

# CONSOLIDATED FINANCIAL STATEMENTS 2018

# CACEIS

CACEIS is the asset servicing banking group of Crédit Agricole Group, dedicated to institutional and corporate clients across Europe, North America and Asia. CACEIS offers a complete range of services from execution to custody, including clearing, depositary, fund administration, middle office outsourcing, forex, securities lending, fund distribution support and issuer services.

**WITH ASSETS UNDER CUSTODY OF €2.6 TRILLION AND ASSETS UNDER ADMINISTRATION OF €1.7 TRILLION, CACEIS IS A EUROPEAN LEADER IN ASSET SERVICING AND ONE OF THE MAJOR PLAYERS WORLDWIDE.**

Figures as at 31 December 2018

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# **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 REFERENCES IN THE "BULLETIN DES ANNONCES LÉGALES OBLIGATOIRES" (BALO): ANNOUNCEMENT N°1902935 RELEASED ON THE 14<sup>TH</sup> OF JUNE 2019 AND ANNOUNCEMENT N°1903886 RELEASED ON THE 26<sup>TH</sup> OF JULY 2019.

# 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 2018 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](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 CACEIS Group's financial statements for the financial year ended 31 December 2017.

They have been supplemented by the IFRS standards as adopted by the European Union at 31 December 2018 and that must be applied for the first time in 2018. These cover the following:

Standards, amendments or interpretations	Date published by the European Union	Date of first-time application: financial years from	Applicable in the Group
<b>IFRS 9 “Financial instruments”</b> Replacing IAS 39 “Financial Instruments: classification and measurement, impairment and hedge accounting”	22 November 2016 (EU 2016/2067)	1 January 2018	Yes
<b>Amendment to IFRS 4 “Insurance contracts”/ IFRS 9 “Financial instruments”</b> Optional approaches for insurance undertakings to manage the gap between the application of IFRS 9 and IFRS 4	3 November 2017 (EU 2017/1988)	1 January 2018	Yes
<b>IFRS 15 “Revenue from contracts with customers”</b> Replacing IAS 11 on the recognition of construction contracts and IAS 18 on the recognition of revenue	22 September 2016 (EU 2016/1905)	1 January 2018	Yes
<b>Amendment to IFRS 15 “Revenue from contracts with customers”</b> Clarifications to IFRS 15	31 October 2017 (EU 2017/1987)	1 January 2018	Yes
<b>Improvements to IFRS cycle 2014-2016:</b>		1 January 2017	Yes
IFRS 12 “Disclosure of interests in other entities”	7 February 2018 (EU 2018/182)	1 January 2018	Yes
IAS 28 “Investments in associates and joint ventures”		1 January 2018	Yes
IFRS 1 “First-time Adoption of International Financial Reporting Standards”		1 January 2018	No
<b>Amendment to IFRS 2 “Classification and measurement of share-based payment transactions”</b> Clarifications to IFRS 2	26 February 2018 (EU 2018/289)	1 January 2018	Yes
<b>Amendment to IAS 40 “Investment property”</b> Clarifications of the principle of transfer, entry to or exit from the Investment Property category	14 March 2018 (EU 2018/400)	1 January 2018	Yes
<b>IFRIC 22 “Foreign currency transactions and advance consideration”</b> Clarifications to IAS 21 “Effects of changes in foreign exchange rates”	3 April 2018 (EU 2018/519)	1 January 2018	Yes

Accordingly, the CACEIS Group publishes, for the first time from 1 January 2018, its IFRS financial statements under IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers”.

IFRS 9 “Financial instruments” replaces IAS 39 “Financial instruments: recognition and measurement”. It sets new principles governing the classification and measurement of financial instruments, impairment of credit risk and hedge accounting, excluding macro-hedging transactions.

IFRS 9 is applied retrospectively with a mandatory effective date of 1 January 2018 by adjusting the opening balance sheet on the date of first-time application, with no restatement of the 2017 comparative financial statements. Consequently, the assets and liabilities relative to 2017 financial instruments are recognised and measured under IAS 39.

IFRS 15 “Revenue from contracts with customers” will replace IAS 11 “Construction contracts” and IAS 18 “Revenue”, along with all interpretations relating to (IFRIC 13 “Customer loyalty programs”, IFRIC 15 “Agreements for the construction of real estate”, IFRIC 18 “Transfers of assets from customers” and SIC 31 “Revenue – Barter transactions involving advertising services”).

For the first-time application of IFRS 15, the CACEIS Group has chosen the modified retrospective method without comparison with the 2017 financial year. The application of IFRS 15 did not have any material impact on earnings or equity.

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	Date published by the European Union	Date of first-time application: financial years from	Applicable in the Group
<b>Amendment to IFRS 9 “Financial instruments”</b> Options for early redemption with negative penalty	22 March 2018 (EU 2018/498)	1 January 2019 <sup>(1)</sup>	Yes
<b>IFRS 16 “Leases”</b> Replacing IAS 17 on the recognition of leases	31 October 2017 (EU 2017/1986)	1 January 2019	Yes
<b>IFRIC 23 “Uncertainty over income tax treatments”</b> Clarification of IAS 12 on measuring and recognising a tax asset or liability when there is uncertainty as to the application of tax legislation	23 October 2018 (EU 2018/1595)	1 January 2019	Yes

<sup>(1)</sup> The Group decided to apply the amendment to IFRS 9 early from 1 January 2018.

# IMPACTS OF THE APPLICATION OF IFRS 9 AT 1 JANUARY 2018

The application of IFRS 9 had an impact mainly on the classification and the valuation of debt instruments and this translates on the assets side of the balance sheet into:

- A reclassification of 522 million EUR of assets available for sale at fair value through profit or loss: this reclassification has no impact on the valuation of securities portfolio and thus on the consolidated reserves.
- A reclassification of 7 320 million EUR of loans and advances due from banks in financial assets at fair value through equity that led to a revaluation of assets to 60 million EUR for an impact of 45 million EUR in shareholders' equity after deferred taxes. This reclassification concerns essentially HQLA securities.
- A reclassification of 12 315 million EUR of assets available for sale at financial assets at amortised cost: the fair value recognised in IAS 39 is cancelled in IFRS 9 for an amount of 182 million EUR and for an impact of -135 million EUR in shareholders' equity after deferred taxes. These securities are exclusively issued by Crédit Agricole S.A. Group entities and essentially by Crédit Agricole S.A.

The other types of impacts are non-material on the balance sheet presentation and the shareholders' equity.

These impacts are incorporated into column "01/01/2018" of the balance sheet and also integrated into the line "Impacts of the adoption of IFRS 9" of the Statement of changes in equity.

# 1. INCOME STATEMENT

(in thousands of euros)	31.12.2018	31.12.2017
Interest and similar income	569 093	512 080
Interest and similar expenses	-412 831	-360 007
Fee and commission income	812 638	782 106
Fee and commission expenses	-194 275	-192 738
Net gains (losses) on financial instruments at fair value through profit or loss	106 890	70 372
<i>Net gains (losses) on held-for-trading assets/liabilities</i>	65 602	
<i>Net gains (losses) on other financial assets/liabilities at fair value through profit or loss</i>	41 288	
Net gains (losses) on financial instruments at fair value through other comprehensive income	8 698	
<i>Net gains (losses) on debt instruments at fair value through other comprehensive income that may be reclassified subsequently to profit or loss</i>	8 698	
<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>		
Net gains (losses) on available-for-sale financial assets		26 759
Net gains (losses) arising from the derecognition of financial assets at amortised cost		
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	16 897	9 281
Expenses on other activities	-28 405	-39 026
<b>REVENUES</b>	<b>878 704</b>	<b>808 825</b>
Operating expenses	-627 942	-584 017
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	-25 182	-22 158
<b>GROSS OPERATING INCOME</b>	<b>225 580</b>	<b>202 651</b>
Cost of risk	2 689	-29
<b>OPERATING INCOME</b>	<b>228 269</b>	<b>202 622</b>
Share of net income of equity-accounted entities		
Net gains (losses) on other assets	10 020	
Change in value of goodwill		
<b>PRE-TAX INCOME</b>	<b>238 289</b>	<b>202 622</b>
Income tax charge	-60 763	-49 606
Net income from discontinued operations		
<b>NET INCOME</b>	<b>177 526</b>	<b>153 016</b>
Non-controlling interests		
<b>NET INCOME GROUP SHARE</b>	<b>177 526</b>	<b>153 016</b>
Earnings per share (in euros)	10.51	9.36
Diluted earnings per share (in euros)	10.51	9.36



## 2. NET INCOME AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	31.12.2018	31.12.2017
<b>NET INCOME</b>	177 526	153 016
Actuarial gains and losses on post-employment benefits	-1535	1374
Other comprehensive income on financial liabilities attributable to changes in own credit risk		
Other comprehensive income on equity instruments that will not be reclassified to profit or loss		
<b>Pre-tax other comprehensive income on items that will not be reclassified to profit or loss excluding equity-accounted entities</b>	<b>-1535</b>	<b>1374</b>
<b>Pre-tax other comprehensive income on items that will not be reclassified to profit or loss on equity-accounted entities</b>		
<b>Income tax related to items that will not be reclassified to profit or loss excluding equity-accounted entities</b>	<b>573</b>	
<b>Income tax related to items accounted that will not be reclassified to profit or loss on equity-accounted entities</b>		<b>-667</b>
<b>Other comprehensive income on items that will not be reclassified to profit or loss from discontinued operations</b>	<b>145</b>	
<b>OTHER COMPREHENSIVE INCOME ON ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF INCOME TAX</b>	<b>-817</b>	<b>707</b>
Gains and losses on translation adjustments	-18	-34143
Gains and losses on available-for-sale financial assets		225 408
Other comprehensive income on debt instruments that may be reclassified to profit or loss	-210 851	
Gains and losses on hedging derivative instruments		
<b>Pre-tax other comprehensive income on items that may be reclassified to profit or loss excluding equity-accounted entities</b>	<b>-210 869</b>	<b>191265</b>
<b>Pre-tax other comprehensive income on items that may be reclassified to profit or loss on equity-accounted entities, Group share</b>		
<b>Income tax related to items that may be reclassified to profit or loss excluding equity-accounted entities</b>	<b>54 331</b>	<b>-56 408</b>
<b>Income tax related to items that may be reclassified to profit or loss on equity-accounted entities</b>		
<b>Other comprehensive income on items that may be reclassified to profit or loss from discontinued operations</b>		
<b>OTHER COMPREHENSIVE INCOME ON ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF INCOME TAX</b>	<b>-156 538</b>	<b>134 857</b>
<b>OTHER COMPREHENSIVE INCOME NET OF INCOME TAX</b>	<b>-157 355</b>	<b>135 564</b>
<b>NET INCOME AND OTHER COMPREHENSIVE INCOME</b>	<b>20 171</b>	<b>288 581</b>
Of which Group share	20171	288 581
Of which non-controlling interests		

# 3. BALANCE SHEET

## 3.1. ASSETS

(in thousands of euros)	31.12.2018	01.01.2018	31.12.2017
Cash, central banks	1509 719	1334 422	1334 425
Financial assets at fair value through profit or loss	1242 085	781784	259 643
<i>Held-for-trading financial assets</i>	221625	259 643	
<i>Other financial instruments at fair value through profit or loss</i>	1020 460	522141	
Hedging derivative instruments	8622	83 620	83 620
Financial assets at fair value through other comprehensive income	14 568 741	16 390 938	
<i>Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss</i>	14 568 741	16 390 938	
<i>Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss</i>			
Available-for-sale financial assets			21847912
Financial assets at amortised cost	50 608 189	38 710 442	
<i>Loans and receivables due from credit institutions</i>	29 441117	20 728 375	29 703 924
<i>Loans and receivables due from customers</i>	5 082 911	4 189 887	4 193 452
<i>Debt securities</i>	16 084 161	13 792 180	
Revaluation adjustment on interest rate hedged portfolios	415	700	700
Held-to-maturity financial assets			
Current and deferred tax assets	23 054	17 015	13 600
Accruals, prepayments and sundry assets	3 319 524	3 192 119	3 192 118
Non-current assets held for sale and discontinued operations		8 089	8 089
Investments in equity-accounted entities			
Investment property			
Property, plant and equipment	34 830	34 423	34 423
Intangible assets	116 567	114 392	114 393
Goodwill	782 630	786 730	786 730
<b>TOTAL ASSETS</b>	<b>72 214 375</b>	<b>61 454 675</b>	<b>61 573 029</b>

## 3.2. EQUITY AND LIABILITIES

(in thousands of euros)	31.12.2018	01.01.2018	31.12.2017
Central banks	64 929	245 633	245 633
Financial liabilities at fair value through profit or loss	195 903	289 125	289 125
<i>Held-for-trading financial liabilities</i>	195 903	289 125	
<i>Financial liabilities designated at fair value through profit or loss</i>			
Hedging derivative instruments	178 179	119 749	119 749
Financial liabilities at amortised cost	63 359 826	53 320 760	
<i>Due to credit institutions</i>	4 537 667	4 782 166	4 782 166
<i>Due to customers</i>	58 712 141	48 428 571	48 428 571
<i>Debt securities</i>	110 018	110 023	110 023
Revaluation adjustment on interest rate hedged portfolios	3 443	415	415
Current and deferred tax liabilities	79 956	131 954	161 707
Accruals, deferred income and sundry liabilities	5 388 363	4 226 721	4 226 723
Liabilities associated with non-current assets held for sale and discontinued operations		1 565	1 565
Provisions	90 406	83 452	79 385
Subordinated debt	272 800	323 068	323 068
<b>Total Liabilities</b>	<b>69 633 805</b>	<b>58 742 441</b>	<b>58 768 129</b>
<b>Equity</b>	<b>2 580 570</b>	<b>2 712 233</b>	<b>2 804 900</b>
• Equity, Group share	2 580 570	2 712 233	2 804 900
- Share capital and reserves	1 256 782	1 256 782	1 256 781
- Consolidated reserves	1 105 448	1 257 282	1 105 796
- Other comprehensive income	40 815	198 314	289 306
- Other comprehensive income on discontinued operations		-145	
- Net income (loss) for the year	177 526		153 016
• Non-controlling interests			
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>72 214 375</b>	<b>61 454 675</b>	<b>61 573 029</b>

# 4. STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Group share				
	Share capital and reserves				Total Capital and consolidated reserves
	Share capital	Share premium and consolidated reserves	Elimination of treasury shares	Other equity instruments	
Equity at 1 January 2017	654 000	1 601 823	0	0	2 255 823
Capital increase					
Changes in treasury shares held					
Issuance of equity instruments <sup>(1)</sup>				165 000	165 000
Remuneration of undated deeply subordinated notes					
Dividends paid in 2017		-58 313			-58 313
Changes due to share-based payments					
<b>Changes due to transactions with shareholders</b>		<b>-58 313</b>		<b>165 000</b>	<b>106 687</b>
<b>Changes in other comprehensive income</b>					
Share of changes in equity-accounted entities					
Net income for 2017					
Other changes		-520			-520
Equity at 31 December 2017	654 000	1 542 990	0	165 000	2 361 990
Appropriation of 2017 net income		153 016			153 016
Equity at 1 January 2018	654 000	1 696 006	0	165 000	2 515 006
Impacts of the adoption of IFRS 9 <sup>(2)</sup>		-945			-945
Equity at 1 January 2018 restated	654 000	1 695 061	0	165 000	2 514 061
Capital increase					
Changes in treasury shares held					
Issuance of equity instruments					
Remuneration of undated deeply subordinated notes		-5 813			-5 813
Dividends paid in 2018		-145 367			-145 367
Impact of acquisitions/disposals on non-controlling interests					
Changes due to share-based payments <sup>(3)</sup>		76			76
<b>Changes due to transactions with shareholders</b>		<b>-151 104</b>			<b>-151 104</b>
<b>Changes in other comprehensive income</b>					
<i>Of which other comprehensive income on equity instruments that will not be reclassified to profit or loss reclassified to consolidated reserves</i>					
<i>Of which other comprehensive income attributable to changes in own credit risk reclassified to consolidated reserves</i>					
Share of changes in equity-accounted entities					
Net income for 2018					
Other changes		-730			-730
<b>EQUITY AT 31 DECEMBER 2018</b>	<b>654 000</b>	<b>1 543 227</b>	<b>0</b>	<b>165 000</b>	<b>2 362 227</b>

<sup>(1)</sup>In the frame of the strengthening of the Group's own funds, CACEIS issued two Additional Tier 1 perpetual super subordinated notes on the 15<sup>th</sup> of December 2017, with a total value of 165 million euros, subscribed by Crédit Agricole S.A.

Other comprehensive income					Non-controlling interests					Total Consolidated equity
Other comprehensive income			Net income	Total equity	Capital, associated reserves and income	Other comprehensive income			Total Equity	
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 and loss	Total Other comprehensive 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		
172 119	-18 374	153 745	0	2 409 568	0	0	0	0	0	2 409 568
				165 000						165 000
				-58 313						-58 313
				<b>106 687</b>						<b>106 687</b>
<b>135 587</b>	<b>562</b>	<b>136 149</b>		<b>136 149</b>						<b>136 149</b>
			153 016	153 016						153 016
				-520						-520
307 706	-17 812	289 894	153 016	2 804 900	0	0	0	0	0	2 804 900
			-153 016	0						0
307 706	-17 812	289 894	0	2 804 900	0	0	0	0	0	2 804 900
-91 722		-91 722		-92 667						-92 667
215 984	-17 812	198 172	0	2 712 233	0	0	0	0	0	2 712 233
				-5 813						-5 813
				-145 367						-145 367
				76						76
<b>-156 538</b>	<b>-817</b>	<b>-157 355</b>		<b>-151 104</b>						<b>-151 104</b>
	-817	-817		-817						-817
-1 094		-1 094		-1 094						-1 094
			177 526	177 526						177 526
				-730						
59 446	-18 629	40 817	177 526	2 580 570	0	0	0	0	0	2 580 570

<sup>(2)</sup>Details of the impact on equity related to the application of IFRS 9 are presented in the note "Impacts of the application of IFRS 9 at 1 January 2018".

<sup>(3)</sup>Linked to Crédit Agricole S.A. capital increase reserved to Crédit Agricole Group's employees.

# 5. STATEMENT OF CASH FLOWS

(in thousands of euros)	31.12.2017	31.12.2016
PRE-TAX INCOME	238 289	202 622
Net depreciation and impairment of property, plant & equipment and intangible assets	29 000	35 740
Impairment of goodwill and other fixed assets		
Net depreciation charges to provisions	4 009	1 212
Share of net income (loss) of equity-accounted entities		
Net income (loss) from investment activities		-169
Net income (loss) from financing activities	24 806	22 762
Other movements	-62 322	19 529
<b>Total non-cash and other adjustment items included in pre-tax income</b>	<b>-4 507</b>	<b>79 074</b>
Change in interbank items	-1 470 346	299 367
Change in customer items	9 392 500	5 400 870
Change in financial assets and liabilities	-1 084 249	-1 322 527
Change in non-financial assets and liabilities	1 088 408	114 221
Dividends received from equity-accounted entities		
Tax paid	-64 784	-25 756
<b>Net change in assets and liabilities used in operating activities</b>	<b>7 861 529</b>	<b>4 466 175</b>
<b>Cash provided (used) by discontinued operations</b>		
Total Net cash flows from (used by) operating activities (A)	8 095 311	4 747 871
<b>Change in equity investments</b>	<b>2 417</b>	<b>-731</b>
<b>Change in property, plant &amp; equipment and intangible assets</b>	<b>-34 186</b>	<b>-28 442</b>
<b>Cash provided (used) by discontinued operations</b>		
Total Net cash flows from (used by) investment activities (B)	-31 770	-29 173
<b>Cash received from (paid to) shareholders</b>	<b>-151 180</b>	<b>106 687</b>
<b>Other cash provided (used) by financing activities</b>	<b>-74 838</b>	<b>79 831</b>
<b>Cash provided (used) by discontinued operations</b>		
Total Net cash flows from (used by) financing activities (C)	-226 018	186 518
Impact of exchange rate changes on cash and cash equivalent (D)	214	-930
Net increase/(decrease) in cash & cash equivalent (A + B + C + D)	7 837 737	4 904 287
<b>Cash and cash equivalents at beginning of period</b>	<b>17 879 740</b>	<b>12 975 448</b>
Net cash accounts and accounts with central banks *	1 088 828	1 168 109
Net demand loans and deposits with credit institutions **	16 790 912	11 807 339
<b>Cash and cash equivalents at end of period</b>	<b>25 717 477</b>	<b>17 879 738</b>
Net cash accounts and accounts with central banks *	1 444 791	1 088 828
Net demand loans and deposits with credit institutions **	24 272 686	16 790 910
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>7 837 737</b>	<b>4 904 290</b>

\* Consisting of the net balance of "Cash, central banks" excluding accrued interest.

\*\* 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).



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