

CONSOLIDATED FINANCIAL STATEMENTS 2020

CACEIS

CACEIS is the asset servicing banking group of Crédit Agricole and Santander dedicated to asset managers, insurance companies, pension funds, banks, private equity and real estate funds, brokers and corporate clients. Through offices across Europe, North and South America, and Asia, CACEIS offers a broad range of services covering execution, clearing, forex, securities lending, custody, depositary and fund administration, fund distribution support, middle office outsourcing and issuer services.

WITH ASSETS UNDER CUSTODY OF €4.2 TRILLION AND ASSETS UNDER ADMINISTRATION OF €2.2 TRILLION, CACEIS IS A EUROPEAN LEADER IN ASSET SERVICING AND ONE OF THE MAJOR PLAYERS WORLDWIDE.

Figures as at 31 December 2020

CONTENT

1.	INCOME STATEMENT	5
2.	NET INCOME AND OTHER COMPREHENSIVE INCOME	6
3.	BALANCE SHEET	7
	3.1 ASSETS	7
	3.2 LIABILITIES AND EQUITY	8
4.	STATEMENT OF CHANGES IN EQUITY	9
5.	STATEMENT OF CASH FLOWS	11
6.	APPLICABLE STANDARDS AND COMPARABILITY	13
7.	MAJOR STRUCTURAL TRANSACTIONS AND MATERIAL EVENTS DURING THE PERIOD	15

EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS

THE FINANCIAL STATEMENTS PRESENTED ARE EXTRACTED FROM CACEIS'S CONSOLIDATED FINANCIAL STATEMENTS THAT WERE CERTIFIED BY LEGAL AUDITORS AND LODGED AT PARIS' COMMERCIAL COURT ("GREFFE DU TRIBUNAL DE COMMERCE DE PARIS") WITH THE FOLLOWING PUBLICATION REFERENCE IN THE "BULLETIN DES ANNONCES LÉGALES OBLIGATOIRES" (BALO): ANNOUNCEMENT N°2101869 RELEASED ON THE 11TH OF JUNE 2021.

1 INCOME STATEMENT

(in thousands of euros)	31.12.2020	31.12.2019
Interest and similar income	836 798	609 994
Interest and similar expenses	-550 985	-434 340
Fee and commission income	1 021 083	862 219
Fee and commission expenses	-230 407	-218 699
Net gains (losses) on financial instruments at fair value through profit or loss	105 714	140 082
<i>Net gains (losses) on held-for-trading assets/liabilities</i>	-151 869	-47 685
<i>Net gains (losses) on other financial assets/liabilities at fair value through profit or loss</i>	257 583	187 767
Net gains (losses) on financial instruments at fair value through other comprehensive income	8 830	242
<i>Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss</i>	8 767	44
<i>Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)</i>	63	198
Net gains (losses) arising from the derecognition of financial assets at amortised cost		1 865
Net gains (losses) arising from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss		
Net gains (losses) arising from the reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value through profit or loss		
Income on other activities	17 172	17 790
Expenses on other activities	-79 557	-40 349
REVENUES	1 128 649	938 804
Operating expenses	-818 923	-670 259
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	-64 451	-57 780
GROSS OPERATING INCOME	245 274	210 765
Cost of risk	-8 338	-6 544
OPERATING INCOME	236 936	204 221
Share of net income of equity-accounted entities	6 988	28
Net gains (losses) on other assets		-9 833
Change in value of goodwill		21 661
PRE-TAX INCOME	243 924	216 077
Income tax charge	-54 881	-57 728
Net income from discontinued operations		
NET INCOME	189 043	158 349
Non-controlling interests		219
NET INCOME GROUP SHARE	189 043	158 568
Earnings per share (in euros) ⁽¹⁾	10	9
Diluted earnings per share (in euros) ⁽¹⁾	10	9

⁽¹⁾ Income including net income from discontinued operations.

2 NET INCOME AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	31.12.2020	31.12.2019
NET INCOME	189 043	158 348
Actuarial gains and losses on post-employment benefits	-8 503	-1093
Other comprehensive income on financial liabilities attributable to changes in own credit risk ⁽¹⁾		
Other comprehensive income on equity instruments that will not be reclassified to profit or loss		
Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities	-8 503	-1 093
Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities	11	15
Income tax related to items that will not be reclassified to profit or loss on equity-accounted entities	4 254	34
Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations	-2	-9
Other comprehensive income on items that will not be reclassified subsequently to profit or loss net of income tax		
OTHER COMPREHENSIVE INCOME ON ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF INCOME TAX	-4 240	-1 054
Gains and losses on translation adjustments	1 482	-33
Other comprehensive income on debt instruments that may be reclassified to profit or loss	85 284	62 597
Gains and losses on hedging derivative instruments		
Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities	86 766	62 564
Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group Share	-95 495	-1
Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities	-20 565	-14 810
Income tax related to items that may be reclassified to profit or loss on equity-accounted entities		
Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations		
OTHER COMPREHENSIVE INCOME ON ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF INCOME TAX	-29 294	47 753
OTHER COMPREHENSIVE INCOME NET OF INCOME TAX	-33 534	46 699
NET INCOME AND OTHER COMPREHENSIVE INCOME	155 509	205 047
Of which Group share	155 503	205 273
Of which non-controlling interests	6	-225
⁽¹⁾ Amount of items that will not be reclassified in profit or loss transferred to reserves.		

3 BALANCE SHEET

3.1 ASSETS

(in thousands of euros)	31.12.2020	31.12.2019
Cash, central banks	47 806 019	9 223 793
Financial assets at fair value through profit or loss	507 926	590 154
<i>Held for trading financial assets</i>	476 637	545 840
<i>Other financial instruments at fair value through profit or loss</i>	31 289	44 314
Hedging derivative instruments	21 633	31 277
Financial assets at fair value through other comprehensive income	9 317 057	13 096 263
<i>Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss</i>	9 316 991	13 096 229
<i>Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss</i>	66	34
Financial assets at amortised cost	55 799 337	58 530 874
<i>Loans and receivables due from credit institutions</i>	17 317 193	31 478 071
<i>Loans and receivables due from customers</i>	5 926 931	6 999 345
<i>Debt securities</i>	32 555 213	20 053 458
Revaluation adjustment on interest rate hedged portfolios	15 360	3 527
Current and deferred tax assets	366 101	375 534
Accruals, prepayments and sundry assets	4 801 554	4 012 889
Non-current assets held for sale and discontinued operations		
Deferred participation		
Investments in equity-accounted entities	261 788	350 186
Investment property		
Property, plant and equipment	148 030	111 192
Intangible assets	608 582	657 306
Goodwill	1 041 644	1 031 599
TOTAL ASSETS	120 695 031	88 014 595

3.2 LIABILITIES AND EQUITY

(in thousands of euros)	31.12.2020	31.12.2019
Central banks		72 148
Financial liabilities at fair value through profit or loss	646 409	587 500
<i>Held for trading financial liabilities</i>	646 409	587 500
<i>Financial liabilities designated at fair value through profit or loss</i>		
Hedging derivative instruments	910 949	547 996
Financial liabilities at amortised cost	109 225 273	76 764 891
<i>Due to credit institutions</i>	14 085 292	4 810 966
<i>Due to customers</i>	95 030 026	71 843 932
<i>Debt securities</i>	109 955	109 993
Revaluation adjustment on interest rate hedged portfolios	10 779	6 585
Current and deferred tax liabilities	252 488	266 513
Accruals, deferred income and sundry liabilities	5 039 099	5 404 206
Liabilities associated with non-current assets held for sale and discontinued operations		
Insurance compagny technical reserves		
Provisions	127 491	116 986
Subordinated debt	273 039	272 776
TOTAL LIABILITIES	116 485 527	84 039 601
EQUITY	4 209 503	3 974 994
• Equity, Group share	4 209 503	3 969 720
- Share capital and reserves	2 716 332	2 616 332
- Consolidated reserves	1 250 148	1 107 301
- Other comprehensive income	53 980	87 519
- Other comprehensive income on discontinued operations		
- Net income (loss) for the year	189 043	158 568
• Non-controlling interests		5 274
TOTAL LIABILITIES AND EQUITY	120 695 031	88 014 595

4 STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Group share									Non-controlling interests					Total Consolidated equity	
	Share capital and reserves					Other comprehensive income				Net income	Total Equity	Other comprehensive income				Total Equity
	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	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		
Equity at 1 January 2019 published	654 000	1 720 753	0	165 000	2 539 753	59 446	-18 629	40 817	0	2 580 570	0	0	0	0	0	2 580 570
Equity at 1 January 2019	654 000	1 720 753	0	165 000	2 539 753	59 446	-18 629	40 817	0	2 580 570	0	0	0	0	0	2 580 570
Capital increase	287 008	722 542			1 009 550			0		1 009 550				0	0	1 009 550
Changes in treasury shares held					0			0		0				0	0	0
Issuance / redemption of equity instruments				350 000	350 000			0		350 000				0	0	350 000
Remuneration of undated deeply subordinated notes		-5 734			-5 734			0		-5 734				0	0	-5 734
Dividends paid in 2019		-177 526			-177 526			0		-177 526				0	0	-177 526
Impact of acquisitions/disposals on non-controlling interests		228			228			0		228	5 491			0	5 491	5 719
Changes due to share-based payments		114			114			0		114				0	0	114
Changes due to transactions with shareholders	287 008	539 624	0	350 000	1 176 632	0	0	0	0	1 176 632	5 491	0	0	0	5 491	1 182 123
Changes in other comprehensive income					0	47 756	-1 054	46 702		46 702		2		2	2	46 704
Share of changes in equity-accounted entities					0			0		0				0	0	0
Net income for 2019					0			0	158 568	158 568	-219			0	-219	158 349
Other changes		7 248			7 248			0		7 248				0	0	7 248
Equity at 31 december 2019	941 008	2 267 625	0	515 000	3 723 633	107 202	-19 683	87 519	158 568	3 969 720	5 272	2	0	2	5 274	3 974 994
Appropriation of 2019 net income		158 568			158 568			0	-158 568	0				0	0	0
Equity at 1 January 2020	941 008	2 426 193	0	515 000	3 882 201	107 202	-19 683	87 519	0	3 969 720	5 272	2	0	2	5 274	3 974 994
Equity at 1 January 2020 restated	941 008	2 426 193	0	515 000	3 882 201	107 202	-19 683	87 519	0	3 969 720	5 272	2	0	2	5 274	3 974 994
Capital increase																
Changes in treasury shares held																
Issuance / redemption of equity instruments				100 000	100 000					100 000						100 000
Remuneration of undated deeply subordinated notes		-21 736			-21 736					-21 736						-21 736
Dividends paid in 2020																
Impact of acquisitions/disposals on non-controlling interests		312			312					312	-5 272	-2		-2	-5 274	-4 962
Changes due to share-based payments		918			918					918						918
Changes due to transactions with shareholders		-20 506		100 000	79 494					79 494	-5 272	-2		-2	-5 274	74 220
Changes in other comprehensive income						-29 300	-4 240	-33 540		-33 540						-33 540
Share of changes in equity-accounted entities																
Net income for 2020									189 043	189 043						189 043
Other changes		4 786			4 786					4 786						4 786
EQUITY AT 31 DECEMBER 2020	941 008	2 410 473		615 000	3 966 481	77 902	-23 923	53 979	189 043	4 209 503						4 209 503

5 STATEMENT OF CASH FLOWS

(in thousands of euros)	31.12.2020	31.12.2019
Pre-tax income	243 924	216 077
Net depreciation and impairment of property, plant & equipment and intangible assets	64 598	57 783
Impairment of goodwill and other fixed assets		-21 661
Net addition to provisions	15 359	18 379
Share of net income (loss) of equity-accounted entities	-6 988	-28
Net income (loss) from investment activities		
Net income (loss) from financing activities	5 926	11 070
Other movements	70 700	-40 160
Total Non-cash and other adjustment items included in pre-tax income	149 596	25 382
Change in interbank items	-259 078	-2 886 645
Change in customer items	24 287 089	712 829
Change in financial assets and liabilities	-8 140 062	687 900
Change in non-financial assets and liabilities	-1 192 931	-711 215
Dividends received from equity-accounted entities		
Taxes paid	-61 787	-374 418
Net change in assets and liabilities used in operating activities	14 633 231	-2 571 550
Cash provided (used) by discontinued operations		
Total Net cash flows from (used by) operating activities (A)	15 026 751	-2 330 091
Change in equity investments ⁽¹⁾	-4 964	8 183 068
Change in property, plant & equipment and intangible assets	-64 041	-33 258
Cash provided (used) by discontinued operations		
Total Net cash flows from (used by) investing activities (B)	-69 005	8 149 810
Cash received from (paid to) shareholders ⁽²⁾	78 264	166 740
Other cash provided (used) by financing activities ⁽³⁾	-34 319	-37 795
Cash provided (used) by discontinued operations		
Total Net cash flows from (used by) financing activities (C)	43 945	128 945
Impact of exchange rate changes on cash and cash equivalent (D)	-32	203
Net increase/(decrease) in cash and cash equivalent (A + B + C + D)	15 001 659	5 948 867
Cash and cash equivalents at beginning of period	31 666 344	25 717 477
Net cash accounts and accounts with central banks *	9 151 647	1 444 791
Net demand loans and deposits with credit institutions **	22 514 697	24 272 686
Cash and cash equivalents at end of period	46 668 003	31 666 344
Net cash accounts and accounts with central banks *	47 806 019	9 151 647
Net demand loans and deposits with credit institutions **	-1 138 016	22 514 697
NET CHANGE IN CASH AND CASH EQUIVALENTS	15 001 659	5 948 867

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

** Consisting of the balance of the “Non doubtful current accounts in debit” and “Non doubtful overnight accounts and advances” and the “Current accounts in credit” and “Overnight accounts and deposits” (excluding accrued interest).

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

- ⁽¹⁾ Change in equity investments: this line shows the effects on cash of acquisitions of equity investments. During 2020, the net impact of acquisitions on CACEIS 'cash position amounts to -4 964 thousand euros, relating in particular to acquisition of minority interests in KAS Bank for -4 967 thousand euros.
- ⁽²⁾ Cash received from (paid to) shareholders: it includes the payment of AT1 emission from Crédit Agricole S.A. for 100 000 thousand euros net of AT1 interest for 21 736 euros.
- ⁽³⁾ Other cash provided (used) by financing activities: this line includes the repayment of IFRS 16 lease debt for -28 400 thousand euros, and interest payments on subordinated debt and bonds for -5 900 thousand euros.

6 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 at 31 December 2020 and as adopted by the European Union (carve-out version), thus using certain exceptions in the application of IAS 39 on macro-hedge accounting.

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

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

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

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

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

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

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

AMENDMENT TO IFRS 16 “LEASES” - RENTAL CONCESSIONS RELATED TO COVID-19

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

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

This in particular applies to:

Standards, amendments or interpretations	Applicable in the Group	Date of first-time application : financial years from
Amendment to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 Reform of reference interests rates - Stage 2	Yes	1 st January 2020

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

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

7 MAJOR STRUCTURAL TRANSACTIONS AND MATERIAL EVENTS DURING THE PERIOD

CACEIS' EXTERNAL GROWTH TRANSACTIONS

Merger of KAS Bank N.V. into CACEIS Bank

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

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

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

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

Merger of KAS Bank N.V. into CACEIS Bank

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

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

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

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

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

INTEGRATION WITHIN THE CACEIS GROUP OF THE ENTITIES ARISING FROM THE COMBINATION WITH SANTANDER SECURITIES SERVICES

Change in corporate name

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

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

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

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

COVID-19 PANDEMIC CRISIS

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

- CACEIS did not pay out a dividend to its shareholders in the light of the European Central Bank's recommendation of 27 March 2020 concerning dividend policies during the Covid-19 pandemic (ECB/2020/19).
- Trading volumes increased significantly as a result of the high level of market volatility. Information system capacity was expanded, and development of the IT tools and digital platforms was speeded up to handle this increase and accommodate the mass roll-out of working-from-home arrangements for the Group's employees while keeping a lid on operating losses. The measures taken maintained business continuity and ensured there was no slip in the quality of service provided to customers.

The increased trading volume and treasury income (widening of interest-rate spreads) had a positive impact on the bottom line for the financial year, offsetting the decline in fee and commission income linked to the value of assets under custody and administration as the markets headed lower. In addition, this decline was offset by the new mandates and the integration of KAS Bank and of Santander Securities Services.

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INVESTOR SERVICES



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