.

Employee benefit obligations cover both retirement benefits and long-service awards.

6.17. Subordinated debt

(in thousands of euros)	31/12/2021	31/12/2020
Dated subordinated debt	273 033	273 039
Undated subordinated debt		
Mutual security deposits		
Participating securities and loans		
Carrying amount	**273 033**	**273 039**

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).

Subordinated debt is distinct from senior bonds (preferred or non-preferred) due to its liquidation claim (principal and interest) contractually defined by its subordination clause explicitly referring to the applicable French law and according to the date it was issued (subordinated debt is junior to non-preferred and preferred senior securities).

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 2021, 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 2021.

6.18. Equity Ownership structure

Composition of the capital as at 31 December 2021

The share capital and ownership structure break down as follows :

Shareholders of CACEIS	Number of shares at 31/12/2020	Number of shares issued	Number of shares transferred	Number of refunded shares	Number of shares at 31/12/2021	% 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%**

As at 31 December 2021, CACEIS's share capital stood at 941 million euros, comprising 23,513,451 ordinary shares of the same type and fully paid up. CACEIS and its subsidiaries do not hold any CACEIS shares.

Earning per share

Since all shares belong to the same class, earnings per share in the financial year to 31 December 2021 came to 6,74€.

Earnings per share

	31/12/2021	31/12/2020 (1)
Net income Group share during the period (in thousands of euros)	186 705	189 043
Interests paid to undated deeply subordinated securities (in thousands of euros)	-28 338	-21 736
Net income attributable to holders of ordinary shares	**158 367**	**167 307**
Weighted average number of ordinary shares in circulation during the period	23 513 451	23 513 451
Adjustment ratio	1,000	1,000
Weighted average number of ordinary shares for calculation of diluted earnings per share	23 513 451	23 513 451
Basic earnings per share (in euros)	**6,74**	**7,12**
Basic earnings per share from ongoing activities (in euros)	**6,74**	**7,12**
Basic earnings per share from discontinued operations (in euros)	**0,000**	**0,000**
Diluted earnings per share (in euros) (in euros)	**6,74**	**7,12**
Diluted earnings per share from ongoing activities (in euros)	**6,74**	**7,12**
Diluted earnings per share from discontinued operations (in euros)	**0,000**	**0,000**

(1) The earnings per share reported in 2020 have been adjusted to take into account the number of shares outstanding as at 31/12/2020.

As of 31 December 2021, the calculation includes -28,3 million euros in issuance costs and interest due on subordinated notes and Additional Tier 1 deeply subordinated notes.

Dividends

For the financial year 2021, the Board of Directors of CACEIS has decided to propose to the Shareholders' Meeting of 10 May 2022 that no dividend be paid.

(in euros)	Proposal for 2021	2020	2019	2018
Ordinary dividend Loyalty dividend	0	472 000 000	-	177 525 932

Dividends paid during the reporting period

In accordance with the decision of the shareholders' meeting of 11 May 2021, CACEIS paid a dividend of 472 million euros for the financial year 2020.

Appropriation of CACEIS' 2021 individual net income and dividend decision

It is proposed to the shareholders that the net income of CACEIS, the corporate entity, at 31 December 2021, amounting to 150 million euros be allocated as follows :

Net profit 2021		**149,995,124.06**
Allocation to the Legal reserve		**7,499,756.20**
2020 profit distributable after allocation to the Legal reserve	142,495,367.86	
Retained earnings on 12/31/2021	890,960.31	
Amount distributable on 12/31/2021 before down payment	143,386,328.17	
Down payment on dividend		
Amount distributable on 12/31/2021	**143,386,328.17**	
Allocation of the distributable amount		
Other retained earnings		-
Dividend in cash		-
Number of shares making up the share capital		23 513 451
per Share (in Euros)		-
In the Retained earnings for the remaining amounts		**143,386,328.17**

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 2020 *(in thousands of units)*	Partial repurchases and redemptions *(in thousands of units)*	Amount in currency at 31 December 2021 *(in thousands of units)*	At 31 December 2021 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	-13 674		86 326
15/12/2017	EUR	65 000		65 000	65 000	-8 888		56 112
16/12/2019	EUR	350 000		350 000	350 000	-26 732		323 268
30/06/2020	EUR			100 000	100 000	-7 550		92 450
30/04/2021	EUR			300 000	300 000	-4 777		295 223
Total					**915 000**	**-61 621**	**0**	**853 379**

Changes relating to undated subordinated and deeply subordinated debt affecting shareholders' equity Group share are as follows :

(in thousands of euros)	31/12/2021	31/12/2020
Undated deeply subordinated notes		
Interests paid accounted as reserves	-28 338	-21 736
Changes in nominal amounts		
Income tax savings related to interest paid to security holders recognised in net income	8 051	7 484
Issuance costs (net of tax) accounted as reserves		
Other		

As perpetual subordinated and super-subordinated financial instruments are regarded as one of the equity instruments issued, the tax effects on their remuneration paid are recognised as income tax in the income statement.

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".

	31/12/2021					
(in thousands of euros)	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Cash, central banks	46 953 885					46 953 885
Financial assets at fair value through profit or loss	459 189	57 331				516 520
Hedging derivative Instruments	42		67 685	124 045		191 772
Financial assets at fair value through other comprehensive income	1 696 768	1 869 103	4 444 756	18 951	33	8 029 611
Financial assets at amortised cost	17 453 875	3 834 984	23 184 699	14 891 624		59 365 183
Revaluation adjustment on interest rate hedged portfolios	16 220					16 220
Total Financial assets by maturity	**66 579 980**	**5 761 418**	**27 697 140**	**15 034 621**	**33**	**115 073 191**
Central banks	1 314					1 314
Financial liabilities at fair value through profit or loss	289 119	7 094	563			296 776
Hedging derivative Instruments	116 622	20 091	274 458	20 965		432 136
Financial liabilities at amortised cost	109 067 302	2	669	110 382		109 178 355
Subordinated debt	33			273 000		273 033
Revaluation adjustment on interest rate hedged portfolios	11 159					11 159
Total Financial liabilities by maturity	**109 485 549**	**27 187**	**275 690**	**404 347**	**0**	**110 192 773**

(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**

7. EMPLOYEE BENEFITS AND OTHER COMPENSATION

7.1. Analysis of employee expenses

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Salaries (1)	380 444	317 766
Contributions to defined-contribution plans	15 291	12 340
Contributions to defined-benefit plans	256	7 607
Other social security expenses	85 793	82 946
Profit-sharing and incentive plans	16 378	16 542
Payroll-related tax	10 531	9 878
Total Employee expenses	**508 693**	**447 080**

(1) Of which retirement benefits of 1,143 thousand euros at 31 December 2021 compared with 591 thousand euros at 31 December 2020.
The costs of the Turbo project described in Note 2 impact Wages and salaries for an amount of 45,482 thousand euros corresponding to net allocations of provisions, wages and salaries, social security charges and other charges related to the people leaving in 2021 in connection with this project.

7.2. Average headcount during the period

Average headcount	**31/12/2021**	**31/12/2020**
France	1 974	1 920
International	2 220	2 207
Total	**4 194**	**4 127**

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)	31/12/2021			31/12/2020
	Eurozone	Outside Eurozone	All Zones	All Zones
Actuarial liability at 31/12/N-1	**123 610**	**17 055**	**140 665**	**124 533**
Impact of IFRIC IAS 19 at opening (3)	**-5 590**		**-5 590**	
Exchange difference	**0**	**416**	**416**	**-31**
Cost of service rended during the period	4 655	1 438	6 093	5 205
Financial cost	361	177	538	1 211
Employee contributions	0	560	560	495
Benefit plan changes, withdrawals and settlement (2)	-5 845		-6 283	-375
Changes in scope	603	2 498	3 101	18
Benefits paid (mandatory)	-1 926	-1 980	-3 906	-2 679
Tax, administrative costs and bonuses	**0**	**0**	**0**	-5
Actuarial gains/(losses) arising from changes in demographic assumptions (1)	401	204	604	1 641
Actuarial gains/(losses) arising from changes in financial assumptions (1)	-8 218	-715	-8 932	10 652
Actuarial liability at 31/12/N	**108 050**	**19 653**	**127 265**	**140 665**

(1) Of which actuarial gains/losses related to experience adjustment
(2) Of which €5,601 thousand euros regarding the reclassification in "Other long-term benefits provisions" related to the applications accepted in France as part of the Turbo project
(3) Concerns the impact of the first application of the IFRS IC decision of April 21, 2021 relating to the calculation of commitments of certain defined benefit plans for an amount of €5,590 thousand as of January 1, 2021 (see note 1.1 Applicable standards and comparability).

As at 1 January 2021, the impact of the IFRS IC decision on benefit obligations would have been 4 728 thousand euros.

Breakdown of net charge recognised in the income statement

(in thousands of euros)	31/12/2021			31/12/2020
	Eurozone	Outside Eurozone	All Zones	All Zones
Service cost	-1 190	1 206	17	4 998
Income/expenses on net interests	220	7	228	647
Impact on profit or loss for the year	**-969**	**1 213**	**244**	**5 645**

Breakdown of income recognised in OCI that will not be reclassified to profit and loss

(in thousands of euros)	03/12/2021			31/12/2020
	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	**8 750**	**-125**	**8 625**	**25 179**
Translation adjustments		-46	-46	2
Actuarial (gains)/losses on assets	-2 459	-730	-3 189	-3 968
Actuarial (gains)/losses arising from changes in demographic assumptions (1)	401	204	604	1 641
Actuarial (gains)/losses arising from changes in financial assumptions (1)	-8 218	-715	-8 932	10 652
Adjustment of assets restriction's impact		619	619	298
Impact in other comprehensive income at 31/12/N	**-10 276**	**-668**	**-10 944**	**8 625**

(1) Of which actuarial differences related to experience adjustments.

Change in fair value of assets

(in thousands of euros)	31/12/2021			31/12/2020
	Eurozone	Outside Eurozone	All Zones	All Zones
Fair value of assets at 31/12/N-1	**43 534**	**16 131**	**59 665**	**54 638**
Translation adjustments		365	365	-8
Interests on asset (income)	140	182	322	577
Actuarial gains/(losses)	2 459	730	3 189	3 968
Employer contributions	230	898	1 129	1 072
Employee contributions		560	560	495
Benefit plan changes, withdrawals and settlement			0	0
Changes in scope	2	2 002	2 004	-145
Tax, administratives costs and bonuses	-1	-206	-207	-173
Benefits paid out under the benefit plan	-16	-1 980	-1 996	-759
Fair value of assets at 31/12/N	**46 349**	**18 682**	**65 031**	**59 664**

Net position

(in thousands of euros)	31/12/2021			31/12/2020
	Eurozone	Outside Eurozone	All Zones	All Zones
Closing actuarial liability	**108 050**	**19 215**	**127 265**	**140 702**
Impact of asset restriction		1 435	1 435	804
Fair value of assets at end of period	-46 349	-18 682	-65 031	-59 681
Net position of assets/(liabilities) at end of period	**61 702**	**1 968**	**63 669**	**81 826**

At 31 December 2021, the sensitivity analysis showed that :

- a 50 basis point increase in discount rates would reduce the commitment by 10,58%;
- a 50 basis point decrease in discount rates would increase the commitment by 17,44%.

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 (2)	17,5%	9 898	9 898	28,6%	2 421	2 421	18,9%	12 319	12 319
Bonds (2)	5,3%	2 998	2 998	23,8%	2 017	2 017	7,7%	5 015	5 015
Property/Real estate	1,5%	870		23,8%	2 017		4,4%	2 887	
Other (3)	75,7%	42 787		23,9%	2 022		68,9%	44 809	

7.5. Other employee benefits

The provisions funded for these other employee benefit obligations amounted to €57,338 thousands at 31 December 2021, corresponding to the Turbo project for 46,955 thousand of euros (see Note 2 “Material events during the period”), a provision under Caceis Bank Netherlands Branch and Caceis Bank Germany Branch restructuring plan for €4,357 thousand of euros, as well as to provisions for long service awards for €6,026 thousand of euros.

7.6. Executive compensation

As at 31 December 2021, 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 (Spain and Latin America being represented by the Deputy Managing Director in charge of strategy, market intelligence and management of the network of correspondents), the Head of International Development and the Chief Financial Officer, the Director of Human Resources, the Global Head of Risks and Controls and the Global Head of Business Development ;
- a Group Management Committee comprising General Management, the main business unit managers and the main country managers.

In 2021, CACEIS’ Executive Committee received total compensation of 5,571,178 euros and CACEIS’ Group Management Committee received total compensation of 10,348,990 euros.

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)	31/12/2021	31/12/2020
Owned property, plant & equipment	59 422	50 427
Right-of-use on lease contracts	184 943	97 602
Total Property, plant & equipment used in operations	**244 365**	**148 030**

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)	31/12/2020	FTA IFRS 16	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2021
Property/Real estate							
Gross amount	155 357	0	117 064	-82	257	0	272 597
Depreciation and impairment	-57 754	0	-31 461	1 691	-131	0	-87 654
Total Property/Real estate	**97 602**	**0**	**85 603**	**1 609**	**126**	**0**	**184 943**
Equipment							
Gross amount							0
Depreciation and impairment							0
Total Equipment	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Right-of-use	**97 602**	**0**	**85 603**	**1 609**	**126**	**0**	**184 943**

(in thousands of euros)	01/01/2020	FTA IFRS 16	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2020
Property/Real estate							
Gross amount	99 228	22 661	34 235	-703	3	-67	155 357
Depreciation and impairment	-29 030	87	-29 066	551	7	-303	-57 754
Total Property/Real estate	**70 198**	**22 748**	**5 169**	**-152**	**10**	**-370**	**97 602**
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**	**5 169**	**-152**	**10**	**0**	**97 602**

Maturity analysis of lease liabilities

(in thousands of euros)	31/12/2021			
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total Lease liabilities
Lease liabilities	**23 376**	**76 163**	**85 853**	**185 392**

(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**

Details of expense and income on lease contracts

(in thousands of euros)	31/12/2021	31/12/2020
Interest expense on lease liabilities	194	-621
Total Interest and similar expenses (Revenues)	**194**	**-621**
Expense relating to short-term leases		
Expense relating to leases of low-value assets	-1 278	-3 441
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	**-1 278**	**-3 441**
Depreciation for right-of-use	-31 081	-28 913
Total Depreciation and amortisation of property, plant & equipment	**-31 081**	**-28 913**
Total Expense and income on lease contracts	**-32 165**	**-32 975**

Cash flow amounts for the period

(in thousands of euros)	31/12/2021	31/12/2020
Total Cash outflow for leases	**-32 614**	**-32 450**

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)	31/12/2021	31/12/2020
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	**17**	**50**
Lease income	17	50

9. Commitments given and received and other guarantees

Financing and guarantee commitments and other guarantees include discontinued operations.

Commitments given and received

(in thousands of euros)	**31/12/2021**	**31/12/2020**
Commitments given	**2 794 462**	**1 620 937**
Financing commitments	**1 219 647**	**1 208 977**
Commitments given to credit institutions	82 474	33 996
Commitments given to customers	1 137 173	1 174 981
Confirmed credit lines	1 046 620	1 125 834
Documentary credits		*20 143*
Other confirmed credit lines	*1 046 620*	*1 105 691*
Other commitments given to customers	90 553	49 147
Guarantee commitments	**1 574 815**	**411 960**
Credit institutions	7 626	6 802
Confirmed documentary credit lines		
Other	7 626	6 802
Customers	1 567 189	405 158
Property guarantees		1
Other customer guarantees	1 567 189	405 157
Securities commitments		
Securities to be delivered		
Commitments received	**5 050 921**	**4 768 951**
Financing commitments	**900**	**7 655**
Commitments received from credit institutions	900	7 655
Commitments received from customers		
Guarantee commitments	**5 050 021**	**4 761 296**
Commitments received from credit institutions	3 817 251	3 716 271
Commitments received from customers	1 232 770	1 045 025
Guarantees received from government bodies or similar institutions		
Other guarantees received	1 232 770	1 045 025
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)	31/12/2021	31/12/2020
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.)	6 411 754	3 323 524
Securities lent	1 020 682	158 589
Security deposits on market transactions	2 526 593	2 154 821
Other security deposits		0
Securities sold under repurchase agreements	3 032 487	3 309 147
Total Carrying amount of financial assets provided as collateral	**12 991 516**	**8 946 081**
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	14 446 559	13 525 005
Securities sold short		
Total Fair value of instruments received as reusable and reused collateral	**14 446 559**	**13 525 005**

Guarantees held

At 31 December 2021, the CACEIS Group received a total of 864 million euros in securities as collateral from its customers in connection with derivatives trading.

At 31 December 2021, the CACEIS Group used 597 million euros of this collateral.

10. RECLASSIFICATIONS OF FINANCIAL INSTRUMENTS

Reclassifications are performed only under exceptional circumstances and following a decision by the Executive Management of CACEIS as a result of internal or external changes: significant changes in CACEIS's activity.

In 2021, 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 included 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 31/12/2021**	**Estimated fair value at 31/12/2021**	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	**23 743 139**	**23 724 503**		**23 724 503**	**0**
Loans and receivables due from credit institutions	**17 314 719**	**17 295 303**		**17 295 303**	**0**
Current accounts and overnight loans	1 795 242	1 793 906		1 793 906	
Accounts and long-term loans	10 794 283	10 776 203		10 776 203	
Pledged securities					
Securities bought under repurchase agreements	4 725 194	4 725 194		4 725 194	
Subordinated loans					
Other loans and receivables					
Loans and receivables due from customers	**6 428 420**	**6 429 200**		**6 429 200**	**0**
Trade receivables	908	902		902	
Other customer loans	885 097	887 184		887 184	
Pledged securities					
Securities bought under repurchase agreements	3 164 518	3 164 510		3 164 510	
Subordinated loans					
Insurance receivables					
Reinsurance receivables					
Advances in associates' current accounts					
Current accounts in debit	2 377 897	2 376 604		2 376 604	
Debt securities	**35 622 044**	**35 764 898**	**805 483**	**34 959 415**	**0**
Treasury bills and similar securities	2 406 707	2 409 568	802 203	1 607 365	
Bonds and other fixed income securities	33 215 337	33 355 330	3 280	33 352 050	
Total Financial assets of which fair value is disclosed	**59 365 183**	**59 489 401**	**805 483**	**58 683 918**	**0**

(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**

Financial liabilities recognised at amortised cost and measured at fair value on the balance sheet :

(in thousands of euros)	**Value at 31/12/2021**	**Estimated fair value at 31/12/2021**	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	**8 431 502**	**8 430 679**		**8 430 679**	
Current accounts and overnight loans	2 532 378	2 531 941		2 531 941	
Accounts and term deposits	4 027 662	4 027 277		4 027 277	
Pledged securities					
Securities sold under repurchase agreements	1 871 462	1 871 461		1 871 461	
Due to customers	**100 636 869**	**100 636 866**		**100 636 866**	
Current accounts in credit	99 404 946	99 404 943		99 404 943	
Special savings accounts					
Other amounts due to customers	70 898	70 898		70 898	
Securities sold under repurchase agreements	1 161 025	1 161 025		1 161 025	
Insurance liabilities					
Reinsurance liabilities					
Cash deposits received from ceding and retroceding companies against technical insurance commitments					
Debt securities	**109 984**	**109 984**		**109 984**	
Subordinated debt	**273 033**	**273 033**		**273 033**	
Total Financial liabilities of which fair value is disclosed	**109 451 388**	**109 450 562**		**109 450 562**	

(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**	

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)	31/12/2021	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	**479 997**	**0**	**479 997**	**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	479 997		479 997	
Other financial instruments at fair value through profit or loss	**36 523**	**0**	**36 523**	**0**
Equity instruments at fair value through profit or loss	**33 902**	**0**	**33 902**	**0**
Equities and other variable income securities	1 377		1 377	
Non-consolidated equity investments	32 525		32 525	
Debt instruments that do not meet the conditions of the "SPPI" test	**2 621**	**0**	**2 621**	**0**
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Debt securities	2 621		2 621	
Treasury bills and similar securities				
Bonds and other fixed income securities				
Mutual funds	2 621		2 621	
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	**8 029 611**	**51 572**	**7 978 039**	**0**
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	33		33	
Equities and other variable income securities	33		33	
Non-consolidated equity investments				
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	8 029 578	51 572	7 978 006	
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Debt securities	8 029 578	51 572	7 978 006	
Treasury bills and similar securities	51 620	51 572		
Bonds and other fixed income securities	7 977 958		7 978 006	
Hedging derivative Instruments	**191 772**	**0**	**191 772**	**0**
Total Financial assets measured at fair value	**8 737 903**	**51 572**	**8 686 331**	**0**

(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**

Financial liabilities measured at fair value

(in thousands of euros)	31/12/2021	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	**296 776**	**0**	**296 776**	**0**
Securities sold short				
Securities sold under repurchase agreements				
Debt securities				
Due to credit institutions				
Due to customers				
Derivative instruments	296 776		296 776	
Financial liabilities designated at fair value through profit or loss	**0**	**0**	**0**	**0**
Hedging derivative Instruments	**432 136**	**0**	**432 136**	**0**
Total Financial liabilities measured at fair value	**728 912**	**0**	**728 912**	**0**

(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**

CACEIS has not valued financial instruments based on level 3 models.

12. CONSOLIDATION SCOPE AT DECEMBER 31, 2021

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	
						31/12/2021	31/12/2020	31/12/2021	31/12/2020
Banking and financial institutions									
CACEIS Switzerland (Merger wtih FidFund Cf Note 2.)	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%	100,0%	100%
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%
CACEIS Bank Spain, S.A.U.	Full		Spain		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Fund Services Spain, S.A.U. (Bf : CACEIS Fund Administration Spain, S.A.U.)	Full		Spain		Subsidiary	100,0%	100,0%	100,0%	100%
S3 CACEIS Brasil DTVM S.A (Bf: Santander CACEIS Brasil DTVM S.A.)	Equity Accounted		Brazil		Joint venture	50,0%	50,0%	50,0%	50%
Santander CACEIS Brasil Participações S.A.	Equity Accounted		Brazil		Joint venture	50,0%	50,0%	50,0%	50%
Banco Santander CACEIS México, S.A., Institución de Banca Múltiple	Equity Accounted		Mexico		Joint venture	50,0%	50,0%	50,0%	50%
Santander CACEIS Colombia S.A., Sociedad Fiduciaria	Equity Accounted		Colombia		Joint venture	50,0%	50,0%	50,0%	50%
CACEIS Fonds Service GMBH	Full	I1	Germany		Subsidiary	100,0%	100,0%	100,0%	100%
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%
Santander CACEIS Latam Holding 1,S.L.	Equity Accounted		Spain		Joint venture	50,0%	50,0%	50,0%	50%
Santander CACEIS Latam Holding 2,S.L.	Equity Accounted		Spain		Joint venture	50,0%	50,0%	50,0%	50%

I1: Breach of threshold

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 33,904 thousand euros at 31 December 2021 (31,093 thousand euros at 31 December 2020).

At 31 December 2021, the unconsolidated participating interests held by the CACEIS Group were as follows:

Non-consolidated companies	Country of incorporation	% interest	
		31.12.2021	31.12.2020
CACEIS HONG-KONG TRUST COMPANY LIMITED	Hong Kong	80,00%	80,00%
KAS NOMINEES LTD.	Royaume-Uni	100,00%	100,00%
GIE registar	France	20,00%	20,00%
Liquidshare	France	7,96%	7,96%
Luxcellence Management Company	Luxembourg	100,00%	100,00%
CACEIS Fond Services GmbH	Allemagne	(Consolidated in 2021)	100,00%
FidFund Management	Suisse	(Merged in 2021)	45,00%
CAHub@Luxembourg	Luxembourg	20,00%	20,00%
Caceis Canada Asset Servicing Limited	Canada	100,00%	100,00%
Bourse de Luxembourg	Luxembourg	1,42%	1,42%
Stichting Bewaarbedrijf Guestos	Pays-Bas	100,00%	100,00%
STICHTING JURIDISCH EIGENAAR PERLAS	Pays-Bas	100,00%	100,00%
CACEIS UK TRUSTEE AND DEPOSITARY SERVICES L	Royaume-Uni	100,00%	100,00%
Caceis UK Nominees Limited	Royaume-Uni	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 2021.

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 CACEIS; 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 2021 and 31 December 2020, 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 :

	31/12/2021															
	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									2 621	2 621		2 621				
Financial assets at fair value through other comprehensive income																
Financial assets at amortised cost	0	0		0					0	0		0				
Total Assets recognised relating to non-consolidated structured entities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2 621**	**2 621**	**0**	**2 621**	**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**								**0**							

	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**							

(1) Structured non-sponsored entities do not present any specific risks linked to the nature of CACEIS.

14. EVENTS SUBSEQUENT TO 31 DECEMBER 2021

Draft agreement signed on 15 February 2022 between CACEIS and BNP Paribas Securities Services

On 15 February 2022, CACEIS and BNP Paribas Securities Services signed a draft agreement to consolidate their Issuer Services activities into a joint venture owned equally by the two banks. These services would include operational services such as the maintenance of the capital registers, the organization and centralization of shareholder general meetings, the set-up and centralization of finance operations and the administration of employee share plans.

This strategic partners program would mark an important step in the development of the Corporate client service offering, enabling CACEIS and BNP Paribas Securities Services to pool their investments and offer their clients a renewed and enriched service offering. This agreement project covers the specialist field of Issuer Services, which will remain covered by BNP Paribas Securities Services and CACEIS on both sides until the joint venture is launched. Other services offered by BNP Paribas Securities Services and CACEIS are not affected.

The completion of the transaction is expected in late 2022 subject to the agreement of the competition authority and various regulatory authorities.

Consequences of the war in Ukraine and of the Russian crisis since 24 February 2022

CACEIS does not have any direct exposure to Russian or Ukrainian counterparty.

However, the war in Ukraine has indirect consequences on its risk profile that have been assessed.

The risk of CACEIS being asked to restitute frozen Russian assets to UCITS funds has been deemed low as the current events could be assimilated as a “cas de force majeure”, discharging CACEIS from its restitution obligations. The consequences of settlement fails is being mitigated as pending trades have been steadily decreasing with the exception of RUB domestic settlements. The risk remains that payments of dividends and coupons of domestic securities cannot be repatriated or used. The counterparty risk on exposed funds is moderate as the vast majority of funds deposited with CACEIS do not hold more than 5% of their assets in securities linked to Russia. CACEIS’ global exposure to RUB is led by clients’ long RUB positions and their capacity to roll their positions. Operational risks are being emphasized by market volatility that can magnify financial impacts of incidents and the daily volume of transactions processed that have increased significantly. Liquidity risks remain low as clients liquidity deposited with CACEIS are at historical high level due to conservative liquidity management from funds, notably money market funds. Business risks have been deemed low as CACEIS has no physical presence in Russia, nor Russian clients and since the start of the crisis, CACEIS has regularly alerted and informed its clients on market access and infrastructure functioning, as well as on newly issued sanctions.

CACEIS Bank S.A, Germany Branch versus Bavarian tax authorities

On March 11th 2022, the Bavarian Tax Office answered to CACEIS Statement of Objection rebutting the reasoning of CACEIS objections and considering the initial notices are legally correct. CACEIS is however given the opportunity to file an additional reasoning with the Tax Office and shall be doing so. Accordingly the process continues at the Tax Office level. CACEIS considers that this answer from the Bavarian Tax Office, as part of the on-going process, does not change the overall merits and strength of its position.