PricewaterhouseCoopers Audit ERNST & YOUNG et Autres

CACEIS

Year ended December 31, 2022

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, 2022

Statutory auditors' report on the 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 financial statements of CACEIS Bank for the year ended 31 December 2022.

In our opinion, the financial statements give a true and fair view of the results of operations for the year ended 31 December 2022 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 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 2022 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

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

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

Risk on the presentation and valuation of goodwill in the consolidated financial statements

Identified risk	Our response
As indicated in Note 6.14, 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 the 2023 budget and business trajectories two years (2024-2025) for your group's management purposes, extrapolated over a fourth and a fifth year in order to converge with the to converge on the perpetual growth trend. As of 31 December 2022, the amount of goodwill recorded in the balance sheet amounted to € 1,043 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 economic environment, the former financial forecasts and the actual performance over prior periods; • conduct sensitivity analyses of the value in use to some of the assumptions (level of capital allocated, discount rate, cost of risk, cost to income ratio). We also examined the disclosures provided in the notes to the consolidated financial statements on the results of these impairment tests and the level of sensitivity to various measurement parameters.

Legal, tax and compliance risks

Identified risk	Our response
The Company is involved in litigation before judicial authorities and investigations, and has received information requests from the regulatory and tax authorities in various jurisdictions. The resulting assessment of legal, tax and compliance risks is based on management's estimates at the reporting date, particularly with respect to the tax proceedings in Germany. In 2019, the German tax authorities demanded the repayment (excluding default interest) of tax credits that they claimed were unduly repaid and received by the Company. The company believes that its position is solid and does not justify the recording of a provision with respect to this dispute. As a result, a receivable of €312 million has been recognized, corresponding to the amount of the payment demand (Note 6.9 to the financial statements). The decision to recognize a provision or a receivable to be recovered and the amount thereof requires the use of judgement, due to the difficulty in estimating the final tax impact of the operations concerned by the proceedings. Given the importance of that judgement, these assessments give rise to a significant risk of material misstatements in the financial statements and therefore constitute a key audit matter.	Our work consisted primarily of: • familiarizing ourselves with the process for evaluating the risks involved in these disputes and the related provisions or receivables, primarily by means of quarterly discussions with senior management and in particular the Company's legal, tax and compliance departments in France and Germany; • reviewing, with the help of our tax specialists, 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 analyzing the accounting treatment applied; • assessing, accordingly, the amount of provisions recorded at 31 December 2022. Lastly, we reviewed the information given in this regard in the notes to the financial statements.

Specific verifications

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

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

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

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

As of December 31st, 2022, PricewaterhouseCoopers Audit and ERNST & YOUNG et Autres were in the 12th and the 22nd of total uninterrupted engagement, respectively, including three years since the company became a public interest entity as a financial holding company.

Responsibilities of management and those charged with governance for the 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 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 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 financial statements. Our objective is to obtain reasonable assurance about whether the 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 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 exercises professional judgement throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the 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 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 financial statements or, if such

disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditors is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

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

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.
We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, April 24th 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Bara Naija	Matthieu Préchoux

CACEIS

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

Approved by the CACEIS Board of Directors on 6th February 2023

Audited Financial statements

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 89-91, rue Gabriel Péri, 92120 Montrouge.

STATUS OF THE CACEIS HOLDING COMPANY

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

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

CACEIS has 3 effective directors as at 31 December 2022: 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 23,513,451 shares, 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 2022, 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
- 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, Montrouge, Nyon/Switzerland branch with the trading name: CACEIS Bank, Switzerland Branch

    - Issuer Services :

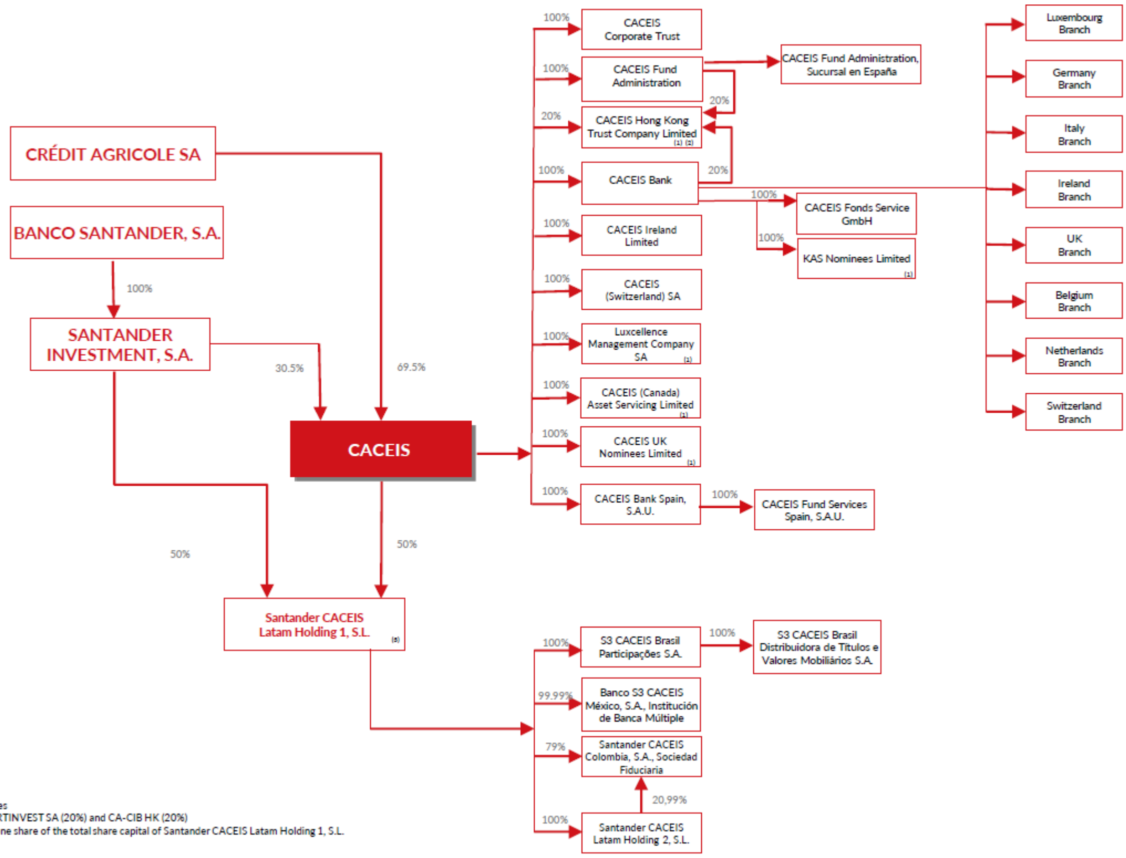
- In France : CACEIS Corporate Trust

    - 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.
- in Belgium: CACEIS Bank, Belgium Branch
- in Ireland: CACEIS Ireland Limited
- in Hong Kong: CACEIS Hong Kong Trust Company Limited

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

ORGANIZATIONAL CHART OF CACEIS GROUP



(1) Non consolidated companies
(2) Subsidiary also held by PARTINVEST SA (20%) and CA-CIB HK (20%)
(3) CACEIS holds 50% minus one share of the total share capital of Santander 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 within the CACEIS group, the Group's Senior Executives and the entities included in the scope of consolidation of the Crédit Agricole S.A. group.

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 2022 linked to related parties are shown below :

In thousands of euros		**31/12/2022**
		Crédit Agricole SA
ASSETS	Financial assets designated at fair value through profit or loss by type	3 408 976
	Financial assets at fair value through other comprehensive income	3 814 803
	Loans and receivables due from credit institutions	26 448 408
	Loans and receivables due from customers	1 689
	Financial assets at amortised cost	26 158 039
	Accrued income and expenses and other assets	43 822
	Total	***59 875 737***
LIABILITIES	Derivative financial instruments	89 488
	Derivative financial future instruments	120 220
	Due to credit institutions	3 694 824
	Due to customers	446 603
	Accrued income and expenses and other liabilities	125 723
	Total	***4 476 858***
OFF BALANCE SHEET	Guarantee commitments	3 908 387
	Hedging financial instruments	51 221 109
	Financial futures	32 001 912
	Total	***90 461 470***

The nature of the related parties 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*	**31/12/2022**	**31/12/2021**
Interest and similar income	4.1	1 476 999	956 816
Interest and similar expenses	4.1	-1 148 350	-681 274
Fee and commission income	4.2	1 097 265	1 122 045
Fee and commission expenses	4.2	-266 085	-270 887
Net gains (losses) on financial instruments at fair value through profit or loss	4.3	180 622	98 784
Net gains (losses) on held for trading assets/liabilities		-225 297	394 249
Net gains (losses) on other financial assets/liabilities at fair value through profit or loss		405 919	-295 465
Net gains (losses) on financial instruments at fair value through other comprehensive income	4.4	4 003	228
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss		4 003	228
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)			
Net gains (losses) arising from the derecognition of financial assets at amortised cost	4.5	3 810	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	6 880	6 944
Expenses on other activities	4.6	-79 028	-64 442
REVENUES		**1 276 117**	**1 179 084**
Operating expenses	4.7	-852 768	-881 543
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	4.8	-69 170	-67 111
GROSS OPERATING INCOME		**354 179**	**230 430**
Cost of risk	4.9	-2 337	4 345
OPERATING INCOME		**351 842**	**234 774**
Share of net income of equity-accounted entities		15 421	7 552
Net gains (losses) on other assets	4.10	-8 448	177
Change in value of goodwill	6.14		63
PRE-TAX INCOME		**358 815**	**242 567**
Income tax	4.11	-80 984	-55 862
Net income from discontinued operations			
NET INCOME		**277 831**	**186 705**
Non-controlling interests			
NET INCOME GROUP SHARE		**277 831**	**186 705**
Earnings per share (in euros) (1)	6.19	10,14	6,74
Diluted earnings per share (in euros) (1)	6.19	10,14	6,74

(1) Income including net income from discontinued operations

NET INCOME AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	*Notes*	31/12/2022	31/12/2021
Net income		**277 831**	**186 705**
Actuarial gains and losses on post-employment benefits	4.12	20 480	11 021
Other comprehensive income on financial liabilities attributable to changes in own credit risk	4.12		
Other comprehensive income on equity instruments that will not be reclassified to profit or loss	4.12		
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities	4.12	**20 480**	**11 021**
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	4.12	**-18**	**15**
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	4.12	**-5 042**	**-3 249**
Income tax related to items that will not be reclassified to profit or loss on equity-accounted entities	4.12	**-1**	**13**
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	4.12	**0**	
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax	4.12	**15 419**	**7 799**
Gains and losses on translation adjustments	4.12	-17 346	-3 291
Other comprehensive income on debt instruments that may be reclassified to profit or loss	4.12	-67 011	-57 027
Gains and losses on hedging derivative instruments	4.12	-77	
Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	**-84 434**	**-60 318**
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	4.12	**29 786**	**7 039**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	4.12	**15 188**	**15 556**
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities	4.12		
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations	4.12		
Other comprehensive income on items that may be reclassified subsequently to profit or loss net of income tax	4.12	**-39 461**	**-37 722**
Other comprehensive income net of income tax	4.12	**-24 041**	**-29 923**
Net income and other comprehensive income		**253 790**	**156 781**
Of which Group share		253 790	156 781
Of which non-controlling interests		0	0

BALANCE SHEET – ASSETS

(in thousands of euros)	Notes	31/12/2022	31/12/2021
Cash, central banks	6.1	32 932 375	46 953 885
Financial assets at fair value through profit or loss	3.1-6.2-6.6.6.7	387 152	516 520
Held for trading financial assets		347 897	479 997
Other financial assets at fair value through profit or loss		39 255	36 523
Hedging derivative Instruments	3.2-3.4	3 338 692	191 772
Financial assets at fair value through other comprehensive income	3.1-6.2-6.6-6.7	4 321 390	8 029 611
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		4 321 075	8 029 578
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss		315	33
Financial assets at amortised cost	3.1-3.3-6.5-6.6-6.7	77 227 218	59 365 183
Loans and receivables due from credit institutions		33 240 272	17 314 719
Loans and receivables due from customers		8 504 937	6 428 420
Debt securities		35 482 009	35 622 044
Revaluation adjustment on interest rate hedged portfolios			16 220
Current and deferred tax assets	6.10	356 732	357 154
Accruals, prepayments and sundry assets	6.10	3 421 581	4 561 494
Non-current assets held for sale	6.12	174 010	
Deferred participation			
Investments in equity-accounted entities	6.12	321 626	276 438
Investment property			
Property, plant and equipment	6.13	246 105	244 365
Intangible assets	6.13	536 453	576 993
Goodwill	6.14	1 043 306	1 042 423
TOTAL ASSETS		**124 306 641**	**122 132 059**

BALANCE SHEET – LIABILITIES & EQUITY

(in thousands of euros)	*Notes*	**31/12/2022**	**31/12/2021**
Central banks	6.1	2 308	1 314
Financial liabilities at fair value through profit or loss	6.2	396 603	296 776
Held for trading financial liabilities		396 603	296 776
Financial liabilities designated at fair value through profit or loss			
Hedging derivative Instruments	3.2-3.4	120 220	432 136
Financial liabilities at amortised cost		109 471 105	109 178 355
Due to credit institutions	3.3-6.8	9 372 996	8 431 502
Due to customers	3.1-3.3-6.8	99 987 990	100 636 869
Debt securities	3.3-6.8	110 119	109 984
Revaluation adjustment on interest rate hedged portfolios		-90 546	11 159
Current and deferred tax liabilities	6.10	198 021	213 961
Accruals, deferred income and sundry liabilities	6.11	9 199 201	7 410 639
Liabilities associated with non-current assets held for sale and discontinued operations	6.11	166 154	
Insurance compagny technical reserves			
Provisions	6.15	108 677	149 448
Subordinated debt	3.3-6.16	274 943	273 033
Total Liabilities		**119 846 686**	**117 966 821**
Equity		**4 459 955**	**4 165 238**
Equity - Group share		4 459 955	4 165 238
Share capital and reserves		3 096 334	3 016 332
Consolidated reserves		1 085 773	938 145
Other comprehensive income		-530	24 057
Other comprehensive income on discontinued operations		547	
Net income (loss) for the year		277 831	186 705
Non-controlling interests			
TOTAL LIABILITIES AND EQUITY		**124 306 641**	**122 132 059**

STATEMENT OF CHANGES IN EQUITY

	Group share										Non-controlling interests					
	Share capital and reserves					Other comprehensive income						Other comprehensive income				
(in thousands of euros)	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 2021 published	**941 008**	**2 603 662**	**0**	**615 000**	**4 159 670**	**77 902**	**-23 923**	**53 979**	**0**	**4 213 649**	**0**	**0**	**0**	**0**	**0**	**4 213 649**
Equity at 1 January 2021	**941 008**	**2 603 662**	**0**	**615 000**	**4 159 670**	**77 902**	**-23 923**	**53 979**	**0**	**4 213 649**	**0**	**0**	**0**	**0**	**0**	**4 213 649**
Capital increase																**0**
Changes in treasury shares held																**0**
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																**0**
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**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves																**0**
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves																**0**
Share of changes in equity-accounted entities																**0**
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**	**0**	**915 000**	**3 954 477**	**40 181**	**-16 124**	**24 057**	**186 705**	**4 165 238**	**0**	**0**	**0**	**0**	**0**	**4 165 238**
Appropriation of 2021 net income		186 705			**186 705**				-186 705							
Equity at 1 January 2022	**941 008**	**2 285 174**	**0**	**915 000**	**4 141 182**	**40 181**	**-16 124**	**24 057**	**0**	**4 165 238**	**0**	**0**	**0**	**0**	**0**	**4 165 238**
Equity at 1 January 2022 restated	**941 008**	**2 285 174**	**0**	**915 000**	**4 141 182**	**40 181**	**-16 124**	**24 057**	**0**	**4 165 238**	**0**	**0**	**0**	**0**	**0**	**4 165 238**
Capital increase																**0**
Changes in treasury shares held																**0**
Issuance / redemption of equity instruments				80 000	**80 000**					**80 000**						**80 000**
Remuneration of undated deeply subordinated notes		-39 509			**-39 509**					**-39 509**						**-39 509**
Dividends paid in 2022																**0**
Impact of acquisitions/disposals on non-controlling interests																**0**
Changes due to share-based payments		444			**444**					**444**						**444**
Changes due to transactions with shareholders		**-39 065**		**80 000**	**40 935**					**40 935**						**40 935**
Changes in other comprehensive income						**-39 461**	**15 396**	**-24 064**		**-24 064**						**-24 064**
Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves																**0**
Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves																**0**
Share of changes in equity-accounted entities																**0**
Net income for 2022									277 831	**277 831**						**277 831**
Other changes		-10			**-10**		25	**25**		**15**						**15**
EQUITY AT 31 DECEMBER 2022	**941 008**	**2 246 099**	**0**	**995 000**	**4 182 107**	**721**	**-703**	**18**	**277 831**	**4 459 955**	**0**	**0**	**0**	**0**	**0**	**4 459 955**

An issuance of undated Additional Tier 1 subordinated bonds subscribed by Crédit Agricole S.A. was realised on 30 March 2022 for an amount of 80 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	31/12/2022	31/12/2021
Pre-tax income		**358 815**	**242 567**
Net depreciation and impairment of property, plant & equipment and intangible assets		67 836	67 112
Impairment of goodwill and other fixed assets	6.16	0	-63
Net addition to provisions		-23 190	33 748
Share of net income (loss) of equity-accounted entities		-15 421	-7 552
Net income (loss) from investment activities		108	0
Net income (loss) from financing activities		7 390	4 441
Other movements		136 685	23 718
Total Non-cash and other adjustment items included in pre-tax income		***173 407***	***121 403***
Change in interbank items		-14 498 380	-5 240 149
Change in customer items		-2 723 514	5 140 639
Change in financial assets and liabilities		329 385	-2 942 458
Change in non-financial assets and liabilities		3 095 944	2 588 141
Dividends received from equity-accounted entities			
Taxes paid		-87 095	-75 366
Net change in assets and liabilities used in operating activities		***-13 883 660***	***-529 193***
Cash provided (used) by discontinued operations			
Total Net cash flows from (used by) operating activities (A)		**-13 351 438**	**-165 224**
Change in equity investments		***5***	***879***
Change in property, plant & equipment and intangible assets		***-63 929***	***-52 179***
Cash provided (used) by discontinued operations			
Total Net cash flows from (used by) investing activities (B)		**-63 924**	**-51 300**
Cash received from (paid to) shareholders (1)		***40 491***	***-200 338***
Net cash flows from (used in) financing activities (2)		***-33 441***	***-35 672***
Cash provided (used) by discontinued operations			
Total Net cash flows from (used by) financing activities (C)		**7 050**	**-236 010**
Impact of exchange rate changes on cash and cash equivalent (D)		**-136 941**	**630**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A + B + C + D)		**-13 545 253**	**-451 903**
Cash and cash equivalents at beginning 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
Cash and cash equivalents at end of period		**32 670 848**	**46 216 100**
Net cash accounts and accounts with central banks *		32 926 972	46 953 943
Net demand loans and deposits with credit institutions **		-256 124	-737 843
Net change in cash and cash equivalents		**-13 545 253**	**-451 903**

* 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) Cash received from (paid to) shareholders : it includes the payment of AT1 emission from Crédit Agricole SA for 80 000 thousand euros net of AT1 interest payment for 39 509 thousands euros.

(2) Other cash provided (used) by financing activities : this line includes the repayment of IFRS 16 lease debt for -28 099 thousand euros, and interest payments on subordinated debt and bonds for -5 342 thousand euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GROUP ACCOUNTING POLICIES AND PRINCIPLES, ASSESSMENTS AND ESTIMATES APPLIED

1.1. Applicable standards and comparability

Pursuant to EC Regulation no. 1606/2002, the consolidated financial statements have been prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable as of 31 December 2022 and as adopted by the European Union (*carve-out* version), thus using certain exceptions in the application of IAS 39 on macro-hedge accounting.

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

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

The standards and interpretations are the same as those applied and described in the Group's financial statements for the financial year ended 31 December 2021.

They have been supplemented by the IFRS standards as adopted by the European Union as of 31 December 2022 and that must be applied for the first time in 2022. These cover the following :

Standards, amendments or interpretations	Date of first-time application: financial years from	Significant effect in the Group
Amendment to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use	1st January 2022	No
Improvements to IFRSs 2018-2020 Cycle **- IFRS 1** Subsidiary as a first-time adopter, **- IFRS 9** Derecognition of a financial liability: fees and commissions to be included in the 10% test **- IAS 41** Taxation in fair value measurements, and **- IFRS 16** Lease incentives.	1st January 2022	No
Amendment to IFRS 3 References to the conceptual framework	1st January 2022	No
Amendment to IAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1st January 2022	No

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.

These cover the following :

Standards, amendments or interpretations	Date of first-time application: financial years from	Applicable in the Group
IFRS 17 Insurance contracts	1st January 2023	No

IFRS 17 : Insurance contracts

Given the absence of any insurance activity within CACEIS, IFRS 17 is not expected to have any impact on CACEIS' consolidated financial statements as of 1 January, 2023.

Standards and interpretations not yet adopted by the European Union as at 31 December 2022

The standards and interpretations published by the IASB at 31 December 2022 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 2022.

IFRS IC decisions that may affect the Group

This concerns in particular the IFRS IC IFRS 9 / IAS 20 decision published in March 2022 relating to the accounting treatment of TLTRO III transactions.

In March 2019, the ECB launched its third series of longer-term refinancing operations, the terms of which were revised in September 2019 and then in March, April and December 2020 in connection with the Covid-19 pandemic.

The TLTRO III mechanism aims to provide long-term refinancing with a subsidy if a target rate of growth is achieved for loans granted to non-financial corporations and households, on TLTRO transactions with a maturity of three years, in addition to an extra bonus as an initial additional incentive on a temporary basis over the one-year period from June 2020 to June 2021, followed by a second additional incentive on a temporary basis over the one-year period from June 2021 to June 2022.

As a reminder, the accounting treatment applied by the Group since 2020 consists of recognising these subsidies as soon as the Group believes it has reasonable assurance that the level of eligible loans will enable it to meet the conditions required to obtain these subsidies from the ECB when they become payable, i.e. when the TLTRO III matures, and attach this subsidy to the period to which it relates on a pro rata basis. This accounting treatment is maintained for the financial year ended 31 December 2022.

As the Group has met the performance conditions required to receive the TLTRO subsidy and additional subsidy, it will receive all of the subsidies and additional subsidies when the refinancing operation matures.

The Group has valued accrued interest at 50 basis points below the deposit facility rate with a floor of 100 basis points below this rate over the special interest rate period (1 January 2021 to 23 June 2021 for the period relating to the 2021 financial year), on the basis of reaching the thresholds set for the initial incentive during the special reference period. The interest rate applied over the additional special interest rate period (24 June 2021 to 23 June 2022) is also the 50 basis points below the deposit facility rate with a floor of 100 basis points below this rate, on the basis of meeting the criteria set in terms of the level of eligible loans required for the second incentive during the additional special reference period.

The IFRS IC decision has not affected how the Group recognises interest in relation to TLTRO III transactions.

The Governing Council of the ECB, at its meeting on 27 October, 2022, decided on a change in the remuneration conditions applicable to these refinancing operations as of November 23, 2022 (ECB Decision 2022-2128).

The European Central Bank Decision (EU) 2022/2128 of 27 October, 2022 defined two new periods as follows :

- The "post-additional special interest rate period" or "post-ASIRP" from 24 June to 22 November, 2022 (or the early redemption date if earlier); during this period, the remuneration of the TLTRO III is calculated on the basis of an average of the Deposit Facility Rates from the drawdown date until the end of this period;
- The "last interest rate period" (LIRP): from 23 November, 2022 until the expected maturity date of the drawings. During the LIRP, the remuneration of the TLTRO III is calculated on the basis of an average of the Deposit Facility Rates from 23 November to the expected repayment date.

The Group has re-estimated the expected cash flows to reflect (i) fluctuations in the interest rates of the various drawings according to their expected maturity and (ii) changes in the remuneration conditions decided by the ECB, which have modified the effective interest rate of the various TLTRO III drawings and the amortized cost of each tranche.

The new effective interest rates thus determined are close to the last known Deposit Facility rate at the closing date.

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 (including investments in non-consolidated companies)

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.

- 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.

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.

Derivative instruments are financial assets or liabilities whose value changes according to that of an underlying asset (provided that, in the case of a non-financial variable, it is not specific to one of the parties to the contract) which requires a low or nil initial investment, and for which settlement occurs at a future date.

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.

“Green” or “ESG” financial assets and financial liabilities in the form of “green bonds” comprise a variety of instruments, primarily borrowings to finance environmental projects. These financial instruments do not all necessarily offer variable returns according to ESG criteria. This terminology may change according to future EU regulations relating to sustainable finance. These instruments are recognised pursuant to IFRS 9 in accordance with the principles set out below.

- ✓ **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 (See note "Provision for credit risk").

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

✓ **Financial assets**

- Classification and measurement of financial assets

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

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

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

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

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

  - Debt instruments

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

- The three business models :

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

  We distinguish three business models :

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

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

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

- The contractual terms (« Solely Payments of Principal & Interest »):

  « SPPI » 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 outstanding 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 outstanding 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 outstanding 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.

This category of financial assets is not impaired.

- 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.

o 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.

o 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 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, CACEIS recognises a correction for changes in value for expected credit losses (ECL) on the following outstanding :

- 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.

- 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 (90 days) 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 (« *Loss Given Default* » or « *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 (Stage 1) make up a percentage of the lifetime expected credit losses (Stage 2 et 3), 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 outstanding (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, the loans are reclassified to stage 1 (sound loans), and the impairment is reduced to expected losses at 12 months.

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.

  - 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, excluding accrued interest, 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 ;
- <u>hedges of net investment in a foreign operation :</u> 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 :

- <u>fair value hedges :</u> 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.

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.

- 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 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 for credit risk 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)**

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.

The valuation of the following provisions may also be subject to estimates:

- The provision for operational risks, for which an inventory of proven risks and an assessment by Management of the frequency of the incident and the amount of the potential financial impact are taken into account.

- Provisions for legal risks, which are based on management's best assessment of the situation, taking into account the elements in its possession at the closing date of the accounts.

Detailed information is provided in note 6.15 "Provisions".

- **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 Share-based Payments requires the measurement of transactions remunerated by share-based payments and similar in the company's results 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 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 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 and on the basis of which income tax is to be paid (recovered).

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.

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.

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 calculation of deferred taxes takes into account the tax rates of each country and should not be 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. Also by symmetry, the tax charge or saving effectively borne by CACEIS arising from these unrealised gains or losses is reclassified as a deduction from equity.

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 a share 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 of costs.

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, either for the same taxable entity or 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.

➢ 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.

<u>Capitalization of software development costs</u>

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 lessee

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 Group has chosen a term corresponding to the first exit option after 5 years. The term used for so-called “3/6/9 commercial leases” is generally 9 years, with an initial non-cancellable period of 3 years. When the lessee deems it to be reasonably certain that the exit option will not be exercised at the end of three years, the Group principle shall be applied to French commercial leases in the majority of cases, as of the start date of the lease. In this case, the term will be estimated at six years. The Group principle (first exit option after five years) cannot be applied in certain specific cases, for example for a lease in which intermediate exit options have been forfeited (e.g. in return for a reduction in rents). In this case, an initial lease term of nine years should be applied (unless a tacit extension of a maximum of three years is expected in general).

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.).

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.

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.

➢ **Consolidation methods**

The methods of consolidation are respectively defined by IFRS 10, IFRS 11 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 ventures (excluding joint activities).

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.

Investments in associates or jointly controlled entities are recorded as a separate item in the balance sheet under “Investments in equity-accounted entities”. 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**

In accordance with IFRS 10, 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.

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 ("full goodwill method");
- 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 initial assessment of assets, liabilities and contingent liabilities may be revised within a maximum period of 12 months after the date of acquisition.

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 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 2022 are presented in detail at the end of the notes to the financial statements in Note 13 "Scope of consolidation as at 31 December 2022".

Cross-border merger of CACEIS BELGIUM into CACEIS BANK

The Belgian law of 27 June 2021 has amended the applicable regulations and now allows a custodian bank to perform previously unauthorised administrative management duties.

As CACEIS Bank’s branch in Belgium can now perform both these duties, subject to meeting the applicable regulatory requirements, the decision was made in 2022 to transfer CACEIS Belgium’s operations to CACEIS Bank, Belgium Branch, by means of a cross-border merger of CACEIS Belgium into CACEIS Bank.

This merger corresponds to the aim of simplifying the company’s governance and relations with the supervisory authorities. In particular, it will allow for streamlined reporting and a reduction in costs, notably administrative costs.

Creation of CACEIS Fund Administration, Sucursal en España

As part of the TURBO program launched in 2021, a Shared Services Centre was set up in Spain in May 2022 by means of the creation of the entity CACEIS Fund Administration, Sucursal en España, a branch of CACEIS Fund Administration.

This allows CACEIS to benefit from an additional operating centre in Europe to support its growth and balance out its centres of knowledge.

CACEIS acquires RBC Investor Services’ asset servicing operations

On 14 October 2022, CACEIS and Royal Bank of Canada (RBC) signed a memorandum of understanding (MoU) concerning the acquisition by CACEIS of RBC Investor Services’ European asset servicing operations and its associated centre of excellence in Malaysia. These services comprise custody and related forex transactions, fund administration, transfer agency, middle office and securities lending.

At the same time as signing the MoU, CACEIS paid RBC €10 million in exchange for an option to acquire the operations in question.

After consulting with the CACEIS group’s employee representatives, on 22 December 2022, CACEIS exercised its acquisition option, and on 23 December 2022, the parties signed a Share Purchase Agreement confirming their will to carry out the transaction in 2023, subject to the usual regulatory and antitrust conditions precedent being met.

This amount of €10 million, recorded in Sundry debtors as at 31 December 2022, will be allocated to the value of the securities at the date of signature of the final acquisition and will be deducted from the price ultimately paid by CACEIS for this purchase operation.

If these authorizations are not obtained and the transaction is not completed, this advance of €10 million will belong to the Royal Bank of Canada and will therefore have to be provisioned. To date, the operation is very likely and therefore does not require provision.

Impact relating to military operations in Ukraine

CACEIS is exposed to country risk, i.e., the risk that economic, financial, political or social conditions in a country in which it operates could affect its financial interests. A significant change to the political or macroeconomic environment could force it to recognise additional expenses or sustain heavier losses than already stated in its financial statements.

The CACEIS group is exposed, in absolute value, to the risk on Russia for €0.7 million (exposure on the correspondent bank in Russia).

As custodian of the assets of its customers, CACEIS also carries an indirect risk on its sub-depository in Russia which retains the Russian assets of the customers (€577 million). In general, CACEIS has an obligation to return those assets to the customers, but in extreme situations such as that encountered in Russia, CACEIS can be relieved of this obligation (“force majeure”).

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.

CACEIS Germany was informed on 30 November 2022 of the Bavarian tax authorities’ final decision, confirming its initial position. The penalty interest for which CACEIS had obtained a suspension is not included in the scope of the decision.

CACEIS Germany continues to dispute this unfounded claim and on 21 December 2022 submitted an appeal to the Fiscal Court of Munich.

The Group confirms its accounting position, namely maintaining the receivable of €312 million recognised in the third quarter of 2019.

UPTEVIA

The draft agreement between BNP Paribas’s Securities Services business and CACEIS announced on 18 March 2022 has been approved by the regulatory and competition authorities. Uptevia, which is equally owned by CACEIS and BNP Paribas, was created on 1 January 2023 and combines the two banks’ issuer services operations.

Uptevia's goal is to become a leading name in France – and eventually in Europe – in Corporate Trust activities. The new joint venture offers securities issuers a wide range of services such as shareholder recordkeeping, centralising general meetings, setting up and centralising securities transactions and managing employee shareholding plans. Uptevia also provides equivalent services for fixed income products such as bonds and negotiable debt securities.

CACEIS and BNP Paribas (662 042 449 RCS Paris) have decided to form a partnership in issuer services and combine all of CACEIS's and BNP Paribas's issuer services operations within CACEIS Corporate Trust (439 430 976 RCS Nanterre), previously a wholly owned subsidiary of CACEIS, by creating a joint venture equally owned by the two shareholders.

CACEIS and BNP Paribas have agreed to do this by means of a cash contribution and a contribution in kind to CACEIS Corporate Trust by BNP Paribas and its Corporate Trust Services Equity France division in exchange for newly issued CACEIS Corporate Trust shares.

After obtaining the necessary regulatory and antitrust authorisations on 22 December 2022, the business combination was finalised on 1 January 2023 after being approved by shareholders at the general meeting of CACEIS Corporate Trust, which has set up the joint venture's new governance structure. On receiving the relevant regulatory authorisation, the joint venture changed its name from CACEIS Corporate Trust to Uptevia on 3 January 2023.

As this transaction is regarded as a future asset sale, in accordance with IFRS 5, the assets and liabilities of CACEIS Corporate Trust as at 31 December 2022 have been reclassified as separate items in CACEIS's consolidated financial statements,

- under assets as "Non-current assets held for sale" in the amount of €174 million;
- under liabilities as "Liabilities related to non-current assets held for sale" in the amount of €166 million;

Information about the main categories of assets and liabilities classified as held for sale is provided in note 6.11.

CACEIS Corporate Trust's contribution to the consolidated income statement remains under the usual headings and income statement subtotals.

3. FINANCIAL MANAGEMENT, RISK EXPOSURE AND HEDGING POLICY

Banking risks within the Group are managed by the Group Risk Management and Permanent Controls Department (DRG). This department reports to the Chief Executive Officer of Crédit Agricole S.A. and is responsible for the control and permanent monitoring of credit, financial and operational risks.

The description of these systems and the narrative information are included in the management report, in the "Risk management" section, as permitted by IFRS 7. The accounting breakdowns continue to be included in the financial statements.

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.

- Climate and Environment related risks include physical risks (acute or chronical) and transitional risks (adaptation to a low carbon and more sustainable economy), direct or indirect, impacted by a deterioration of the environment.

- Model risks refer to the potential financial loss or inadequate decisions taken due to an erroneous model (quantitative method, system, or approach that applies statistical, economic, financial, or mathematical theories, as well as assumptions to transform input data into quantitative estimations).

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 defence1 in risk management ;

[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 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 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. Environmental risks, which are taken into account when making credit decisions, do not have a significant impact on CACEIS' credit risks. 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

[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).

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 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

[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.

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.

Financial assets at amortised cost: debt securities

(in thousands of euros)	Performing assets				Credit-impaired assets (Stage 3)		Total		
	Assets subject to 12-month ECL (Stage 1)		Assets subject to lifetime ECL (Stage 2)						
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount (a)	Loss allowance (b)	Net carrying amount (a) + (b)
Balance at 31 December 2021	**35 636 330**	**-14 286**	**0**	**0**	**0**	**0**	**35 636 330**	**-14 286**	**35 622 044**
Transfers between stages during the period									
Transfers from Stage 1to 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	**35 636 330**	**-14 286**	**0**	**0**	**0**	**0**	**35 636 330**	**-14 286**	**35 622 044**
Changes in gross carrying amounts and loss allowances	**2 943 116**	**1 100**	**0**	**0**	**0**	**0**	**2 943 116**	**1 100**	
New financial production : purchase, granting, origination,...(2)	11 135 857	-8 031					11 135 857	-8 031	
Derecognition : disposal, repayment, maturity...	-8 192 741	9 131					-8 192 741	9 131	
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									
Total	**38 579 446**	**-13 186**	**0**	**0**	**0**	**0**	**38 579 446**	**-13 186**	**38 566 260**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	-3 084 251						-3 084 251		
Balance at 31 December 2022	**35 495 195**	**-13 186**	**0**	**0**	**0**	**0**	**35 495 195**	**-13 186**	**35 482 009**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	0		0		0		0		

(1) Transfers to Stage 3 correspond to outstanding 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)

	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 2021	**17 317 075**	**-2 358**	**0**	**0**	**367**	**-367**	**17 317 443**	**-2 725**	**17 314 719**
Transfers between stages during the period	**-587**	**0**	**587**	**0**	**0**	**0**	**0**	**0**	
Transfers from Stage 1 to Stage 2	-587		587						
Return from Stage 2 to Stage 1									
Transfers to Stage 3 (1)									
Return from Stage 3 to Stage 2 / Stage 1									
Total after transfers	**17 316 488**	**-2 358**	**587**	**0**	**367**	**-367**	**17 317 443**	**-2 725**	**17 314 718**
Changes in gross carrying amounts and loss allowances	**15 925 287**	**-1 534**	**0**	**0**	**0**	**0**	**15 925 287**	**-1 534**	
New financial production : purchase, granting, origination,… (2)	19 118 600	-3 385					19 118 600	-3 385	
Derecognition : disposal, repayment, maturity...	-3 054 374	1 822					-3 054 374	1 822	
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 (4)	-138 939	29					-138 939	29	
Total	**33 241 776**	**-3 893**	**587**	**0**	**367**	**-367**	**33 242 731**	**-4 260**	**33 238 471**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	1 744		57				1 801		
Balance at 31 December 2022	**33 243 520**	**-3 893**	**644**	**0**	**367**	**-367**	**33 244 532**	**-4 260**	**33 240 272**
Contractual amount outstanding of financial assets written off during the period, that are still subject to enforcement measures	0		0		0		0		

(1) Transfers to Stage 3 correspond to outstanding 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).
(4)The other movements are related to activities help for sale for -139,729K€.

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 2021	**6 366 257**	**-2 061**	**64 232**	**-30**	**6 950**	**-6 926**	**6 437 439**	**-9 019**	**6 428 420**
Transfers between stages during the period	**-23**	**1**	**0**	**0**	**23**	**-1**	**0**	**0**	
Transfers from Stage 1 to Stage 2									
Return from Stage 2 to Stage 1									
Transfers to Stage 3 (1)	-23	1			23	-1			
Return from Stage 3 to Stage 2 / Stage 1									
Total after transfers	**6 366 234**	**-2 060**	**64 232**	**-30**	**6 973**	**-6 927**	**6 437 439**	**-9 019**	**6 428 420**
Changes in gross carrying amounts and loss allowances	**2 141 076**	**580**	**-64 232**	**30**	**54**	**-109**	**2 076 898**	**501**	
New financial production : purchase, granting, origination,… (2)	4 731 815	-4 453					4 731 815	-4 453	
Derecognition : disposal, repayment, maturity...	-2 590 739	5 033	-64 232	30	-11	11	-2 654 982	5 074	
Write-offs									
Changes of cash flows resulting in restructuring due to financial difficulties					64	-66	64	-66	
Changes in models' credit risk parameters during the period						-54		-54	
Changes in model / methodology									
Changes in scope									
Other					1		1		
Total	**8 507 310**	**-1 480**	**0**	**0**	**7 027**	**-7 036**	**8 514 337**	**-8 518**	**8 505 819**
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	-915				33		-882		
Balance at 31 December 2021 (4)	**8 506 395**	**-1 480**	**0**	**0**	**7 060**	**-7 036**	**8 513 455**	**-8 518**	**8 504 937**

(1) Transfers to Stage 3 correspond to outstanding 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

(in thousands of euros)	Performing assets				Credit-impaired assets (Stage 3)		Total	
	Assets subject to 12-month ECL (Stage 1)		Assets subject to lifetime ECL (Stage 2)					
	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance	Carrying amount	Loss allowance
Balance at 31 December 2021	**8 029 578**	**-2 477**	**0**	**0**	**0**	**0**	**8 029 578**	**-2 477**
Transfers between stages during the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
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	**8 029 578**	**-2 477**	**0**	**0**	**0**	**0**	**8 029 578**	**-2 477**
Changes in carrying amounts and loss allowances	**-3 704 500**	**1 590**	**0**	**0**	**0**	**0**	**-3 704 500**	**1 590**
Fair value revaluation during the period	-225 998						-225 998	
New financial production : purchase, granting, origination,...(2)	501058	-344					501058	-344
Derecognition : disposal, repayment, maturity...	-3 979 555	1934					-3 979 555	1934
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	-5						-5	
Total	**4 325 078**	**-887**	**0**	**0**	**0**	**0**	**4 325 078**	**-887**
	0	0	0	0	0	0	0	0
Changes in carrying amount due to specific accounting assessment methods (with no significant impact on loss allowance) (3)	-4 003		0		0		-4 003	
Balance at 31 December 2022	**4 321 075**	**-887**	**0**	**0**	**0**	**0**	**4 321 075**	**-887**

(1) Transfers to Stage 3 correspond to outstanding 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)

	Performing commitments				Provisioned commitments (Stage 3)		Total		
	Commitments subject to 12-month ECL (Stage 1)		Commitments subject to lifetime ECL (Stage 2)						
(in thousands of euros)	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 2021	**1 133 879**	**-2 072**	**85 768**	**-523**	**0**	**0**	**1 219 647**	**-2 596**	**1 217 051**
Transfers between stages during the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
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	**1 133 879**	**-2 072**	**85 768**	**-523**	**0**	**0**	**1 219 647**	**-2 596**	**1 217 051**
Changes in commitments and loss allowances	**-174 713**	**717**	**-85 768**	**523**	**0**	**0**	**-260 481**	**1 240**	
New commitments given (2)	694 671	-3 872					694 671	-3 872	
End of commitments	-869 384	4 589	-85 768	523			-955 152	5 112	
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									
Balance at 31 December 2022	**959 166**	**-1 355**	**0**	**0**	**0**	**0**	**959 166**	**-1 356**	**957 810**

(1) Transfers to Stage 3 correspond to outstanding 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)

	Performing commitments				Provisioned commitments (Stage 3)		Total		
	Commitments subject to 12-month ECL (Stage 1)		Commitments subject to lifetime ECL (Stage 2)						
(in thousands of euros)	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 2021	**1 574 747**	**-250**	**68**	**-9**	**0**	**0**	**1 574 815**	**-259**	**1 574 556**
Transfers between stages during the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
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	**1 574 747**	**-250**	**68**	**-9**	**0**	**0**	**1 574 815**	**-259**	**1 574 556**
Changes in commitments and loss allowances	**189 258**	**18**	**-68**	**9**	**0**	**0**	**189 190**	**27**	
New commitments given (2)	499 378	-10					499 310	-10	
End of commitments	-310 120	28	-68	9			-310 120	37	
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									
Balance at 31 December 2022	**1 764 005**	**-232**	**0**	**0**	**0**	**0**	**1 764 005**	**-232**	**1 763 773**

(1) Transfers to Stage 3 correspond to outstanding 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)

	At 31 December 2022					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
(in thousands of euros)	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**352 487**	**0**	**0**	**0**	**0**	**0**
Held for trading financial assets	347 897					
Debt instruments that do not meet the conditions of the "SPPI" test	4 590					
Financial assets designated at fair value through profit or loss						
Hedging derivative Instruments	**3 338 692**	**0**	**0**	**0**	**0**	**0**
Total	**3 691 179**	**0**	**0**	**0**	**0**	**0**

	At 31 December 2021					
		Credit risk mitigation				
		Collateral held as security			Other credit enhancement	
(in thousands of euros)	Maximum exposure to credit risk	Financial instruments provided as collateral	Mortgages	Pledged securities	Financial guarantees	Credit derivatives
Financial assets at fair value through profit or loss (excluding equity securities and assets backing unit-linked contracts)	**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**					

Financial assets subject to impairment requirements

(in thousands of euros)	At 31 December 2022					
	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	**4 321 075**	**0**	**0**	**0**	**0**	**0**
of which impaired assets at the reporting date						
Loans and receivables due from credit institutions						
of which impaired assets at the reporting date						
Loans and receivables due from customers						
of which impaired assets at the reporting date						
Debt securities	4 321 075					
of which impaired assets at the reporting date						
Financial assets at amortised cost	**77 227 218**	**9 905 891**	**0**	**12 965 168**	**0**	**0**
of which impaired assets at the reporting date	24					
Loans and receivables due from credit institutions (excluding Crédit Agricole internal transactions)	33 240 272	5 549 285		12 965 168		
of which impaired assets at the reporting date						
Loans and receivables due from customers	8 504 937	4 356 606				
of which impaired assets at the reporting date	24					
Debt securities	35 482 009					
of which impaired assets at the reporting date						
Total	**81 548 293**	**9 905 891**	**0**	**12 965 168**	**0**	**0**
of which impaired assets at the reporting date	24					

(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 other comprehensive income that may be reclassified to profit or loss	**8 029 578**	**0**	**0**	**0**	**0**	**0**
of which impaired assets at the reporting date						
Loans and receivables due from credit institutions						
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**	**0**	**0**	**0**	**0**	**0**
of which impaired assets at the reporting date	24					
Loans and receivables due from credit institutions (excluding Crédit Agricole internal transactions)	17 314 719					
of which impaired assets at the reporting date						
Loans and receivables due from customers	6 428 420					
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**	**0**	**0**	**0**	**0**	**0**
of which impaired assets at the reporting date	24					

Off-balance sheet commitments subject to provision requirements

(in thousands of euros)	At 31 December 2022					
	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)	1 763 773	0	0	0	0	0
of which provisioned commitments at the reporting date						
Financing commitments (excluding Crédit Agricole internal transactions)	957 812	0	0	0	0	0
of which impaired commitments at the reporting date						
Total	2 721 585	0	0	0	0	0
of which impaired commitments at the reporting date						

(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	0	0	0	0	0
of which impaired commitments at the reporting date						
Financing commitments (excluding Crédit Agricole internal transactions)	1 217 052	0	0	0	0	0
of which impaired commitments at the reporting date						
Total	2 791 608	0	0	0	0	0
of which impaired 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 2022				At 31 December 2021			
		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%	356			356	422			422
	0,5% < PD ≤ 2%								
	2% < PD ≤ 20%								
	20% < PD < 100%								
	PD = 100%								
Total Retail customers		**356**	**0**	**0**	**356**	**422**	**0**	**0**	**422**
Non-retail customers	PD ≤ 0,6%	77 060 855	586		77 061441	59 035 362	64 290		59 099 652
	0,6% < PD < 12%	183 898	1		183 899	283 819			283 819
	12% ≤ PD < 100%		57		57				
	PD = 100%			7 427	7 427			7 317	7 317
Total Non-retail customers		**77 244 753**	**644**	**7 427**	**77 252 824**	**59 319 181**	**64 290**	**7 317**	**59 390 788**
Impairment		-18 558		-7 403	-25 961	-18 705	-30	-7 293	-26 027
Total		**77 226 550**	**644**	**24**	**77 227 218**	**59 300 898**	**-30**	**24**	**59 365 183**

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 2022				At 31 December 2021			
		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		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-retail customers	PD ≤ 0,6%	4 321075			4 321075	8 029 578			8 029 578
	0,6% < PD < 12%								
	12% ≤ PD < 100%								
	PD = 100%								
Total Non-retail customers		**4 321075**	**0**	**0**	**4 321075**	**8 029 578**	**0**	**0**	**8 029 578**
Total		**4 321075**	**0**	**0**	**4 321075**	**8 029 578**	**0**	**0**	**8 029 578**

Financing commitments (excluding Crédit Agricole internal transactions)

(in thousands of euros)	Credit risk rating grades	At 31 December 2022				At 31 December 2021			
		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				0
	0,5% < PD ≤ 2%				0				0
	2% < PD ≤ 20%				0				0
	20% < PD < 100%				0				0
	PD = 100%				0				0
Total Retail customers		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-retail customers	PD ≤ 0,6%	705 473			705 473	806 216	85 768		891984
	0,6% < PD < 12%	253 693			253 693	327 663			327 663
	12% ≤ PD < 100%				0				0
	PD = 100%				0				0
Total Non-retail customers		**959 166**	**0**	**0**	**959 166**	**1 133 879**	**85 768**	**0**	**1 219 647**
Provisions (1)		-1354			-1354	-2 072	-523		0 -2 596
Total		**957 812**	**0**	**0**	**957 812**	**1 131 807**	**85 245**	**0**	**1 217 051**

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

Guarantee commitments (excluding internal Crédit Agricole transactions)

(in thousands of euros)	Credit risk rating grades	At 31 December 2022				At 31 December 2021			
		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				0
	0,5% < PD ≤ 2%				0				0
	2% < PD ≤ 20%				0				0
	20% < PD < 100%				0				0
	PD = 100%				0				0
Total Retail customers		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-retail customers	PD ≤ 0,6%	1764 005			1764 005	1574 747	68		1574 815
	0,6% < PD < 12%				0				0
	12% ≤ PD < 100%				0				0
	PD = 100%				0				0
Total Non-retail customers		**1 764 005**	**0**	**0**	**1 764 005**	**1 574 747**	**68**	**0**	**1 574 815**
Provisions (1)		-232			-232	-250	-9		-259
Total		**1 763 773**	**0**	**0**	**1 763 773**	**1 574 497**	**59**	**0**	**1 574 556**

(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 2022							At 31 December 2021						
	Carrying amount							Carrying amount						
	Performing assets				Credit-impaired assets (Stage 3)	Impairment on assets (Stage 3)	Total	Performing assets				Credit-impaired assets (Stage 3)	Impairment on assets (Stage 3)	Total
	Assets subject to 12-month ECL (Stage 1)	Impairment on assets (Stage 1)	Assets subject to lifetime ECL (Stage 2)	Impairment on assets (Stage 2)				Assets subject to 12-month ECL (Stage 1)	Impairment on assets (Stage 1)	Assets subject to lifetime ECL (Stage 2)	Impairment on assets (Stage 2)			
General administration	2 932 984	-1 633					2 932 984	2 771 962	-1 890					2 771 962
Central banks							0	256 836						256 836
Credit institutions	64 643 040	-15 069	644		367	-367	64 644 051	48 518 459	-14 094			367	-367	48 518 826
Large corporates	9 668 729	-1 856			7 060	-7 036	9 675 789	7 771 925	-2 721	64 290	-30	6 950	-6 926	7 843 165
Retail customers	356						356	422						422
Total	**77 245 109**	**-18 558**	**644**	**0**	**7 427**	**-7 403**	**77 253 180**	**59 319 604**	**-18 705**	**64 290**	**-30**	**7 317**	**-7 293**	**59 391 211**

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

	At 31 December 2022							At 31 December 2021						
	Carrying amount							Carrying amount						
	Performing assets							Performing assets						
(in thousands of euros)	Assets subject to 12-month ECL (Stage 1)	Impairment on assets (Stage 1)	Assets subject to lifetime ECL (Stage 2)	Impairment on assets (Stage 2)	Credit-impaired assets (Stage 3)	Impairment on assets (Stage 3)	Total	Assets subject to 12-month ECL (Stage 1)	Impairment on assets (Stage 1)	Assets subject to lifetime ECL (Stage 2)	Impairment on assets (Stage 2)	Credit-impaired assets (Stage 3)	Impairment on assets (Stage 3)	Total
General administration	37 751						37 751	202 472	-54					202 472
Central banks							0							0
Credit institutions	4 284 665	-887					4 284 665	7 809 490	-2 423					7 809 490
Large corporates	-1 341						-1 341	17 616						17 616
Retail customers							0							0
Total	**4 321 075**	**-887**	**0**	**0**	**0**	**0**	**4 321 075**	**8 029 578**	**-2 477**	**0**	**0**	**0**	**0**	**8 029 578**

Due to customers by customer type

(in thousands of euros)	**31/12/2022**	**31/12/2021**
General administration	746 363	254 079
Large corporates	99 166 962	100 305 703
Retail customers	74 665	77 087
Total Amount due to customers	**99 987 990**	**100 636 869**

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

	At 31 December 2022							At 31 December 2021						
	Amount of commitment							Amount of commitment						
	Performing commitments							Performing commitments						
(in thousands of euros)	Commitments subject to 12-month ECL (Stage 1)	Provisions on commitments (Stage 1)	Commitments subject to lifetime ECL (Stage 2)	Provisions on commitments (Stage 2)	Provisioned commitments (Stage 3)	Provisions on commitments (Stage 3)	Total	Commitments subject to 12-month ECL (Stage 1)	Provisions on commitments (Stage 1)	Commitments subject to lifetime ECL (Stage 2)	Provisions on commitments (Stage 2)	Provisioned commitments (Stage 3)	Provisions on commitments (Stage 3)	Total
General administration							0							0
Central banks							0							0
Credit institutions	50 000	-123					50 000	82 474	-4					82 474
Large corporates	909 166	-1 231					909 166	1 051 405	-2 068	85 768	-523			1 137 173
Retail customers							0							0
Total	**959 166**	**-1 354**	**0**	**0**	**0**	**0**	**959 166**	**1 133 879**	**-2 072**	**85 768**	**-523**	**0**	**0**	**1 219 647**

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

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

	At 31 December 2022							At 31 December 2021						
	Amount of commitment							Amount of commitment						
	Performing commitments							Performing commitments						
(in thousands of euros)	Commitments subject to 12-month ECL (Stage 1)	Provisions on commitments (Stage 1)	Commitments subject to lifetime ECL (Stage 2)	Provisions on commitments (Stage 2)	Provisioned commitments (Stage 3)	Provisions on commitments (Stage 3)	Total	Commitments subject to 12-month ECL (Stage 1)	Provisions on commitments (Stage 1)	Commitments subject to lifetime ECL (Stage 2)	Provisions on commitments (Stage 2)	Provisioned commitments (Stage 3)	Provisions on commitments (Stage 3)	Total
General administration							0							0
Central banks							0							0
Credit institutions	300 665	-222					300 665	7 626	247					7 626
Large corporates	1 463 340	-10					1 463 340	1 567 121	3	68	9			1 567 189
Retail customers							0							0
Total	**1 764 005**	**-232**	**0**	**0**	**0**	**0**	**1 764 005**	**1 574 747**	**250**	**68**	**9**	**0**	**0**	**1 574 815**

(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 2022				At 31 December 2021			
	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets (Stage 3)	Total	Performing assets		Credit-impaired assets (Stage 3)	Total
(in thousands of euros)	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)		
France (including overseas departments and territories)	51 245 864		30	51 245 894	21 467 409			21 467 409
Other European Union countries	9 706 577		1 384	9 707 961	10 091 947	64 290	1 329	10 157 566
Other European countries	13 088 486	586		13 089 072	25 841 295			25 841 295
North America	2 102 766			2 102 766	1 242 772			1 242 772
Central and South America	10 605		6 013	16 618	23 424		5 988	29 412
Africa and Middle East	58 608	58		58 666	63 145			63 145
Asia-Pacific (ex. Japan)	997 754			997 754	578 794			578 794
Japan	34 449			34 449	10 818			10 818
Supranational organisations				0				0
				0				0
Impairment	-18 558		-7 403	-25 961	-18 705	-30	-7 293	-26 028
Total	**77 226 550**	**644**	**24**	**77 227 218**	**59 300 899**	**64 260**	**24**	**59 365 183**

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

	At 31 December 2022				At 31 December 2021			
	Carrying amount				Carrying amount			
	Performing assets		Credit-impaired assets (Stage 3)	Total	Performing assets		Credit-impaired assets (Stage 3)	Total
(in thousands of euros)	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)		
France (including overseas departments and territories)	681 201			681 201	1 211 146			1 211 146
Other European Union countries	-12 974			-12 974	351 210			351 210
Other European countries	3 608 696			3 608 696	6 326 780			6 326 780
North America	44 152			44 152	140 442			140 442
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
Total	**4 321 075**	**0**	**0**	**4 321 075**	**8 029 578**	**0**	**0**	**8 029 578**

Due to customers by geographical area

(in thousands of euros)	**31/12/2022**	**31/12/2021**
France (including overseas departments and territories)	59 600 738	58 529 431
Other European Union countries	38 869 236	40 130 250
Other European countries	1 363 424	1 721 197
North America	10 298	12 835
Central and South America	117 380	184 121
Africa and Middle East	22 567	55 234
Asia-Pacific (ex. Japan)	4 347	3 801
Japan		
Supranational organisations		
Total Amount due to customers	**99 987 990**	**100 636 869**

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

	At 31 December 2022				At 31 December 2021			
	Amount of commitment				Amount of commitment			
	Performing commitments				Performing commitments			
(in thousands of euros)	Commitments subject to 12-month ECL (Stage 1)	Commitments subject to lifetime ECL (Stage 2)	Provisioned commitments (Stage 3)	Total	Commitments subject to 12-month ECL (Stage 1)	Commitments subject to lifetime ECL (Stage 2)	Provisioned commitments (Stage 3)	Total
France (including overseas departments and territories)	588 851			588 851	669 953			669 953
Other European Union countries	370 315			370 315	462 203	85 768		547 971
Other European countries				0				0
North America				0	1 723			1 723
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)	-1 354			-1 354	-2 072	-523		-2 595
Total	**957 812**	**0**	**0**	**957 812**	**1 131 807**	**85 245**	**0**	**1 217 052**

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

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

	At 31 December 2022				At 31 December 2021			
	Amount of commitment				Amount of commitment			
	Performing commitments				Performing commitments			
(in thousands of euros)	Commitments subject to 12-month ECL (Stage 1)	Commitments subject to lifetime ECL (Stage 2)	Provisioned commitments (Stage 3)	Total	Commitments subject to 12-month ECL (Stage 1)	Commitments subject to lifetime ECL (Stage 2)	Provisioned commitments (Stage 3)	Total
France (including overseas departments and territories)	1 057 959			1 057 959	963 196			963 196
Other European Union countries	705 663			705 663	611 551	68		611 619
Other European countries	383			383				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)	-232			-232	-250	-9		-259
Total	**1 763 773**	**0**	**0**	**1 763 773**	**1 574 497**	**59**	**0**	**1 574 556**

(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, 2022 amounted to 7.4 million euros. They are impaired for 100%.

3.2. 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 :

31/12/2022	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					
German					**0**		**0**
Saudi Arabia					**0**		**0**
Argentina					**0**		**0**
Austria				167 859	**167 859**	10 411	**178 270**
Belgium				242 484	**242 484**	15 112	**257 596**
Brazil					**0**		**0**
China					**0**		**0**
Egypt					**0**		**0**
Spain				1 092 948	**1 092 948**	15 542	**1 108 490**
United States				350 036	**350 036**		**350 036**
France				238 398	**238 398**	18 091	**256 489**
Hong Kong					**0**		**0**
Italy					**0**		**0**
Japan					**0**		**0**
Lebanon					**0**		**0**
Morocco					**0**		**0**
Poland					**0**		**0**
United Kingdom					**0**		**0**
Russia					**0**		**0**
Ukraine					**0**		**0**
Venezuela					**0**		**0**
Other sovereign countries (1)				47 294	**47 294**	3 184	**50 478**
Total	**0**	**0**	**0**	**2 139 019**	**2 139 019**	**62 340**	**2 201 359**

(1) Including Finland for €47,294 thousand euros

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					
German					**0**		**0**
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	**258 409**	1 483	**259 892**
Hong Kong					**0**		**0**
Italy					**0**		**0**
Japan					**0**		**0**
Lebanon					**0**		**0**
Morocco					**0**		**0**
Poland					**0**		**0**
United Kingdom					**0**		**0**
Russia					**0**		**0**
Ukraine					**0**		**0**
Venezuela					**0**		**0**
Other sovereign countries				50 288	**50 288**	481	**50 769**
Total	**0**	**0**	**51 620**	**2 522 463**	**2 574 083**	**98 438**	**2 475 645**

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

3.3. 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 amount orders.

Derivative instruments : Analysis by remaining maturity

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

Hedging derivative instruments - Fair value of assets

(in thousands of euros)	31/12/2022						
	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				**91 478**	**2 474 045**	**773 169**	**3 338 692**
Currency instruments							**0**
Other instruments							**0**
Subtotal	**0**	**0**	**0**	**91 478**	**2 474 045**	**773 169**	**3 338 692**
Forward currency transactions							0
Total Fair value of hedging derivatives - Assets	**0**	**0**	**0**	**91 478**	**2 474 045**	**773 169**	**3 338 692**

(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				**42**	**67 685**	**124 045**	**191 772**
Currency instruments							**0**
Other instruments							**0**
Subtotal	**0**	**0**	**0**	**42**	**67 685**	**124 045**	**191 772**
Forward currency transactions							0
Total Fair value of hedging derivatives - Assets	**0**	**0**	**0**	**42**	**67 685**	**124 045**	**191 772**

Hedging derivative instruments – fair value of liabilities

(in thousands of euros)	31/12/2022						
	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				**28 412**	**82 880**	**8 572**	**119 864**
Currency instruments							**0**
Other instruments				**132**	**203**	**21**	**356**
Subtotal	**0**	**0**	**0**	**28 544**	**83 083**	**8 593**	**120 220**
Forward currency transactions							0
Total Fair value of hedging derivatives - Liabilities	**0**	**0**	**0**	**28 544**	**83 083**	**8 593**	**120 220**

(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				**136 713**	**274 458**	**20 965**	**432 136**
Currency instruments							**0**
Other instruments							**0**
Subtotal	**0**	**0**	**0**	**136 713**	**274 458**	**20 965**	**432 136**
Forward currency transactions							0
Total Fair value of hedging derivatives - Liabilities	**0**	**0**	**0**	**136 713**	**274 458**	**20 965**	**432 136**

Derivative instruments held for trading – fair value of assets

(in thousands of euros)	31/12/2022						
	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					**2**		**2**
Currency instruments and gold							**0**
Other instruments							**0**
Subtotal	**0**	**0**	**0**	**0**	**2**	**0**	**2**
Forward currency transactions				347 893	2		347 895
Total Fair value of transaction derivatives - Assets	**0**	**0**	**0**	**347 893**	**4**	**0**	**347 897**

(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				**396**			**396**
Currency instruments and gold							**0**
Other instruments							**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**

Derivative instruments held for trading – fair value of liabilities

(in thousands of euros)	31/12/2022						
	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					**79**		**79**
Currency instruments and gold							**0**
Other instruments							**0**
Subtotal	**0**	**0**	**0**	**0**	**79**	**0**	**79**
Forward currency transactions				396 522	2		396 524
Total Fair value of transaction derivatives - Liabilities	**0**	**0**	**0**	**396 522**	**81**	**0**	**396 603**

(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					**563**		**563**
Currency instruments and gold							**0**
Other instruments							**0**
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**

Derivative instruments : total commitments

(in thousands of euros)	31/12/2022 Total notional amount outstanding	31/12/2021 Total notional amount outstanding
Interest rate instruments	**51 224 113**	**54 762 713**
Currency instruments and gold	**0**	**0**
Other instruments	**1 410**	**0**
Subtotal	**51 225 523**	**54 762 713**
Forward currency transactions	107 571 025	73 177 778
Total Notional amount	**158 796 548**	**127 940 491**

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.

3.4. 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)

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

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.

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.

<u>Loans and receivables due from credit institutions and due from customers by residual maturity</u>

(in thousands of euros)	31/12/2022					
	≤ 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)	17 593 406	7 751 141	2 353 655	5 546 328		33 244 530
Loans and receivables due from customers (including finance leases)	7 564 807	937 880	10 768			8 513 455
Total	**25 158 213**	**8 689 021**	**2 364 423**	**5 546 328**	**0**	**41 757 985**
Impairment						**-12 775**
Total Loans and receivables due from credit institutions and from customers						**41 745 209**

[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 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	0	17 317 442
Loans and receivables due from customers (including finance leases)	5 609 295	827 506	638	0	0	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**

Due to credit institutions and to customers by residual maturity

(in thousands of euros)	31/12/2022					
	≤ 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)	6 888 078	932 328	1 552 590			9 372 996
Due to customers	99 981 016	6 974				99 987 990
Total Amount due to credit institutions and to customers	**106 869 094**	**939 302**	**1 552 590**	**0**	**0**	**109 360 986**

(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**

Debt securities and subordinated debt

(in thousands of euros)	31/12/2022					
	≤ 3 months	> 3 months up to ≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Indefinite	Total
Debt securities						
Interest bearing notes						0
Interbank securities						0
Negotiable debt securities						0
Bonds	8			110 111		110 119
Other debt securities						0
Total Debt securities	**8**	**0**	**0**	**110 111**	**0**	**110 119**
Subordinated debt						
Dated subordinated debt	7			274 936		274 943
Undated subordinated debt						0
Mutual security deposits						0
Participating securities and loans						0
Total Subordinated debt	**7**	**0**	**0**	**274 936**	**0**	**274 943**

(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
Interbank securities						0
Negotiable debt securities						0
Bonds	17			109 976		109 984
Other debt securities						0
Total Debt securities	**17**	**0**	**0**	**109 976**	**0**	**109 984**
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**

<u>Financial guarantees at risk given by expected maturity</u>

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 3.3 "Market risk".

3.5. Hedge accounting

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

(in thousands of euros)	31/12/2022			31/12/2021		
	Market Value		Notional amount	Market Value		Notional amount
	Positive	Negative		Positive	Negative	
Fair value hedges	3 338 692	119 864	51 219 699	191 772	432 136	54 756 927
Cash flow hedges		356	1 410			
Hedges of net investments in foreign operations						
Total Hedging derivative instruments	3 338 692	120 220	51 221 109	191 772	432 136	54 756 927

Derivative instruments : Analysis by remaining maturity (notionals)

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

(in thousands of euros)	31/12/2022			
	Exchange-traded transactions and over the counter transactions			Total notional
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	9 136 636	29 909 861	12 173 202	51 219 699
Currency instruments				0
Other instruments	619	791		1 410
Subtotal	9 137 255	29 910 652	12 173 202	51 221 109
Forward currency transactions				0
Total Notional of hedging derivatives	9 137 255	29 910 652	12 173 202	51 221 109

(in thousands of euros)	31/12/2021			
	Exchange-traded transactions and over the counter transactions			Total notional
	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	
Interest rate instruments	9 543 333	29 551 594	15 662 000	54 756 927
Currency instruments				0
Other instruments				0
Subtotal	9 543 333	29 551 594	15 662 000	54 756 927
Forward currency transactions				0
Total Notional of hedging derivatives	9 543 333	29 551 594	15 662 000	54 756 927

Note 3.3 “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)	31/12/2022				31/12/2021			
	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								
Organised markets and over the couter markets	**3 338 692**	**17 570**	**3 263 474**	**47 940 140**	**191 772**	**427 075**	**499 005**	**47 200 930**
Interest rate	3 338 692	17 570	3 263 474	47 939 699	191 772	427 075	499 005	47 200 930
Foreign exchange				0				0
Other				441				0
Total Fair value micro-hedging	**3 338 692**	**17 570**	**3 263 474**	**47 940 140**	**191 772**	**427 075**	**499 005**	**47 200 930**
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	**0**	**102 294**	**-85 485**	**3 280 000**	**0**	**5 061**	**182**	**7 555 997**
Total Fair value hedges	**3 338 692**	**119 864**	**3 177 989**	**51 220 140**	**191 772**	**432 136**	**499 187**	**54 756 927**

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

Hedged items

Micro-hedging (in thousands of euros)	31/12/2022				31/12/2021			
	Present hedges		Ended hedges	Fair value hedge adjustments during the period (including termination of hedges during the period)	Present hedges		Ended hedges	Fair value hedge adjustments during the period (including termination of hedges during the period)
	Carrying amount	of which accumulated fair value hedge adjustments	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be amortised		Carrying amount	of which accumulated fair value hedge adjustments	Accumulated fair value hedge adjustments to be adjusted for hedging remaining to be amortised	
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**3 814 803**	**-144 011**		**-162 988**	**6 125 997**	**19 036**		**-36 103**
Interest rate	3 814 803	-144 011		-162 988	6 125 997	19 036		-36 103
Foreign exchange								
Other								
Debt instruments at amortised cost	**39 941 114**	**-3 222 914**	**27 450**	**-3 100 488**	**40 883 819**	**-184 419**	**71 405**	**-462 919**
Interest rate	39 941 114	-3 222 914	27 450	-3 100 488	40 883 819	-184 419	71 405	-462 919
Foreign exchange								
Other								
Total Fair value hedges on assets items	**43 755 917**	**-3 366 925**	**27 450**	**-3 263 476**	**47 009 816**	**-165 383**	**71 405**	**-499 022**
Debt instruments at amortised cost	**0**	**0**	**0**	**0**	**382**	**0**	**0**	**0**
Interest rate					382			
Foreign exchange								
Other								
Total Fair value hedges on liabilities items	**0**	**0**	**0**	**0**	**382**	**0**	**0**	**0**

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	31/12/2022		31/12/2021	
(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	
Total - Assets	**0**	**0**	**16 221**	**0**
Debt instruments at amortised cost	3 189 454		7 567 156	
Total - Liabilities	**3 189 454**	**0**	**7 567 156**	**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

	31/12/2022			31/12/2021		
	Net Income (Total Gains (losses) from hedge accounting)			Net Income (Total Gains (losses) from hedge accounting)		
(in thousands of euros)	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	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	3 177 989	-3 177 991	**-2**	499 187	-498 542	**645**
Foreign exchange			**0**			**0**
Other			**0**			**0**
Total	**3 177 989**	**-3 177 991**	**-2**	**499 187**	**-498 542**	**645**

3.6. 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.

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 2022, 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)

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

- 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

3.7. 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.

3.8. Model risk

CACEIS' model risks are limited. Most of the models used are regulatory ones (standard methodology) or defined by Credit Agricole Group. They are mainly in relation with the assessment of the economic internal capital requirements (Pillar 2 – ICAAP).

3.9. Capital management and regulatory ratios

Crédit Agricole S.A.'s Finance Department aims to ensure that the Group's overall business needs are matched with its financial resources in terms of liquidity and capital. It is responsible for managing the prudential and regulatory ratios (solvency, liquidity, leverage, resolution) of the Crédit Agricole Group and Crédit Agricole S.A. In this capacity, it defines the principles and ensures the consistency of the Group's financial management.

Information on capital management and compliance with regulatory ratios required by IAS 1 is presented in the section "Risks and Pillar 3".

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

[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

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 2022, as in 2021, CACEIS met its regulatory requirements in line with the regulations in force.

4. NOTES ON NET INCOME AND OTHER COMPREHENSIVE INCOME

4.1. Interest income and expenses

(in thousands of euros)	31/12/2022	31/12/2021
On financial assets at amortised cost	926 361	619 304
Interbank transactions	389 955	89 593
Crédit Agricole internal transactions		
Customer transactions	324 578	413 288
Finance leases		
Debt securities	211 828	116 423
On financial assets recognised at fair value through other comprehensive income	53 615	59 978
Interbank transactions		
Customer transactions		
Debt securities	53 615	59 978
Accrued interest receivable on hedging instruments	444 551	242 794
Other interest and similar income	52 472	34 740
Interest and similar income	**1 476 999**	**956 816**
On financial liabilities at amortised cost	-671 961	-281 764
Interbank transactions	-281 850	-260 824
Crédit Agricole internal transactions		
Customer transactions	-383 296	-16 305
Finance leases		
Debt securities	-1 299	-646
Subordinated debt	-5 516	-3 989
Accrued interest receivable on hedging instruments	-414 450	-377 346
Other interest and similar expenses	-61 939	-22 164
Interest and similar expenses	**-1 148 350**	**-681 274**

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

	31/12/2022			31/12/2021		
(in thousands of euros)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Interbank transactions			0			0
Crédit Agricole internal transactions			0			0
Customer transactions	1 391	-287	1 104	1 570	-237	1 333
Securities transactions	15	-17 786	-17 771		-18 481	-18 481
Foreign exchange transactions	12 613	-8	12 605	16 592	-219	16 373
Derivative instruments and other off-balance sheet items	36 220	-643	35 577	33 339	-912	32 427
Payment instruments and other banking and financial services	261 695	-139 529	122 166	254 259	-132 187	122 072
UCITS, fiduciary and similar operations management	785 331	-107 832	677 499	816 285	-118 851	697 434
Total Fees and commissions income and expense	**1 097 265**	**-266 085**	**831 180**	**1 122 045**	**-270 887**	**851 158**

Net fee and commission income derives primarily from fees on outstanding (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)	**31/12/2022**	**31/12/2021**
Dividends received	1 352	1 652
Unrealised or realised gains (losses) on held for trading assets/liabilities	484	-2 539
Unrealised or realised gains (losses) on equity instruments at fair value through profit or loss	947	5 929
Unrealised or realised gains (losses) on debt instruments that do not meet the conditions of the "SPPI" test	5 727	-10 118
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 (1)		
Net gains (losses) on Foreign exchange transactions and similar financial instruments (excluding gains or losses on hedges of net investments in foreign operations)	172 114	103 215
Gains (losses) from hedge accounting	-2	645
Net gains (losses) on financial instruments at fair value through profit or loss	**180 622**	**98 784**

(1) Excluding credit spread for liabilities at fair value through profit or loss on 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

	31/12/2022			**31/12/2021**		
(in thousands of euros)	**Gains**	**Losses**	**Net**	**Gains**	**Losses**	**Net**
Fair value hedges	**3 268 006**	**-3 268 008**	**-2**	**570 718**	**-570 735**	**-17**
Changes in fair value of hedged items attributable to hedged risks	2 266	-3 265 742	-3 263 476	35 848	-534 870	-499 022
Changes in fair value of hedging derivatives (including termination of hedges)	3 265 740	-2 266	3 263 474	534 870	-35 865	499 005
Cash flow hedges	**0**	**0**	**0**	**0**	**0**	**0**
Changes in fair value of hedging derivatives - ineffective portion			0			0
Hedges of net investments in foreign	**0**	**0**	**0**	**0**	**0**	**0**
Changes in fair value of hedging derivatives - ineffective portion			0			0
Fair value hedges of the interest rate exposure of a portfolio of financial instruments	**85 485**	**-85 485**	**0**	**13 557**	**-12 895**	**662**
Changes in fair value of hedged items	85 485		85 485	6 617	-6 137	480
Changes in fair value of hedging derivatives		-85 485	-85 485	6 940	-6 758	182
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			0			0
Total Gains (losses) from hedge accounting	**3 353 491**	**-3 353 493**	**-2**	**584 275**	**-583 630**	**645**

Details of net gains (losses) from hedge accounting by type of relationship (fair value hedge, cash flow hedge, etc.) are provided in note 3.5 "Hedge accounting".

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

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss (1)	4 003	228
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)		
Net gains (losses) on financial instruments at fair value through other comprehensive income	**4 003**	**228**

(1) Excluding the result of the disposal of impaired debt instruments (Stage 3) mentioned in note 4.9 "Cost of risk".

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

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Debt securities	3 865	
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	**3 865**	**10 871**
Debt securities	-55	
Loans and receivables due from credit institutions		
Loans and receivables due from customers		
Losses arising from the derecognition of financial assets at amortised cost	**-55**	**0**
Net gains (losses) arising from the derecognition of financial assets at amortised cost (1)	**3 810**	**10 871**

(1) Excluding the result of the disposal of impaired debt instruments (Stage 3) mentioned in note 4.9 "Cost of risk".

4.6. Net income (expenses) on other activities

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Gains (losses) on fixed assets not used in operations	1	
Policyholder profit-sharing		
Other net income from insurance activities		
Change in insurance technical reserves		
Net income from investment property		
Other net income (expense)	-72 149	-57 499
Income (expense) related to other activities	**-72 148**	**-57 499**

4.7. Operating expenses

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Employee expenses	-459 327	-508 693
Taxes and regulatory contributions (1)	-71 031	-49 625
External services and other operating expenses	-322 410	-323 225
Operating expenses	**-852 768**	**-881 543**

(1) Of which -58 560 thousand euros were recognized for the Single Resolution Fund at December 31, 2022, compared with -33 633 thousand euros at December 31, 2021.

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 2022 :

	Ernst&Young		PricewaterhouseCoopers		Total
(in thousands of euros excluding taxes)	2022	2021	2022	2021	2022
individual and consolidated financial statements	**919**	**884**	**1 043**	**1 024**	**1 962**
Issuer	148	145	148	144	296
Fully consolidated subsidiaries	771	739	895	880	1 666
Non audit services	**1 956**	**1 771**	**3 149**	**3 310**	**5 105**
Issuer	9	93	45	10	54
Fully consolidated subsidiaries	1 947	1 678	3 104	3 300	5 051
Total	**2 875**	**2 655**	**4 192**	**4 334**	**7 067**

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 592 thousand euros, of which 498 thousand euros relates to the certification of the accounts of CACEIS S.A. and its subsidiaries, and 94 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 4 192 thousand euros, of which 1 043 thousand euros relates to the certification of the accounts of CACEIS S.A. and its subsidiaries, and 3 149 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)	31/12/2022	31/12/2021
Depreciation and amortisation	**-69 170**	**-66 732**
Property, plant and equipment (1)	-38 181	-36 202
Intangible assets	-30 989	-30 530
Impairment losses (reversals)	**0**	**-379**
Property, plant and equipment		-379
Intangible assets		
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	**-69 170**	**-67 111**

(1) Of which -31,054 thousand euros recognised in respect of the amortisation of the right of use (IFRS 16) at 31 December 2022.

4.9. Cost of risk

(in thousands of euros)	31/12/2022	31/12/2021
Charges net of reversals to impairments on performing assets (Stage 1 or Stage 2) (A)	**3 063**	**4 317**
Stage 1: Loss allowance measured at an amount equal to 12-month expected credit loss	**2 093**	**3 968**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	1 589	1 211
Debt instruments at amortised cost	-231	2 362
Commitments by signature	735	395
Stage 2: Loss allowance measured at an amount equal to lifetime expected credit loss	**970**	**349**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Debt instruments at amortised cost	438	-30
Commitments by signature	532	379
Charges net of reversals to impairments on credit-impaired assets (Stage 3) (B)	**-106**	**26**
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss		
Debt instruments at amortised cost	-106	26
Commitments by signature		
Other assets (C)	**-294**	**1**
Risks and expenses (D)	**-5 000**	**0**
Charges net of reversals to impairment losses and provisions (E)=(A)+(B)+(C)+(D)	**-2 337**	**4 344**
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
recognised at amortised cost		1
recognised in other comprehensive income that may be reclassified to profit or loss		
Discounts on restructured loans		
Losses on commitments by signature		
Other losses		
Other income		
Cost of risk	**-2 337**	**4 345**

4.10. Net gains (losses) on other assets

(in thousands of euros)	31/12/2022	31/12/2021
Property, plant & equipment and intangible assets used in operations	**-98**	**177**
Gains on disposals	9	177
Losses on disposals	-107	
Consolidated equity investments	**0**	**0**
Gains on disposals		
Losses on disposals		
Net income (expense) on combinations	**-8 350**	**0**
Net gains (losses) on other assets	**-8 448**	**177**

4.11. Income tax charge

Income tax charge and income

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Current tax charge	-92 326	-72 379
Deferred tax charge	11 343	16 517
Total Tax charge	**-80 984**	**-55 862**

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 2022

(in thousands of euros)	**Base**	**Tax rate**	**Tax**
Pre-tax income, goodwill impairment, discontinued operations and share of net income of equity-accounted entities	343 394	*25,83%*	-88 699
Impact of permanent differences			-5 783
Impact of different tax rates on foreign subsidiaries			-261
Impact of losses for the year, from the use of carryforward of unused tax losses and temporary differences			464
Impact of reduced tax rate			
Impact of tax rate change			
Impact of other items			13 296
Effective tax rate and tax charge		***23,59%***	**-80 984**

The theoretical tax rate is the standard tax rate (including the additional social contribution) on taxable profits in France at 31 December 2022.

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.

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)	31/12/2022	31/12/2021
Other comprehensive income on items that may be reclassified subsequently to profit or loss		
Gains and losses on translation adjustments	-17 346	-3 291
Revaluation adjustment of the period		
Reclassified to profit or loss		
Other changes	-17 346	-3 291
Gains and losses on debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	**-67 011**	**-57 027**
Revaluation adjustment of the period	-61 422	-55 556
Reclassified to profit or loss	-4 003	-228
Other changes	-1 586	-1 243
Gains and losses on hedging derivative instruments	**-77**	**0**
Revaluation adjustment of the period	-183	
Reclassified to profit or loss	106	
Other changes		
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities	**29 786**	**7 039**
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	**15 188**	**15 556**
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	**-39 461**	**-37 722**
Other comprehensive income on items that will not be reclassified subsequently to profit or loss	**0**	**0**
Actuarial gains and losses on post-employment benefits	20 480	11 021
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	-18	15
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	-5 042	-3 249
Income tax related to items that will not be reclassified to profit or loss on equity-accounted entities	-1	13
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	**15 419**	**7 799**
Other comprehensive income net of income tax	**-24 041**	**-29 923**
Of which Group share	-24 041	-29 923
Of which non-controlling interests		

5. Segment information

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.

(in thousands of euros)	31/12/2022				31/12/2021			
	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)	51 992	530 853	1 551 464	1 043 306	15 564	478 007	59 758 978	1 042 423
Italy								
Other European Union countries	208 604	733 563	122 390 405		161 356	689 087	62 057 358	
Other European countries	1 815	11 701	43 146		2 232	11 990	39 285	
North America								
Central and South America	15 421		321 626		7 552		276 438	
Africa and Middle East								
Asia-Pacific (ex. Japan)								
Japan								
Total	**277 831**	**1 276 117**	**124 306 641**	**1 043 306**	**186 705**	**1 179 084**	**122 132 059**	**1 042 423**

6. NOTES TO THE BALANCE SHEET

6.1. Cash, central Banks

	31/12/2022		31/12/2021	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Cash	3		3	
Central banks	32 932 372	2 308	46 953 882	1 314
Carrying amount	32 932 375	2 308	46 953 885	1 314

6.2. Financial assets at fair value through profit or loss

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Held for trading financial assets	347 897	479 997
Other financial assets at fair value through profit or loss	**39 255**	**36 523**
Equity instruments	34 665	33 902
Debt instruments that do not meet the conditions of the “SPPI” test (1)	4 590	2 621
Assets backing unit-linked contracts		
Financial assets designated at fair value through profit or loss		
Carrying amount	**387 152**	**516 520**
Of which lent securities		

(1) Of which 2 171 thousand euros in UCITS at December 31, 2022, compared with 2 621 thousand euros at December 31, 2021.

Financial liabilities at fair value through profit or loss

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Held for trading financial liabilities	396 603	296 776
Financial liabilities designated at fair value through profit or loss		
Carrying amount	**396 603**	**296 776**

Detailed information on trading derivatives is provided in Note 3.3 on the market risk, in particular on interest rates.

6.3. Hedging derivative instruments

Detailed information is provided in the note 3.5 “Hedge accounting” .

6.4. Financial assets at fair value through other comprehensive income

(in thousands of euros)	31/12/2022			31/12/2021		
	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	4 321 075	26 182		8 029 578	107 303	-14 111
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	315			33		
Total	**4 321 390**	**26 182**	**0**	**8 029 611**	**107 303**	**-14 111**

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

(in thousands of euros)	31/12/2022			31/12/2021		
	Carrying amount	**Unrealised gains**	**Unrealised losses**	**Carrying amount**	**Unrealised gains**	**Unrealised losses**
Treasury bills and similar securities				51 620	64	
Bonds and other fixed income securities	4 321 075	26 182		7 977 958	107 239	-14 111
Total Debt securities	**4 321 075**	**26 182**	**0**	**8 029 578**	**107 303**	**-14 111**
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	**4 321 075**	**26 182**	**0**	**8 029 578**	**107 303**	**-14 111**
Income tax		**-5 248**	**0**		**-21 733**	**0**
Other comprehensive income on debt instruments that will not be reclassified to profit or loss (net of income tax)		**20 934**	**0**		**85 570**	**-14 111**

Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss

Other comprehensive income on equity instruments that will not be reclassified to profit or loss

	31/12/2022			31/12/2021		
(in thousands of euros)	Carrying amount	Unrealised gains	Unrealised losses	Carrying amount	Unrealised gains	Unrealised losses
Equities and other variable income securities	315			33		
Non-consolidated equity investments						
Total Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**315**	**0**	**0**	**33**	**0**	**0**
Income tax		**0**	**0**		**0**	**0**
Other comprehensive income on equity instruments that will not be reclassified to profit or loss (net of income tax)		**0**	**0**		**0**	**0**

6.5. Financial assets at amortised cost

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Loans and receivables due from credit institutions	33 240 272	17 314 719
Loans and receivables due from customers	8 504 937	6 428 420
Debt securities	35 482 009	35 622 044
Carrying amount	**77 227 218**	**59 365 183**

Loans and receivables due from credit institutions

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Credit institutions		
Loans and receivables	27 695 246	12 592 248
of which non doubtful current accounts in debit (1)	2 738 911	1 545 536
of which non doubtful overnight accounts and advances (1)	78 043	249 706
Pledged securities		
Securities bought under repurchase agreements	5 549 284	4 725 194
Subordinated loans		
Other loans and receivables		
Gross amount	**33 244 530**	**17 317 442**
Impairment	-4 257	-2 723
Net value of loans and receivables due from credit institutions	**33 240 272**	**17 314 719**
Crédit Agricole internal transactions	**0**	**0**
Current accounts		
Securities bought under repurchase agreements		
Term deposits and advances		
Subordinated loans		
Total Crédit Agricole internal transactions	**0**	**0**
Carrying amount	**33 240 272**	**17 314 719**

(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)	31/12/2022	31/12/2021
Loans and receivables due from customers		
Trade receivables		908
Other customer loans	1 080 770	887 456
Pledged securities		
Securities bought under repurchase agreements	4 356 606	3 164 518
Subordinated loans		
Insurance receivables		
Reinsurance receivables		
Advances in associates' current accounts	30	
Current accounts in debit	3 076 049	2 384 557
Gross amount	**8 513 455**	**6 437 439**
Impairment	-8 518	-9 019
Net value of loans and receivables due from customers	**8 504 937**	**6 428 420**
Finance leases	**0**	**0**
Property leasing		
Equipment leases, operating leases and similar transactions		
Gross amount	**0**	**0**
Impairment		
Net value of lease financing operations	**0**	**0**
Carrying amount	**8 504 937**	**6 428 420**

Debt securities

(in thousands of euros)	31/12/2022	31/12/2021
Treasury bills and similar securities	2 140 411	2 408 472
Bonds and other fixed income securities	33 354 784	33 227 858
Total	**35 495 195**	**35 636 330**
Impairment	-13 186	-14 286
Carrying amount	**35 482 009**	**35 622 044**

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

Transferred assets not derecognised in full

<u>At 31 December 2022</u>

Nature of assets transferred	Transferred assets but still fully recognised											Transferred assets recognised to the extent of ~~on~~ the entity's continuing involvement		
	Transferred assets					Associated liabilities					Assets and associated liabilities			
(in thousands of euros)	Carrying amount	of which securitisation (non- deconsolidating)	of which securities sold/bought under repurchase agreements	of which other (1)	Fair value (2)	Carrying amount	of which securitisation (non- deconsolidating)	of which securities sold/bought under repurchase agreements	of which other (1)	Fair value (2)	Net fair value (2)	Initial total carrying amount of assets prior to transfer	Carrying amount of assets still recognised (continuing involvement)	Carrying amount of associated liabilities
Held for trading financial assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity instruments														
Debt securities														
Loans and receivables														
Other financial assets 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	**1 316 480**	**0**	**0**	**1 316 480**	**1 316 480**	**0**	**0**	**0**	**0**	**0**	**1 316 480**	**0**	**0**	**0**
Equity instruments														
Debt securities	1 316 480			1 316 480	1 316 480						1 316 480			
Loans and receivables														
Financial assets at amortised cost	**32 733**	**0**	**8 744**	**23 989**	**32 733**	**8 744**	**0**	**8 744**	**0**	**8 744**	**23 989**	**0**	**0**	**0**
Debt securities	32 733		8 744	23 989	32 733	8 744		8 744		8 744	23 989			
Loans and receivables														
Total Financial assets	**1 349 213**	**0**	**8 744**	**1 340 469**	**1 349 213**	**8 744**	**0**	**8 744**	**0**	**8 744**	**1 340 469**	**0**	**0**	**0**
Finance leases	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Transferred assets	**1 349 213**	**0**	**8 744**	**1 340 469**	**1 349 213**	**8 744**	**0**	**8 744**	**0**	**8 744**	**1 340 469**	**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 2021

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))

Obligations arising from transferred assets fully derecognized

At 31 December 2022, the CACEIS Group had no obligations arising from transferred assets fully derecognised.

6.7. Financial liabilities at amortised cost

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Due to credit institutions	9 372 996	8 431 502
Due to customers	99 987 990	100 636 869
Debt securities	110 119	109 984
Carrying amount	**109 471 105**	**109 178 355**

Due to credit institutions

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Credit institutions	**0**	**0**
Accounts and borrowings	6 442 127	6 560 040
of which current accounts in credit (1)	3 074 621	2 530 971
of which overnight accounts and borrowings (1)	1	1 407
Pledged securities		
Securities sold under repurchase agreements	2 930 869	1 871 462
Total	**9 372 996**	**8 431 502**

(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)	**31/12/2022**	**31/12/2021**
Current accounts in credit	98 267 322	99 404 946
Special savings accounts		
Other amounts due to customers	276 182	70 898
Securities sold under repurchase agreements	1 444 486	1 161 025
Insurance liabilities		
Reinsurance liabilities		
Cash deposits received from ceding and retroceding companies against technical insurance commitments		
Carrying amount	**99 987 990**	**100 636 869**

Debt securities

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Interest bearing notes		
Interbank securities		
Negotiable debt securities		
Bonds	110 119	109 984
Other debt securities		
Carrying amount	**110 119**	**109 984**

Issues of senior non-preferred debt instruments

With the law on transparency, fighting corruption and modernising economic life (otherwise known as the “Sapin 2 law”) of 10 December 2016, France has created a new category of senior debt in order to meet the eligibility criteria for TLAC and MREL ratios (as currently defined): senior non-preferred debt (as codified in Articles L. 613-30-3-I-4° and R. 613-28 of the French Monetary and Financial Code). This category of debt is also covered by the Bank Recovery and Resolution Directive (BRRD).

Senior non-preferred notes differ from senior preferred notes in terms of their debt ranking in case of liquidation, as set out contractually in reference to Articles L 613-30-3-I-4° and R 613-28 of the French Monetary and Financial Code as mentioned above (senior non-preferred notes are junior to senior preferred notes and senior to subordinated notes, including the above-mentioned super-subordinated notes and redeemable subordinated notes).
CACEIS’s senior non-preferred debt amounted to €110 million as at 31 December 2022 compared with €110 million as at 31 December 2021.

6.8. Offsetting - Financial assets and liabilities

Offsetting - Financial assets

Type of financial instrument (*in thousands of euros*)	31/12/2022 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: Gross amounts of financial liabilities covered by master netting agreements	Other amounts that can be offset under given conditions: Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
Derivatives	3 686 587		**3 686 587**	409 790	3 111 529	**165 268**
Reverse repurchase agreements	9 905 890		**9 905 890**		9 905 890	**0**
Other financial instruments			**0**			**0**
Total Financial assets subject to offsetting	**13 592 477**	**0**	**13 592 477**	**409 790**	**13 017 419**	**165 268**

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: Gross amounts of financial liabilities covered by master netting agreements	Other amounts that can be offset under given conditions: Amounts of other financial instruments received as collateral, including security deposits	Net amount after all offsetting effects
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**

Offsetting - Financial liabilities

Type of financial instrument (in thousands of euros)	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	516 821		**516 821**	409 790	69 187	**37 844**
Repurchase agreements	4 375 527		**4 375 527**		4 375 527	**0**
Other financial instruments			**0**			**0**
Total Financial liabilities subject to offsetting	**4 892 348**	**0**	**4 892 348**	**409 790**	**4 444 714**	**37 844**

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**

6.9. 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.

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Current tax	314 372	311 979
Deferred tax	42 360	45 175
Total Current and deferred tax assets	**356 732**	**357 154**
Current tax	51 577	43 531
Deferred tax	146 443	170 430
Total Current and deferred tax liabilities	**198 021**	**213 961**

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

	31/12/2022		31/12/2021	
(in thousands of euros)	**Deferred Tax Assets**	**Deferred Tax Liabilities**	**Deferred Tax Assets**	**Deferred Tax Liabilities**
Temporary timing differences - tax	**46 831**	**8 315**	**162 438**	**273 772**
Non-deductible accrued expenses	4 227		4 301	
Non-deductible provisions for liabilities and charges	7 364		10 065	
Other temporary differences (1)	35 240	8 315	148 072	273 772
Deferred tax on reserves for unrealised gains or losses	**4 006**	**6 287**	**8 307**	**22 228**
Financial assets at fair value through other comprehensive income		5 248		21 733
Cash flow hedges				
Gains and losses/Actuarial differences	4 006	1 039	8 307	495
Other comprehensive income attributable to changes in own credit risk				
Deferred tax on profit or loss	**733 664**	**873 982**		
Deferred tax on income and reserves	**-742 141**	**-742 141**	**-125 570**	**-125 570**
Total Deferred tax	**784 501**	**888 584**	**170 745**	**296 000**

(1) The amount of deferred tax relating to tax loss carry forwards is 20,369 thousand euros in 2022 compared to 18,264 thousand euros in 2021.

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

6.10. Accrued income and expenses and other assets and liabilities

Accruals, prepayments and sundry assets

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Other assets	**2 783 940**	**4 037 674**
Inventory accounts and miscellaneous		
Collective management of Livret de Développement Durable (LDD) savings account and united		
Sundry debtors (1)	2 578 399	3 571 185
Settlements accounts	205 541	466 489
Due from shareholders - unpaid capital		
Other insurance assets		
Reinsurer's share of technical reserves		
Accruals and deferred income	**637 642**	**523 820**
Cash and transfer accounts	286 699	164 696
Adjustment and suspense accounts	352	3 756
Accrued income	205 995	192 488
Prepaid expenses	36 298	54 021
Other accruals prepayments and sundry assets	108 298	108 860
Carrying amount	**3 421 581**	**4 561 494**

(1) Including €36,746 thousand in respect of the contribution to the Single Resolution Fund paid in 2022 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.

(1) Including €25,062 thousand in respect of the contribution to the Single Resolution Fund paid in 2021 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)	31/12/2022	31/12/2021
Other liabilities	**8 101 909**	**6 782 903**
Settlements accounts	875 780	835 835
Sundry creditors	7 062 220	5 761 677
Liabilities related to trading securities		
Lease liabilities	163 909	185 392
Other insurance liabilities		
Other		
Accruals and deferred income	**1 097 292**	**627 735**
Cash and transfer accounts	485 121	279 363
Adjustment and suspense accounts	454	4 478
Unearned income	714	28 394
Accrued expenses	198 989	197 736
Other accruals prepayments and sundry liabilities	412 014	117 764
Carrying amount	**9 199 201**	**7 410 639**

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

Non-current assets held for sale relate to the creation of the joint-venture between CACEIS Corporate Trust and BNP Paribas Corporate Trust Equity (see note 2 "Major structural transactions and material events during the period").

This transaction being considered as a future disposal transaction, in application of IFRS 5, the assets and liabilities of CACEIS Corporate Trust as at December 31, 2022 have been reclassified on separate lines in the CACEIS consolidated financial statements.

The categories of assets and liabilities held for sale are presented below :

Balance sheet of discountinued or hel-for-sale operations

(in thousands of euros)	31/12/2022	31/12/2021
Cash, central banks		
Financial assets at fair value through profit or loss	180	
Hedging derivative Instruments		
Financial assets at fair value through other comprehensive income	57	
Financial assets at amortised cost	139 729	
Revaluation adjustment on interest rate hedged portfolios		
Current and deferred tax assets		
Accruals, prepayments and sundry assets	32 899	
Investments in equity-accounted entities		
Investment property		
Property, plant and equipment	27	
Intangible assets	1 118	
Goodwill		
Total Assets	**174 010**	**0**
Central banks		
Financial liabilities at fair value through profit or loss		
Hedging derivative Instruments		
Financial liabilities at amortised cost	11 572	
Revaluation adjustment on interest rate hedged portfolios		
Current and deferred tax liabilities		
Accruals, deferred income and sundry liabilities	151 733	
Provisions	2 849	
Subordinated debt		
Adjustment to fair value of non-current assets held for sale and discontinued operations (excluding taxes)		
Total Equity and liabilities	**166 154**	**0**
Net asset from non-current assets held for sale and discontinued operations	**7 856**	**0**

6.12. Joint ventures and associates

As of December 31, 2022, the equity value of joint ventures amounted to 322 million euros (276 million euros as of December 31 2021) 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".

	31/12/2022						
(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%	7 114	0	-6 149	-1 374	14 263	-7 149
SANTANDER CACEIS BRASIL PARTICIPAÇÕES S.A.	50%	1 241	0	815	-158	1 241	0
BANCO SANTANDER CACEIS MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE	50%	56 950	0	0	3 184	55 457	1 493
SANTANDER CACEIS COLOMBIA S.A, SOCIEDAD FIDUCIARIA	50%	2 894	0	0	-37	2 829	65
SANTANDER CACEIS LATAM HOLDING 2,S.L.	50%	91	0	0	10	91	0
SANTANDER CACEIS BRASIL D.T.V.M., S.A.	50%	253 334	0	5 333	13 795	137 503	115 831
Net carrying amount of investments in equity-accounted entities (Joint ventures)		**321 626**			**15 421**	**211 385**	**110 241**

(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.

(in thousands of euros)	31/12/2021						
	% 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.

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

(in thousands of euros)	31/12/2022			
	Revenues	Net income	Total assets	Total equity
Joint ventures				
SANTANDER CACEIS LATAM HOLDING 1,S.L.	12 297	9 549	731 490	731 271
SANTANDER CACEIS BRASIL PARTICIPAÇÕES S.A.	12 842	11 978	155 871	154 753
BANCO SANTANDER CACEIS MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE	20 074	8 592	243 015	85 951
SANTANDER CACEIS COLOMBIA S.A, SOCIEDAD FIDUCIARIA	2 479	-71	6 021	5 619
SANTANDER CACEIS LATAM HOLDING 2,S.L.		21	2 339	2 339
SANTANDER CACEIS BRASIL D.T.V.M., S.A.	84 966	35 612	220 702	181 155

(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

6.13. 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)	31/12/2021	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements (1)	31/12/2022
Property, plant & equipment used in operations							
Gross amount	397 057		40 074	-62 675	302	-1 745	373 013
Depreciation and impairment	-152 692		-37 336	62 354	-185	952	-126 906
Carrying amount	**244 363**	**0**	**2 738**	**-321**	**118**	**-793**	**246 105**
Intangible assets							
Gross amount	1 046 759		32 871	-8 022	-4	-16 169	1 055 435
Depreciation and impairment	-469 766		-30 500	-33 269	-10	14 563	-518 982
Carrying amount	**576 993**	**0**	**2 371**	**-41 291**	**-14**	**-1 606**	**536 453**

(1) Other movements are mainly composed for the IFRS5 impact for €-2,479 thousands.

(in thousands of euros)	31/12/2020	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements (1)	31/12/2021
Property, plant & equipment used in operations							
Gross amount	268 683	224	131 427	-3 879	349	252	397 056
Depreciation and impairment	-120 653	-196	-36 583	4 899	-196	36	-152 693
Carrying amount	**148 030**	**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**	**26**	**8 159**	**-39 900**	**25**	**100**	**576 993**

6.14. Goodwill

Goodwill amounted to 1 043 million euros at 31 December 2022.

(in thousands of euros)	31/12/2021	Increases (acquisitions)	Decreases (divestments)	Impairment losses during the period	Translation adjustments	Other movements	31/12/2022
Goodwill - Gross amount	1 392 426	0			882		1 393 308
Badwill	-350 003						-350 003
Subsidiary C	**1 042 423**	**0**	**0**	**0**	**882**	**0**	**1 043 305**

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 2023 budget and activities forecasts over a period over two years (2024-2025) developed for Group management purposes, extrapolated over a fourth year and 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 : 2,06%
- discount rate : 8,1%
- capital allocation rate : 9,85%

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 380 million euros
- a 50-basis point reduction in discount rates would increase the CGU's valuation by around 447 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 238 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 135 million euros
- a 100bp reduction in the cost/income ratio in the final year would increase the CGU's valuation by around 134 million euros

Change in revenues:

- A 100bp increase in revenues in the final year would increase the CGU's valuation by around 47 million euros
- A 100bp decrease in revenues in the final year would reduce the CGU's valuation by around 47 million euros

None of these various scenarios would lead to any impairment in the CGU's value.

6.15. Provisions

(in thousands of euros)	31/12/2021	Changes in scope	Additions	Reversals, amounts used	Reversals, amounts unused	Translation adjustments	Other movements	31/12/2022
Home purchase schemes risks	0							0
Execution risks of commitments by signature	2 855		4 038		-5 305			1 588
Operational risks	5 864		9 133	-451	-2 903	2	4 932	16 577
Employee retirement and similar benefits (1)	121 008		7 740	-25 666	-5 708	432	-23 734	74 072
Litigation	5 505		1 164	-953	-803	1	-55	4 859
Equity investments	0							0
Restructuring	0							0
Other risks	14 215		9 298	-6 000	-5 345	-13	-573	11 582
Total	**149 448**	**0**	**31 373**	**-33 070**	**-20 064**	**421**	**-19 430**	**108 677**

(1) Including 24,591 thousand euros for the Turbo program provision and 43,146 thousand euros for post-employment benefits on defined benefit plans, as detailed in Note 7.4 " Post-employment benefits, defined-benefit plans", of which 4,834 thousand euros for the provision for long-service awards.

(in thousands of euros)	31/12/2020	01/01/2021	Changes in scope	Additions	Reversals, amounts used	Reversals, amounts unused	Translation adjustments	Other movements	31/12/2021
Home purchase schemes risks									
Execution risks of commitments by signature	3 709			6 894		-7 668		-80	2 855
Operational risks	6 484			1643	-1	-2 708	2	444	5 864
Employee retirement and similar benefits (1)	100 172	-5 590	1088	55 897	-13 421	-4 907	51	-12 281	121008
Litigation	5 828			354	-380	-297			5 505
Equity investments									
Restructuring									
Other risks	11298			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 program 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.

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

Provisions for other risks and charges consist mainly of provisions for operating risks.

6.16. Subordinated debt

(in thousands of euros)	31/12/2022	31/12/2021
Dated subordinated debt	274 943	273 033
Undated subordinated debt		
Mutual security deposits		
Participating securities and loans		
Carrying amount	**274 943**	**273 033**

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 2022, 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 2022.

6.17. Equity Ownership structure

Composition of the capital as at 31 December 2022

The share capital and ownership structure break down as follows :

Shareholders of CACEIS	Number of shares at 31/12/2021	Number of shares issued	Number of refunded shares	Number of shares at 31/12/2022	% of the share capital	% of voting rights
Main shareholders	**23 513 451**	**0**	**0**	**23 513 451**	**100,00%**	**100,00%**
CREDIT AGRICOLE SA	16 341 850	0	0	16 341 850	69,50%	69,50%
SANTANDER INVESTMENT	7 171 601	0	0	7 171 601	30,50%	30,50%
Hors groupe	-	0	0	-	0,00%	0,00%
Public	**0**	**0**	**0**	**0**	**0,00%**	**0,00%**
Institutional investors						
Individual shareholders						
Total	**23 513 451**	**0**	**0**	**23 513 451**	**100,00%**	**100,00%**

As at 31 December 2022, 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 2022 came to 10,14€.

Earnings per share

	31/12/2022	31/12/2021
Net income Group share during the period (in thousands of euros)	277 831	186 705
Interests paid to undated deeply subordinated securities (in thousands of euros)	-39 509	-28 338
Net income attributable to holders of ordinary shares	**238 322**	**158 367**
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)	**10,14**	**6,74**
Basic earnings per share from ongoing activities (in euros)	**10,14**	**6,74**
Basic earnings per share from discontinued operations (in euros)	**0,000**	**0,000**
Diluted earnings per share (in euros) (in euros)	**10,14**	**6,74**
Diluted earnings per share from ongoing activities (in euros)	**10,14**	**6,74**
Diluted earnings per share from discontinued operations (in euros)	**0,000**	**0,000**

As of 31 December 2022, the calculation includes -39,5 million euros in issuance costs and interest due on subordinated notes and Additional Tier 1 deeply subordinated notes.

Dividends

For the financial year 2022, the Board of Directors of CACEIS has decided to propose to the Shareholders' Meeting of 10 May 2023 that no dividend be paid.

(in euros)	Proposal for 2022	2021	2020	2019
Ordinary dividend	0	0	472 000 000	0
Loyalty dividend				

Dividends paid during the reporting period

In accordance with the decision of the shareholders' meeting of 10 May 2022, CACEIS had decided to not paid a dividend for the financial year 2021.

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 2022, amounting to 158,686 thousand euros be allocated as follows :

Net profit 2022		**158 686 181,46**
Allocation to the Legal reserve		**7 106 059,69**
2021 profit distributable after allocation to the Legal reserve	151 580 121,77	
Retained earnings on 12/31/2021	143 386 328,17	
Amount distributable on 12/31/201 before down payment	294 966 449,94	
Down payment on dividend		
Amount distributable on 12/31/2022 before down payment	**294 966 449,94**	
Allocation of the distributable amount		
Other retained earnings		-
Dividend in cash		-
Number of shares making up the share capital		23 513 451,00
per Share (in Euros)		-
In the Retained earnings for the remaining amounts		**294 966 449,94**

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 2021 (in thousands of units)	Partial repurchases and redemptions (in thousands of units)	Amount in currency at 31 December 2022 (in thousands of units)	At 31 December 2022 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	-17 409		82 591
15/12/2017	EUR	65 000		65 000	65 000	-11 316		53 684
16/12/2019	EUR	350 000		350 000	350 000	-41 516		308 484
30/06/2020	EUR	100 000		100 000	100 000	-13 076		86 924
30/04/2021	EUR	300 000		300 000	300 000	-15 074		284 926
	EUR			80 000	80 000	-2 740		77 260
Total					**995 000**	**-101 130**	**0**	**893 870**

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

	Equity - Group share	
(in thousands of euros)	**31/12/2022**	**31/12/2021**
Undated deeply subordinated notes		
Interests paid accounted as reserves	*-39 509*	-28 338
Changes in nominal amounts		
Income tax savings related to interest paid to security holders recognised in net income	10 205	8 051
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.

6.18. 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.

Equity instruments are by nature without maturity; they are classified "Indefinite".

	31/12/2022					
(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	32 932 375					32 932 375
Financial assets at fair value through profit or loss	341 163	8 901	4	2 419	34 665	387 152
Hedging derivative Instruments	6 879	84 599	2 474 045	773 169		3 338 692
Financial assets at fair value through other comprehensive income	1 520 751	531 040	2 269 284		315	4 321 390
Financial assets at amortised cost	26 177 536	13 533 824	25 966 031	11 549 827		77 227 218
Revaluation adjustment on interest rate hedged portfolios						0
Total Financial assets by maturity	**60 978 704**	**14 158 364**	**30 709 364**	**12 325 415**	**34 980**	**118 206 827**
Central banks	2 308					2 308
Financial liabilities at fair value through profit or loss	387 744	8 778	81			396 603
Hedging derivative Instruments	8 907	19 637	83 083	8 572	21	120 220
Financial liabilities at amortised cost	106 869 066	939 302	1 552 590	110 147		109 471 105
Subordinated debt	7			274 936		274 943
Revaluation adjustment on interest rate hedged portfolios	-90 546					-90 546
Total Financial liabilities by maturity	**107 177 486**	**967 717**	**1 635 754**	**393 655**	**21**	**110 174 633**

	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	0	0	0	0	46 953 885
Financial assets at fair value through profit or loss	459 189	57 331	0	0	0	516 520
Hedging derivative Instruments	42	0	67 685	124 045	0	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	0	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	0	0	0	0	1 314
Financial liabilities at fair value through profit or loss	289 119	7 094	563	0	0	296 776
Hedging derivative Instruments	116 622	20 091	274 458	20 965	0	432 136
Financial liabilities at amortised cost	109 067 302	2	669	110 382	0	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**

7. Employee benefits and other compensation

7.1. Average headcount during the period

Average headcount	31/12/2022	31/12/2021
France	1 939	1 974
International	2 163	2 220
Total	**4 102**	**4 194**

The average employees do not take into account those of companies accounted for by the equity method.

7.2. Analysis of employee expenses

(in thousands of euros)	31/12/2022	31/12/2021
Salaries (1)	323 685	380 444
Contributions to defined-contribution plans	16 373	15 291
Contributions to defined-benefit plans		256
Other social security expenses	88 565	85 793
Profit-sharing and incentive plans	18 116	16 378
Payroll-related tax	12 588	10 531
Total Employee expenses	**459 327**	**508 693**

(1) Of which retirement benefits of 2,316 thousand euros at 31 December 2022 compared with 1,143 thousand euros at 31 December 2021.
Including long-service awards of 4,834 thousand at December 31 2022 and 6,026 thousand euro at December 31, 2021.

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)	31/12/2022			31/12/2021
	Eurozone	Outside Eurozone	All Zones	All Zones
Actuarial liability at 31/12/N-1	**108 050**	**19 215**	**127 265**	**140 702**
Impact of IFRIC IAS 19 at opening restated				**-5 590**
Exchange difference		1 583	1 583	379
Cost of service rended during the period	4 373	832	5 205	6 093
Financial cost	845	253	1 098	538
Employee contributions		506	506	560
Benefit plan changes, withdrawals and settlement	-1 218		-1 218	-6 283
Changes in scope	-1 886		-1 886	3 101
Benefits paid (mandatory)	-2 273	-1 731	-4 004	-3 906
Tax, administrative costs and bonuses				
Actuarial gains/(losses) arising from changes in demographic assumptions	2 639	2 290	4 928	604
Actuarial gains/(losses) arising from changes in financial assumptions	-31 194	-3 973	-35 168	-8 932
Actuarial liability at end of period	**79 335**	**18 974**	**98 309**	**127 265**

(1) Of which actuarial gains/losses related to experience adjustment

Breakdown of net charge recognised in the income statement

(in thousands of euros)	31/12/2022			31/12/2021
	Eurozone	Outside Eurozone	All Zones	All Zones
Service cost	2 586	1 505	4 091	17
Net interest income (expense)	481	-22	459	228
Impact on profit or loss for the year	**3 067**	**1 483**	**4 549**	**244**

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

(in thousands of euros)	31/12/2022			31/12/2021
	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 beginning of period	**26 606**	**-3 474**	**23 132**	**33 804**
Exchange difference		-472	-472	-46
Actuarial gains/(losses) on assets	12 265	-717	11 548	-3 189
Actuarial gains/(losses) arising from changes in demographic assumptions	2 639	2 290	4 928	604
Actuarial gains/(losses) arising from changes in financial assumptions	-31 194	-3 973	-35 168	-8 932
Adjustment of assets restrictions		-1 142	-1 142	619
Total amount of actuarial gains or losses recognised in other comprehensive income that will not be reclassified to profit or loss at-end of period	**-16 291**	**-4 014**	**-20 305**	**-10 944**

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

Change in fair value of assets

(in thousands of euros)	31/12/2022 Eurozone	31/12/2022 Outside Eurozone	31/12/2022 All Zones	31/12/2021 All Zones
Fair value of assets at beginning of period	**46 349**	**18 682**	**65 031**	**59 665**
Exchange difference		1 548	1 548	365
Interests on asset (income)	363	275	639	322
Actuarial gains/(losses)	-12 265	717	-11 548	3 189
Employer contributions	233	1 025	1 258	1 129
Employee contributions		506	506	560
Benefit plan changes, withdrawals and settlement				
Changes in scope				2 004
Tax, administrative costs and bonuses		-104	-104	-207
Benefits paid out under the benefit plan		-1 731	-1 731	-1 996
Fair value of assets at end of period	**34 679**	**20 918**	**55 598**	**65 031**

Net position

(in thousands of euros)	31/12/2022 Eurozone	31/12/2022 Outside Eurozone	31/12/2022 All Zones	31/12/2021 All Zones
Closing actuarial liability	**79 335**	**18 974**	**98 309**	**127 265**
Impact of asset restriction		437	437	1 435
Fair value of assets at end of period	-34 679	-20 918	-55 598	-65 031
Net position of assets/(liabilities) at end of period	**44 656**	**-1 508**	**43 148**	**63 669**

Information on plan assets: Allocation of assets (31/12/2022)

(in thousands of euros)	Eurozone			Outside Eurozone			All Zones		
	%	Amount	of which listed	%	Amount	of which listed	%	Amount	of which listed
Equities (2)	0,08%	37	37	28,98%	2 714	2 714	4,95%	2 751	2 751
Bonds (2)	0,81%	374	374	24,15%	2 262	2 262	4,74%	2 636	2 636
Property/Real estate	0,07%	32		24,15%	2 262		4,13%	2 294	
Other assets (3)	99,04%	45 788		22,72%	2 128		86,18%	47 916	

At 31 December 2022, the sensitivity analysis showed that :

- a 50 basis point increase in discount rates would reduce the commitment by 10,82%;
- a 50 basis point decrease in discount rates would increase the commitment by 13,22%.

7.5. Other employee benefits

The provisions established for these employee benefits stood at 30,926,000 euros at the end of 2022.

The provisions funded for these other employee benefit obligations amounted to €24,592 thousands at 31 December 2022, corresponding to the Turbo program for 25,388 thousand of euros, a provision under Caceis Bank Netherlands Branch and Caceis Bank Germany Branch restructuring plan for €1,500 thousand of euros, as well as to provisions for long service awards for €4,834 thousand of euros.

7.6. Executive compensation

As at 31 December 2022, 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 2022, CACEIS' Executive Committee received total compensation of 5,486,766 euros and CACEIS' Group Management Committee received total compensation of 9,535,346 euros.

Compensation awarded to members of executive bodies (without employment contracts) in respect of the 2022 financial year amounted to €0 thousand.

The total amount of advances and loans granted during the year to members of executive bodies, as well as the amount of commitments made on behalf of such persons in respect of any guarantees, amounted to €0 thousand.

Corporate officers did not receive any compensation in respect of their offices held at the company in 2022. Furthermore, they did not benefit from any post-employment or long-term benefits or severance payments.

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)	**31/12/2022**	**31/12/2021**
Owned property, plant & equipment	82 656	59 422
Right-of-use on lease contracts	163 449	184 943
Total Property, plant & equipment used in operations	**246 105**	**244 365**

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)	31/12/2021	Changes in scope	Increases (acquisitions)	Decreases (disposals)	Translation adjustments	Other movements	31/12/2022
Property/Real estate							
Gross amount	272 597		9 436	-58 497	207	-1 151	222 592
Depreciation and impairment	-87 654		-30 226	58 526	-109	323	-59 140
Total Property/Real estate	**184 943**		**-20 790**	**29**	**98**	**-828**	**163 449**
Equipment							
Gross amount							
Depreciation and impairment							
Total Equipment	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Right-of-use	**184 943**	**0**	**-20 790**	**29**	**98**	**-828**	**163 449**

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

Maturity analysis of lease liabilities

	31/12/2022			
(in thousands of euros)	≤ 1 year	> 1 year up to ≤ 5 years	> 5 years	Total Lease liabilities
Lease liabilities	**21 393**	**73 329**	**69 187**	**163 909**

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

Details of expense and income on lease contracts

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Interest expense on lease liabilities	-575	194
Total Interest and similar expenses (Revenues)	**-575**	**194**
Expense relating to short-term leases	0	
Expense relating to leases of low-value assets	-2 133	-1 278
Expense relating to variable lease payments not included in the measurement of lease liabilities		
Income from subleasing right-of-use assets	1	
Gains or losses arising from leaseback transactions		
Gains or losses arising from lease modifications	-2	
Total Operating expenses	**-2 134**	**-1 278**
Depreciation for right-of-use	-31 054	-31 081
Total Depreciation and amortisation of property, plant & equipment	**-31 054**	**-31 081**
Total Expense and income on lease contracts	**-33 763**	**-32 165**

Cash flow amounts for the period

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Total Cash outflow for leases	**-30 884**	**-32 614**

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)	**31/12/2022**	**31/12/2021**
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	**0**	**17**
Lease income		17

9. COMMITMENTS GIVEN AND RECEIVED AND OTHER GUARANTEES

Commitments given and received

(in thousands of euros)	31/12/2022	31/12/2021
Commitments given	**2 723 171**	**2 794 462**
Financing commitments	**959 166**	**1 219 647**
Commitments given to credit institutions	50 000	82 474
Commitments given to customers	909 166	1 137 173
Guarantee commitments	**1 764 005**	**1 574 815**
Credit institutions	300 665	7 626
Customers	1 463 340	1 567 189
Securities commitments	**0**	**0**
Securities to be delivered		
Commitments received	**7 501 748**	**5 050 921**
Financing commitments	**21**	**900**
Commitments received from credit institutions	21	900
Commitments received from customers		
Guarantee commitments	**7 501 727**	**5 050 021**
Commitments received from credit institutions	6 324 309	3 817 251
Commitments received from customers	1 177 418	1 232 770
Securities commitments	**0**	**0**
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)	31/12/2022	31/12/2021
Carrying amount of financial assets provided as collateral (including transferred assets) (1)		
Securities and receivables provided as collateral for the refinancing structures (Banque de France, CRH, etc.)	11 634 673	6 411 754
Securities lent	1 349 214	1 020 682
Security deposits on market transactions	1 903 164	2 526 593
Other security deposits		
Securities sold under repurchase agreements	4 375 355	3 032 487
Total Carrying amount of financial assets provided as collateral	**19 262 406**	**12 991 516**
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	22 871 059	14 446 559
Securities sold short		
Total Fair value of instruments received as reusable and reused collateral	**22 871 059**	**14 446 559**

__Guarantees held__

At 31 December 2022, the CACEIS Group received a total of 762 million euros in securities as collateral from its customers in connection with derivatives trading.

At 31 December 2022, the CACEIS Group used 565 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 2022, 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.

To the extent that these models present uncertainties, the fair values used may not be realized upon the actual sale or immediate settlement of the financial instruments concerned.

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 31/12/2022**	**Estimated fair value at 31/12/2022**	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	**41 745 209**	**41 745 209**		**41 745 209**	
Loans and receivables due from credit institutions	**33 240 272**	**33 240 272**		**33 240 272**	
customers	**8 504 937**	**8 504 937**		**8 504 937**	
Debt securities	**35 482 009**	**35 443 304**	**2 150 762**	**33 292 542**	
Total Financial assets of which fair value is disclosed	**77 227 218**	**77 188 513**	**2 150 762**	**75 037 751**	

(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**	
Loans and receivables due from credit institutions	**17 314 719**	**17 295 303**		**17 295 303**	
Loans and receivables due from customers	**6 428 420**	**6 429 200**		**6 429 200**	
Debt securities	**35 622 044**	**35 764 898**	**805 483**	**34 959 415**	
Total Financial assets of which fair value is disclosed	**59 365 183**	**59 489 401**	**805 483**	**58 683 918**	

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

(in thousands of euros)	Value at 31/12/2022	Estimated fair value at 31/12/2022	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	**9 372 996**	**9 372 996**		**9 372 996**	
Due to customers	**99 987 990**	**99 987 990**		**99 987 990**	
Debt securities	**110 119**	**110 119**		**110 119**	
Subordinated debt	**274 943**	**274 943**		**274 943**	
Total Financial liabilities of which fair value is disclosed	**109 746 048**	**109 746 048**		**109 746 048**	

(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**	
Due to customers	**100 636 869**	**100 636 866**		**100 636 866**	
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**	

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)	31/12/2022	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	**347 897**	**0**	**347 897**	**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				
Derivative instruments	347 897		347 897	
Other financial assets at fair value through profit or loss	**39 255**	**0**	**39 255**	**0**
Equity instruments at fair value through profit or loss	**34 665**	**0**	**34 665**	**0**
	0			
Debt instruments that do not meet the conditions of the "SPPI" test	**4 590**	**0**	**4 590**	**0**
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Debt securities	4 590		4 590	
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				
UCITS				
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				
Securities designated at fair value through profit or loss				
Financial assets at fair value through other comprehensive income	**4 321 390**	**0**	**4 321 390**	**0**
Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	315	0	315	
Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	4 321 075		4 321 075	
Loans and receivables due from credit institutions				
Loans and receivables due from customers				
Debt securities	4 321 075		4 321 075	
	0		0	
Hedging derivative Instruments	**3 338 692**	**0**	**3 338 692**	**0**
Total Financial assets measured at fair value	**8 047 234**	**0**	**8 047 234**	**0**

(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				
Derivative instruments	479 997		479 997	
Other financial assets 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**
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	
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				
UCITS				
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				
Securities designated at fair value through profit or loss				
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	
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	
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**

Financial liabilities measured at fair value

(in thousands of euros)	31/12/2022	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	**396 603**	**0**	**396 603**	**0**
Securities sold short				
Securities sold under repurchase agreements				
Debt securities				
Due to credit institutions				
Due to customers				
Derivative instruments	396 603		396 603	
Financial liabilities designated at fair value through profit or loss	**0**	**0**	**0**	**0**
Hedging derivative Instruments	**120 220**	**0**	**120 220**	**0**
Total Financial liabilities measured at fair value	**516 823**	**0**	**516 823**	**0**
Transfers from Level 1: Quoted prices in active markets for identical instruments				
Transfers from Level 2: Valuation based on observable data				
Transfers from Level 3: Valuation based on unobservable data				
Total Transfers to each level		**0**	**0**	**0**

(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**
Transfers from Level 1: Quoted prices in active markets for identical instruments				
Transfers from Level 2: Valuation based on observable data				
Transfers from Level 3: Valuation based on unobservable data				
Total Transfers to each level		**0**	**0**	**0**

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

11.3. Benchmark indices reforms

Since early 2019, the Crédit Agricole Group has taken steps to prepare for and manage the benchmark rate transition for all its activities. These transitions comply 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 favours 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 support staff were and still are required in order to adapt tools where necessary and absorb the workload resulting from these transitions, including for amending contracts. It should be noted that IT developments are often highly dependent on the time frame for determining alternative target indices to the IBOR indices and the emergence of market standards.

Transitions as at 31 December 2022 and recent developments :

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

All the steps were taken before 2022, only a few PERES client councils took place during January and February 2022 in order to validate the changes.

At the CACEIS level, all contracts were renegotiated before the end of the indexes. In accordance with Crédit Agricole SA's recommendations, fallback clauses were included in the life contracts.

A few contracts related to PERES clients were processed at the end of the year, indexed on USD LIBOR for a total amount of €36 million. These contracts all have fallback clauses.

LIBOR USD :

For CACEIS, the transition work was already completed by the end of 2021.

However, €36 million of PERES operations indexed to USD LIBOR were processed in Q4 2022, but the contracts all have a fallback clause.

This work made it possible to prepare for the end of the publication of the USD LIBOR or its non-representativeness at the end of June 2023. Clearing houses have also confirmed that centrally cleared derivatives will be transitioned in the first half of 2023 and it is anticipated that most non-centrally cleared derivatives covered by the ISDA protocol will be transitioned by activating the fallback clause when USD LIBOR disappears. The adoption of a legislative framework may be confirmed at a later date by the EU and/or UK authorities, while the US authorities have already confirmed the designation of USD LIBOR statutory replacement rates for contracts subject to US law.

WIBOR :

On 3 October 2022, the Polish Financial Supervision Authority (KNF) announced the roadmap for replacing the WIBOR and WIBID benchmark indices with the WIRON index.

Following a WIRON adoption period in 2023, use of WIBOR will decrease gradually in 2024 for contracts and financial instruments, before it disappears in 2025.

CACEIS has no exposure to this index.

Risk Management :

In addition to preparing for and implementing the replacement of the benchmark indices, the work done during transitions also concerns managing and controlling the risks inherent to benchmark rate transitions, in particular in terms of the financial, operational, legal and compliance aspects with regards to protecting customers (preventing conduct risk).

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 2020. The Group shall apply these amendments as long as uncertainties about the future of the indices affect interest flow amounts and periods and as such believes that all its hedging contracts linked to the indices concerned may benefit.

Other amendments published by the IASB in August 2020, 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 derecognise 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 being economically equivalent.

As of December 31, 2022, the significant benchmark breakdown of instruments based on the old benchmark rates and which must transition to the new rates before their maturity is as follows :

(in million of euros)	**LIBOR USD**
Total non-derivative assets	36 000
Total non-derivative liabilities	
Total notional amount of derivatives	

12. CONSOLIDATION SCOPE AT DECEMBER 31, 2022

12.1. Composition of the perimeter

Scope of consolidation 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 31/12/2022	% control 31/12/2021	% interest 31/12/2022	% interest 31/12/2021
Banking and financial institutions									
CACEIS Switzerland S.A.	Full		Switzerland		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Belgium (Absorbed by CACEIS Bank)	Full	E4	Belgium		Subsidiary		100,0%		100%
CACEIS Ireland Ltd	Full		Irland		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Bank	Full		France		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Corporate Trust	Full	O4	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, Luxembourg Branch	Full		Luxemburg	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 Fonds Service GMBH	Full		Germany		Subsidiary	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.	Full		Spain		Subsidiary	100,0%	100,0%	100,0%	100%
CACEIS Fund Administration, Sucursal en Espana	Full	I2	Spain		Branch	100,0%		100,0%	
S3 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%
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%
Other									
Investor Services House	Full		Luxemburg		Subsidiary	100,0%	100,0%	100,0%	100%
Partinvest	Full		Luxemburg		Subsidiary	100,0%	100,0%	100,0%	100%

E4: Merger or takeover
O4 : IFRS 5 entities
I2: Creation

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 34,665 thousand euros at 31 December 2022 (33,904 thousand euros at 31 December 2021).

At 31 December 2022, 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	7,93%	7,93%
Luxcellence Management Company	Luxembourg	100,00%	100,00%
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	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 2022.

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 2022 and 31 December 2021, 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 :

	31/12/2022															
	Securitisation				Asset management				Investment Funds (1)				Structured finance (1)			
		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									2 171	2 171	2 171					
Financial assets at fair value through other comprehensive income																
Financial assets at amortised cost																
Total Assets recognised relating to non-consolidated structured entities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2 171**	**2 171**	**2 171**	**0**	**0**	**0**	**0**	**0**
Equity instruments																
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**	**0**	**0**		**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**	**0**
Financing commitments																
Guarantee commitments																
Other																
Provisions for execution risks - commitments by signature																
Total Commitments (net of provision) to non-consolidated structured entities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Balance sheet relating to non-consolidated structured entities																

	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	2621		2621				
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**	**2621**	**0**	**2621**	**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**							

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

14. EVENTS SUBSEQUENT TO 31 DECEMBER 2022

No significant events took place after the closing date.