



**Credit Agricole Corporate and Investment Bank (China) Limited**  
**2018 Annual Report**

# Contents

1	Bank Profile
2	Group and Parent Bank Introduction
4	Highlights of the Year
6	Management Report
11	Risk Management
18	Corporate Information
19	Important Events of the Year
20	Directors, Supervisor and Senior Management
27	Corporate Governance
33	Independent Auditor's Report
38	Financial Statements
144	Organization Chart
145	List of Domestic Operations
146	Glossary

## Bank Profile

Credit Agricole Corporate and Investment Bank (China) Limited was locally incorporated on July 1<sup>st</sup>, 2009 and officially commenced business on August 3<sup>rd</sup>, 2009. Headquartered in Shanghai, CACIB (China) is a wholly-owned subsidiary of Crédit Agricole Corporate and Investment Bank.

CACIB has been present in China in a “continuous” fashion for more than a century, first through “Banque de l’Indochine” which established its presence in China in 1898, making CACIB one of the foreign banks with the longest history in China. CACIB is also one of the first foreign banks which have obtained the RMB corporate licenses.

At present, CACIB (China) has five branches in Beijing, Shanghai, Tianjin, Xiamen and Guangzhou, with 164 employees offering professional financial services to over 200 corporate clients.

CACIB and CACIB (China) offers their clients a comprehensive range of products and services in capital markets, investment banking, structured finance and corporate banking.



# Group and Parent Bank Introduction

## Group

Crédit Agricole Group is the world's No.13 Bank by Tier One Capital and No.10 Bank by Total Assets (The Banker, July 2018). As the leading financial partner to the French economy and one of the largest banking groups in Europe, Crédit Agricole Group supports its customers in their plans and projects in France and around the world, through its operations in all segments of the market including retail banking, insurance, real estate, payment systems, asset management, leasing and factoring, consumer finance, and corporate and investment banking.

2018 Full Year Results of Crédit Agricole Group:

Financial year 2018	EUR
Shareholder's equity Group share	106.7 billion
Net income Group share	6 844 million

Crédit Agricole S.A. has been awarded high ratings by the main rating agencies.

Ratings	Standard & Poor's	Moody's	Fitch Ratings	DBRS
Long-term	A+	A1	A+	AA (low)
Outlook/Review	Stable outlook	Positive outlook	Stable outlook	Stable outlook
Short-term	A-1	P-1	F1	R-1 (middle)
Last rating action	Oct/2018	Jul/2018	Dec/2018	Oct/2018
Rating action	LT ratings upgraded; outlook revised to stable from positive; ST debt ratings affirmed	Outlook changed to Positive from stable; LT / ST ratings affirmed;	LT / ST ratings affirmed; outlook unchanged	LT / ST ratings affirmed; outlook unchanged

## Parent Bank

Our parent bank, Crédit Agricole CIB, is the Corporate & Investment Banking arm of the Crédit Agricole group. Crédit Agricole CIB offers its clients a large range of products and services in capital markets, investment banking, structured finance and corporate banking.

The Corporate and Investment Bank is structured around three Business Lines:

### **Financing Activities**

- Structured Finance
- Commercial Banking

### **Capital Markets and Investment Banking**

- Global Markets Division
- Treasury Division
- Investment Banking

### **Wealth Management**

## **Crédit Agricole Corporate and Investment Bank ID Card**

Head office:

12, Place des Etats-Unis  
CS20052 – 92547 Montrouge Cedex, France

Website: <http://www.CACIB.com>

Company with limited liability with a capital of EUR 7,851,636,342  
Companies Register SIREN 304 187 701

# Highlights of the Year

## 1. Awards

- CACIB (China) has been awarded as the Best Progress Spot Market Maker in 2018 for foreign exchange (“FX”) activities by China Foreign Exchange Trade System (CFETS).
- CACIB (China) has been awarded as a Good Performance Member in 2018 for bond activities by China Central Depository & Clearing Co., Ltd. (CCDC).
- CACIB (China) Shanghai Branch is on the outstanding performance name list issued by SAFE for both Balance of Payments and FX reporting for H2 2018.

## 2. Business

- Being one of the major global commodity banks, CACIB (China) has successfully introduced its commodity expertise to local clients and steadily extended its Global Commodity Finance services in the Chinese market with a growing local presence. As an example, in 2018, the Bank successfully closed an RMB1.03 billion 24-month pre-production club facility for Tianshan Aluminum (CACIB final hold of RMB350 million). Tianshan Aluminum is one of China’s largest privately-owned Aluminum producers. The RMB350 million line has been structured and secured by offtake contract entered into with Trafigura China. With a classic pre-financing structure, CACIB (China) largely strengthens its local image being one of the major full-range commodity banking service providers.
- CACIB (China) acted as Financial Advisor for GAC-Sofinco Automobile Finance Company in the three Asset-Backed Securities issuances in March, September and November 2018 respectively with aggregated initial investment amount of RMB930 million. These deal track records further substantiate the active role of CACIB (China) in the Chinese Asset-Backed Securities (“ABS”) market. In December 2017, CACIB (China) already acted as Financial Advisor for their RMB4 billion ABS issuance.
- In March 2018, CACIB (China) acted as an advisor for Air Liquide which priced its first Panda bond, issuing a dual tranche on the Chinese market for RMB1.4 billion and RMB800 million, targeting maturities of 3 and 5 years and which obtained the highest domestic rating [namely AAA] from China Chengxin International (CCXI). The proceeds of this issue have been used to finance new investments in China and to refinance debts related to previous investments in China. This new financing source contributes to the extension of the Group's Asian investor base. This was also the first time an issuer came to the RMB market with a guarantor structure and a 5-year tenor issue. CACIB (China) acted as both a Financial Advisor and a Rating Advisor on this transaction.

- In September 2018 CACIB (China), as Joint Bookrunner and Joint Mandated Lead Arranger, successfully closed an RMB2.24 billion 3-year syndicated loan for Beijing Hyundai Auto Finance Co., Ltd. The loan was the replacement of the RMB2.5 billion term loan arranged by CACIB (China) and other Joint bookrunners in 2015 and due in August 2018. The loan proceeds were to fund the company's auto loans to individual consumers and dealers in China for Hyundai brand vehicles. 16 international banks participated in this transaction.
- In December 2018, CACIB (China) closed its inaugural onshore green loan with EDF Lingbao Heat and Power Co., Ltd which is a 65% owned JV subsidiary of Electricité de France (“EDF”). The project was to supply heat with a central heating system fueled among other biomass products by wastewood products from neighboring orchards and mushroom farms. The biomass heating system will replace inefficient coal boilers and significantly reduce Co2 emission. CACIB (China) and EDF have elected to finance the construction as a green loan taking into account the positive environmental benefit of the project. This was a 1-year RMB122 million bridge loan for fixed asset financing.



(Philippe Brassac giving the award to the representatives of EDF China.)<sup>1</sup>

- On the product side, with the go live of several new Cash Management products in 2018 (i.e. Overdraft and SWIFTnet payment), CACIB (China) strengthened its capacity to serve more clients on their needs.

<sup>1</sup> From left to right:

- MARIANO GAÍO, Chief Financial Officer, EDF China
- SONG XUDAN, Senior Executive Vice President, EDF China
- PHILIPPE BRASSAC, Chief Executive Officer, Crédit Agricole S.A.

# Management Report

## Business Review

Crédit Agricole CIB has an extended experience in advising and arranging major projects. Present in China since more than 120 years and considered as one of the most active corporate banking foreign institutions in the country, Crédit Agricole CIB also has close relationships with Chinese banks.

Crédit Agricole CIB has pioneered in China a significant number of structured financings, syndication loan transactions and was among the first foreign banks to be licensed for Chinese currency (RMB) operations.

Credit Agricole CIB (China) Limited leverages upon its **local and global expertise** as well as its **network synergy** to advise and finance its clients' investments in and out of China:

### Corporate Banking

- Strong focus on Chinese Corporates and Financial Institutions as well as Foreign Multinational Companies.
- CACIB (China) also supports clients of the Crédit Agricole Group (Crédit Agricole Regional Banks, LCL, DRF, BPI: Cariparma, Bankoia etc.) by offering account services and financing services and accompany them in their development in China.
- Short term and medium term financing, in RMB and/or foreign currencies, bilateral and/or by way of syndication, combining the strength of international and local banks, guarantees, letters of credit (L/Cs), deposits as well as cash management services (including e-banking) and cross-border RMB services.

### Capital Markets

- Dealing and sales room in Shanghai and Beijing.
- Clients are corporates and financial institutions.
- Full range of hedging products (foreign exchange, interest rate derivatives, money market) and investment products.

### Structured Finance

- Strong expertise in structured and project finance: natural resources, infrastructures and power.
- Classic and structured international trade finance: SBLCs, trade and financial guarantees, L/Cs, discounting of receivables, forfeiting.
- Export finance both inbound and outbound transactions.
- Commodities finance: leading position among international trading companies.
- Asset financing: strong presence and structuring capabilities for asset and cash-flow based financing (aviation and shipping).

### Syndication Market

Crédit Agricole CIB has been one of the most active foreign banks in China for several years for arranging and distributing syndicated loans in RMB.

## Human Resources

As at the end of 2018, the Bank had 164 employees. The staff composition by age and education background was as follows:

Category	Detailed distribution	Number of employees	% of total
Age	Below 30	43	26%
	Between 31 and 40	69	42%
	Between 41 and 50	37	23%
	Above 51	15	9%
Educational Background	Holders of a Master's degree and above	68	41%
	Bachelor degree holders	75	46%
	Others	21	13%

The Bank implemented a gender balance by grade up to the general management as shown in the table below:

Grade	Male	Female
Manager and above	14%	15%
From Supervisor to deputy Manager	13%	26%
Below Supervisor	13%	19%

## Mobility

Being part of a large international network, we encourage the national and international mobility as one of the drivers to promote best practices within Crédit Agricole CIB and retain staff. It offers career opportunities to the employees.

## Training

We also attach great importance to training and offered 4,000 hours of training in 2018 in all kinds of topics including banking product knowledge, information technologies, languages, compliance, risk control, law, soft skills etc.

## Compensation Management

As authorized by the Board of Directors, the Compensation & Nomination Committee of the Bank shall be responsible, at the highest level in CACIB (China) Limited, for defining and formulating the remuneration policy and plans of the Bank's Directors and Senior Management Personnel and has power

over all the Bank's branches. Please refer to Corporate Governance (Page 27 of this Annual Report) for the main duties and authorities of the Compensation & Nomination Committee.

The compensation policy of the Bank is designed to compensate the employees competitively, as compared to the market and the environment, while ensuring a strict management of the payroll. The policy relies on an individualized compensation principle that takes into account the level and characteristics of the function performed, the experience and skills of the employees, while making sure that internal equity is observed for functions with equivalent weight in the organization, and that we remain competitive.

The compensation structure is composed of fixed compensation, variable compensation and other benefits.

The fixed compensation represents the compensation for the position held by the employee. Its level is determined by the nature and weight of the position within the organization, the range of responsibilities, the level of experience and the missions inherent to the person's function.

The variable compensation is linked to the Bank's performance and to the individual performance, evaluated based on measurable quantitative and qualitative criteria, specific to each function, in connection with the objectives set for each individual employee. A split between quantitative and qualitative criteria has been implemented. Bases for variable compensation are set taking into account bank's risk profile and all costs including the costs of risk, liquidity and cost of capital. It also takes into account the attention paid by the employees to risk control, compliance issues and fraud prevention.

We implemented a deferred variable compensation for regulated employees which includes the "top management" and "risk takers". At least 40% and up to 60% of the variable compensation is deferred over several years and is not fully vested until performance conditions have been met.

## Corporate Social Responsibilities

In 2018, given its strong commitment to financing the real economy and supporting major projects aimed at sustainably revitalizing the regions, the Group implemented sector policies in its evaluation of the environmental and social consequences of the projects it financed. These new corporate social responsibility policies impose specific analysis and potential exclusion criteria for transactions in sensitive sectors.

Since 2011, our bank has donated a total of 25,000 trees planted by Roots & Shoots in Inner Mongolia in an effort to offset its carbon footprint. In 2018, another 4,000 trees was donated by our bank. The Shanghai Roots & Shoots Million Tree Project which began in 2007 aims to raise community awareness of the Earth's precious environment while focusing on steps individuals can take to lessen their negative impact on the natural world. The project gives individuals and organizations an opportunity to fight global warming by planting oxygen-producing trees in Inner Mongolia, China. It also encompasses true capacity building as the local population is intimately involved with, and benefits from, every step of planting, maintaining and monitoring the trees.

Our sponsorship with "Couleurs de Chine" provide scholarship sponsorship for 8 primary school students and 4 high school students in Miao Autonomous County of Rongshui from 2018/2019 school years, 2019/2020 school years and 2020/2021 school years, with a total sponsorship amount of 80,000 yuan. "Couleurs de Chine" is an NGO with an established reputation. "Couleurs de Chine" has been aiming to grant schooling for young children (mainly girls) from the ethnic minorities of the Great Miao Mountains in China since 1998. In the last 20 years, the objectives of providing schooling for over 12,000 students and financing over 80 schools and dormitories have been successfully achieved.

In order to save energy, reduce pollution and protect the environment, our bank implements various projects in the office:

- Switch off the PC screens and lights during lunch time and after working time;
- Stop using the disposable chopsticks and disposable cups;
- Put special box in the office to collect used batteries;
- Put recycling bins for recycling of waste and food composting;
- Recycling of used toners

Along with the deep values of our Group which began life as a cooperative institution making agricultural loans in 1894, the Bank's various corporate social responsibility policies and projects reflect our solidarity and our commitment to local population and are part of our sustainable development agenda.

# Risk Management

## Overview

In 2018, benefited from industrial upgrading and transformation in the past few years, local government debt, enterprise leverage, industrial deflation and high inventory of real estate have been significantly reduced. China economy structure has been optimized to a certain extent. Growth rate of residents' income declined slightly with consumption structure changing from physical products to services. In 2019, the global and China economy are still facing downward pressure with uncertain outlook. While with the intensification of a series of policies, such as reserve cut, tax reduction and other favorable monetary and fiscal policies, economy is expected to remain stable.

## Governance

From a governance point of view, being an independent function, Risk and Permanent Control Department ("RPC") reported major risk events to the Risk Management Committee, to the Board of Directors and to the Supervisor on a regular basis.

The risk management organization remained the same in China as follows:

- The Risk Management Committee, the Connected Transaction Control Committee and the Internal Audit Committee under the Board of Directors;
- Internal Control Committee ("ICC"), Assets and Liabilities Management Committee ("ALCO"), Compliance Management Committee, IT Steering Committee, Credit Review Committee, Market Risk Committee, New Activities and Products Committee and the New Regulation Committee under the Senior Management; and
- The Head Office supervises and controls all kinds of risks in each branch in China through the centralized and vertical management approach.

All these committees have been held in due time and documented according to the Terms of Reference of each committee.

In line with the Bank's rule and the governance, RPC implemented an independent risk management policy with a functional reporting line to the hierarchy in the Asia-Pacific region of the Parent Bank and to the Board of Directors locally. This rule remained current both at the Parent Bank level and in China.

The risk culture and control mechanism as well as its infrastructure, major risk monitoring system and tools which are deemed critical and essential to the Bank have been optimized and upgraded with strong support from the Parent Bank in order to further enhance the risk management framework.

The Bank's primary risk management objectives are emphasized to maintain the risk parameters within a moderate and acceptable tolerance, to meet

requirements of the regulators, sustainable economic development in China and various needs of its customers, and to control risk cost to a minimal level on the one hand and to maximize return on our Risk Weighted Assets and return on our shareholders equity on the other hand.

## Credit Risk

The Credit Review Committee is the decision-maker of the Bank for all credit risk related matters in China.

A credit risk occurs when counterparty is unable to fulfill its obligations and when the book value of these obligations in the Bank's records is positive. The counterparty may be a bank or non-banking financial institution, an industrial or commercial corporate, a government or government entity, an investment fund or an individual.

The exposure may be a loan, debt security, deed of property, performance exchange contract, guarantee or unused confirmed commitment. The risk associated with these exposures includes the settlement risk inherent in any transaction entailing an exchange of cash or physical goods outside a secure settlement system.

Due to the complexity and dynamics of domestic and overseas environment, Chinese economy had faced challenges throughout the year. In 2018, the quality of our credit portfolios remained stable and maintained at an acceptable level. In other words, credit risk is still controllable to a large extent. As what we did in the past, our Bank reports the quality of credit portfolio to the Board of Directors on regular basis and assists our Parent Bank to conduct the portfolio review once a year. Portfolio review in 2018 was performed in September; no significant credit risk event has been detected. The credit approval is complied with internal procedure and policy and we are in line with the Parent Bank's risk strategy in China.

Counterparty Risk: our credit portfolio is deemed sound mainly thanks to our adequate risk appetite and conservative approach when assessing our counterparty risk and suitability of our products explored in our business activities.

Concentration Risk: our bank has set up a framework to identify, monitor the concentration risk with limit management and alert system. Major risk indicators were followed carefully and timely by using our internal tools and reported to the Management on a regular basis.

Country Risk: country risk always remained as one of the major risks. With reliance of our automatic reporting tool, a daily update report on country risk exposure as of the closing of the previous day has been circulated to relevant departments. If any anomaly, a solution and action plan will be immediately sought.

Industrial/Regional risk: as part of concentration risk, these risk indicators were monitored through our tool and reported on a regular basis. The Bank paid high attention to monitor its risk in the sector with over-capacity or non-compliant environment issue.

In summary, concentration risk, country risk, industrial sector risk, regional risk, currency risks were well under the control and monitored and reported in a timely and regular manner.

Per request of the regulator and based on our internal procedure, the Bank performed two credit portfolio stress testing in H1 and H2 2018 respectively. The two testing results were satisfactory, demonstrating a very strong resilience of our Capital Adequacy Ratio even under an extreme scenario.

## Market Risk

The bank maintained a relevant stable market risk profile in most of time in 2018, although we've seen an increased market risk profile with expanding Global Markets Division ("GMD") activities progressively in the 4<sup>th</sup> quarter. The market risk management will maintain the effective risk management framework and strategy. Market Activities Monitoring team ("MAM") will further enhance the monitoring of daily control, so that we can anticipate the new evolution of the market risk in the bank.

Market risk is defined as the risk of a potential loss to which the Bank is exposed through market positions held and resulting from changes in various market parameters and from the independent valuation of results.

For example Credit Agricole (China) is exposed to risk related to:

- Foreign exchange rates: currency risk is the risk of a change in the fair value of a financial instrument due to change in an exchange rate; and
- Interest rates: interest-rate risk is the risk of a change in the fair value of a financial instrument or the future cash flows from a financial instrument due to change in the interest rate.

Our MAM team under RPC monitors and controls market risks via a standardized organization and by using various systems and tools:

- Market Risk Committee meeting which is held on a monthly basis and if necessary on an ad hoc basis. The Committee reports to the Risk Management Committee directly;
- Production of daily P&L and risk report of all business and desks within GMD;
- Market risk management involves various indicators at different levels of aggregation which mainly include but not limited to Value at Risk ("VaR"), Sensitivity, P&L Annual & Monthly Loss Alert and FX Position;
- To complement VaR measurements, the Bank applies backtesting and stress scenarios to its market activities in order to simulate potential impact of extreme market turbulence on its book values; and

- The risk limits are reviewed, adjusted and approved or ratified by the Parent Bank and by the Board of Directors at least once a year or if necessary on an ad hoc basis taking into account commercial strategy, economic and market evolution and their impact on market risk.

## Operational Risk

The Board of Directors and the Senior Management of the Bank have been effectively responsible for the supervision and control of operational risk management. The Risk Management Committee reports periodically to the Board all kinds of risks including operational risk management. The Senior Management has been actively involved in the operational risk management and effectively guided Permanent Control Officer (“PCO”) in routines.

In 2018, PCO organized ICC and Permanent Control Committee timely to report all operational risk related matters to senior management. So that senior management has a comprehensive understanding of the bank’s operational risk management.

Regulator inspections and sample checks were conducted by PCO independently to ensure the effectiveness of relevant processes/systems’ controls, including block leave control, GMD staff access control to dealing room/ Windows Session, AD account control for revoked people, Beijing and Tianjin branches spot check, PBOC credit information inquire inspection, data quality of Regulatory reports, Business Continuity Planning vendor onsite inspection and etc. All inspection results were reported in ICC. No significant issue was found in 2018.

Based on internal and Parent Bank’s requirements, a review and assessment on all outsourcing activities have been conducted yearly. Outsourced activity managers implement continuous quality monitoring of outsourced activities: monitor services provided by vendors and perform annual review of outsourcing activity as well as relevant contracts, information security and potential risks associated with. The risk assessment results reported to ICC and the final annual report already submitted to CBIRC after approval by Board.

In 2018, the annual exercise of operational risk mapping was launched and implemented in the fourth quarter which was involved all business lines and support functions. The final mapping results reported to the ICC, so that the senior management is able to know the whole picture of local risk concerns and validate the corresponding internal controls.

## Liquidity Risk

Liquidity risk is the risk of insolvency when a company is unable to meet its financial commitments in a timely fashion when they become due or cannot timely liquidate its asset at fair price.

The commitments include principal and interest payment obligations to depositors and fund suppliers as well as commitments in respect of loans and investments.

## **Policy and Objectives**

ALCO of CACIB (China) is responsible for setting the bank's short-term and medium-long-term liquidity risk management policies.

## **Liquidity Management**

### **Medium-Long-Term Liquidity Management**

The medium-long-term liquidity management is centralized in ALCO. The committee defines internal fund transfer pricing policies, rules and procedures on both an overall basis for major currencies and on specific basis for local currency. It analyzes the medium-long-term funding needs of the bank and authorizes implementation of funding activities.

Medium-long-term liquidity risk is measured by liquidity gap in time buckets 1-year to 5-year, representing the duration mismatch of assets and liabilities.

### **Short-Term Liquidity Management**

Short-term liquidity is managed by Treasury. Treasury renews short-term financing and manages portfolio of liquid assets. 7-day and 30-day cash flow gap, calculated and monitored by Treasury and MAM, are two indicators for short-term liquidity risk.

## **Contingency Funding Plan and Liquidity Ratios**

Contingency Funding Plan (CFP) has been established as planned responses to liquidity deterioration based on CBIRC liquidity guideline and group liquidity management policy. Testing of three liquidity stress scenarios (global/stress pilote, systemic and idiosyncratic) is performed on daily basis and presented in daily Early Warning Indicator (EWI) report to management. Three levels of action plan have been predetermined in cases of funding shortfall.

CACIB (China) closely monitors regulatory liquidity ratios:

- Daily liquidity ratio was properly controlled above 25% during 2018.
- The average loan-to-deposit ratio was 65.43% during December 2018.
- High quality liquidity asset adequacy ratio ("HQLAAR") evaluates whether banks have sufficient high quality assets to cover short term liquidity gaps under stress, the minimum requirement:  $\geq 80\%$  by the end of 2018 and  $\geq 100\%$  by the end of June 2019. As of December 31<sup>st</sup>, 2018, CACIB China's HQLAAR reached 116.26%.
- Liquidity matching ratio ("LMR") will be compulsory ratio effective from January 1<sup>st</sup>, 2020 with minimum requirement  $\geq 100\%$ . As of December 31<sup>st</sup>, 2018, CACIB China's LMR reached 91.04%. CACIB China will optimize

the structure of balance sheet to achieve the regulatory requirement on LMR in 2019.

## Legal Risk

The legal function contributes to ensuring that the Bank's business activities and operations comply with the applicable laws and regulations. It performs permanent controls on legal risks arising from the Bank's activities, services and transactions, along with the operational risks generated by the legal function itself. It also performs legal consultations to business lines, involvement in legal negotiation of transactions, legal watch operations, staff training, standard contract modeling, legal policies and procedure issuing, the collaboration to decision-making bodies and procedures as required by the Bank's governance rules. The legal function systematically takes part in the process of the approving new products and activities and in major lending decisions.

In 2018, the system of permanent controls and control of legal risks continued to be strengthened.

As of this date, to the Bank's knowledge, there are no government, legal or arbitration proceedings that are liable to produce, or that have recently produced, a material impact on the financial conditions or profitability of the Bank.

As of December 31<sup>st</sup>, 2018, any legal risks that could have a negative impact on the Bank assets were covered by adequate provisions based on the information available to general management.

## Compliance Risk

Compliance risk is the risk of failing to comply with banking or financial regulations, internal policies and procedures or rules of conduct which may lead to criminal penalties, penalties assessed by the regulatory authorities, disputes with customers and, more broadly, reputational damage.

### **Management of compliance risks**

Compliance business line oversees compliance with policies and regulations applicable to the Bank's activities. The Compliance function aims at strengthening the confidence of stakeholders involved (customers, employees, investors, regulators, suppliers) in respect of these rules and their implementation.

Compliance also ensures that the systems in place for preventing these risks are efficient by:

- translating policies and regulations into procedures;
- training staff in compliance matters;
- providing opinions on transactions referred to it; and
- Assessing and ensuring that the compliance system operates correctly.

Compliance has two main missions:

- Protect the Bank against any external actions potentially harmful or unlawful: fight against fraud and corruption, but also prevention of money laundering, fight against terrorism financing, obligations in the fields of assets freeze and embargoes, etc.
- Protect the Bank's reputation towards the markets as well as its customers' interests against violations of external rules and regulations, internal ethical standards and failures to meet professional obligations to which the Bank and its employees are submitted (insider dealing, price manipulation, propagation of false information, conflict of interest, failure to advise, etc.) but also against internal or joint fraud and internal corruption.

# Corporate Information

## Shareholder

Crédit Agricole Corporate and Investment Bank

## Registered Name

In Chinese: 东方汇理银行（中国）有限公司

In English: Credit Agricole Corporate and Investment Bank (China) Limited

## Registered Address

Unit 1201, 1202, 1206 - 1209, 1212, 1213, 12<sup>th</sup> Floor, Office Tower 2, Plaza 66,  
1266 West Nanjing Road, Jing'an District, Shanghai 200040, PRC

Telephone: 86 21 38566888

Facsimile: 86 21 38566922

SWIFT – CRLYCNSH

Website: <http://www.CACIB.com.cn>

## Registration Date

July 1<sup>st</sup>, 2009

## Authority of Registration

Shanghai Administration of Industry and Commerce

## Unified Social Credit Code

91310000691565587J

## Financial Institution License Serial Number

B1022H131000001

## Registered Capital

Renminbi 3,196,000,000 (The latest registered capital of the Bank is Renminbi 4,796,000,000, with Renminbi 1,600,000,000 injected on January 31<sup>st</sup>, 2019.)

## Legal Representative

Philippe PELLEGRIN

## Auditor

Ernst & Young Hua Ming LLP

Address: 50/F, Shanghai World Financial Center, 100 Century Avenue,  
Pudong New Area, 200120 Shanghai, China

## Important Events of the Year

1. In 2018, China Chengxin International Credit Rating Co., Ltd. (“CCXI”) has conducted a comprehensive review on the credit profile of the Bank. The outcome reached by CCXI’s Credit Rating Committee on July 6<sup>th</sup>, 2018 was to assign **AAA** to the Bank under local scale, with a rating outlook of **stable**.
2. To align with the Bank’s strategy and development plan, the Bank submitted an application of increasing its capital by Renminbi 1,600,000,000 to CBIRC in 2018. Upon the approval from CBIRC, the Bank completed its capital increase from Renminbi 3,196,000,000 to Renminbi 4,796,000,000 on January 31<sup>st</sup>, 2019.

# Directors, Supervisor and Senior Management

## 1. Composition

<b>Supervisor</b>
LECHAUDEL, Eric

<b>Board of Directors</b>	
ROY, Michel	Chairman, Non-executive Director
PELLEGRIN, Philippe	Vice-Chairman, Executive Director, President
TCHOURBASSOFF, André	Executive Director, Vice-President
HONG, Didier	Executive Director, Head of Shanghai Branch
MARTIN, François	Non-executive Director
BALAÏ, Jean- François	Non-executive Director
BOLESLAWSKI, Alexandra	Non-executive Director
GIROLAMI, Isabelle	Non-executive Director
BÉLORGEY, Olivier	Non-executive Director
WU, Zhi Ge	Independent Non-executive Director

<b>Senior Management</b>	
PELLEGRIN, Philippe	President (Legal Representative)
TCHOURBASSOFF, André	Vice-President
LEE, Helen	Chief Risk Officer
LI, Lan	Chief Financial Officer
FU, Di	Head of Compliance
SUN, Vanessa	Head of Internal Audit
YIP, Martin	Chief Information Officer
LING, Maggie	Secretary to the Board of Directors
HONG, Didier	Head of Shanghai Branch
YUAN, Arthur	Head of Beijing Branch
PAN, Frank	Head of Guangzhou Branch
LI, Davy	Head of Tianjin Branch
HSIEH, Henry	Head of Xiamen Branch

## 2. Working Experience and Other Positions held by Directors and Supervisor

### a. Directors

	<b>Education:</b>
	Michel Roy has a Doctor Degree in Oriental Studies, from University of Paris III, Master Degree in Chinese Language, from University of Paris III and a Master in Economic, from University of Paris III.
<b>ROY, Michel</b>	<b>Professional experience:</b>
	Michel Roy is Senior Regional Officer for Asia-Pacific since 2016. He was SCO in Japan from 2011 to 2016. He has been successively SCO in India from 2008 to 2011, SCO in Korea from 2005 to 2008, SCO in Taiwan from 2004 to 2005 and Country Manager in Taiwan from 2000 to 2004. Previously, at Crédit Lyonnais, he has been Head of multinational group Asia in Hong Kong from 1997 to 2000 and Assistant General Manager, Head of Corporate Banking from 1992 to 1997. At Crédit du Nord, he was Senior Manager, Head of Corporate Banking department in Singapour from 1991 to 1992, Chief Representative for Indonesia in Jakarta from 1987 to 1991 and in International division in Paris from 1983 to 1987. Michel Roy was appointed Chairman of CACIB (China) in June 2016.

	<b>Education:</b>
	Philippe Pellegrin holds a Master Degree in Applied Economics (Abidjan University).
<b>PELLEGRIN, Philippe</b>	<b>Professional experience:</b>
	After 3 years in the hotel industry (PLM/Rotschild group) and in Import Export Trade, Philippe Pellegrin joined Banque Indosuez in 1979 where he held various operational and managerial positions in Asia, the Middle-East, Africa and Europe. He was appointed Senior Country Officer for South Africa in 2002, and appointed Senior Country Officer for Taiwan in 2005. Philippe Pellegrin became Senior Country Officer for Italy in December 2009. Philippe Pellegrin was appointed Executive Director of CACIB (China) in June 2014 and has been the President of CACIB (China) since August 2014. He was appointed Vice Chairman in March 2018.



**TCHOURBASSOFF,**  
**André**

**Education:**

André Tchoubassoff is a graduate from GEM/ESCG, Grenoble Business School in France, and holds a Master Degree in Business Administration from Laval University in Canada.

**Professional experience:**

André Tchoubassoff started with Crédit Lyonnais as a corporate relationship manager in 1992. He held various finance functions in HO Finance and Structured Finance with Crédit Lyonnais from 1996 to 2001. He was appointed Chief Financial Officer of Calyon Russia in 2002. In 2006, he became the ISIS project manager of Calyon Spain. From 2007 to 2010, he was the Chief Operating Officer of CACIB in Hungary, and in 2011, he was appointed Chief Operating Officer of CACIB in the Gulf (UAE branches, Rep. Offices Libya and Bahrain).

André Tchoubassoff was appointed Executive Director, Vice-President and Chief Operating Officer of CACIB (China) in December 2014.



**HONG,**  
**Didier**

**Education:**

Didier Hong obtained the European Master Degree in Management (Major in Finance) from Institut Supérieur de Gestion, Paris in 1996.

**Professional experience:**

Didier Hong started his career as a Marketing Officer of China Division-Corporate Banking of Crédit Agricole Indosuez, Hong Kong in 1996. From March 1999 to July 2004, he was the Vice President of French & HK Desk – Corporate Banking of Crédit Agricole Indosuez, Shanghai Branch. From August 2004 to August 2009, he was the Managing Director and Head of Coverage East China of Calyon Shanghai Branch. Since August 2009, he has been the Shanghai Branch Manager of CACIB (China). He was appointed Head of Coverage China in September 2013.

Didier Hong was appointed Executive Director of CACIB (China) in July 2013.



**MARTIN,**  
**François**

**Education:**

François Martin is a graduate from the French Business School ESSCA Angers.

**Professional experience:**

François Martin is the Senior Country Officer for Hong-Kong since August 2016 and has been also appointed as Head of Structured Finance Asia from November 2016.

François joined Credit Agricole Group in 1986 and gained international Corporate and Investment Banking experience in Paris, New York, Warsaw and Hong Kong. His areas of expertise span Client Coverage, Structured Finance and Investment Banking. Prior to his current assignment, he was Global Head of Crédit Agricole CIB's Oil & Gas Sector from 2012 to 2016. In this role, he oversaw all Oil & Gas activities of Crédit Agricole CIB worldwide. He was also in charge of Oil & Gas Project Finance, Reserve-Based Lending and US-based A&D Advisory teams.

François Martin was appointed Non-executive Director of CACIB (China) in January 2014.



**BALAÿ,**  
**Jean-François**

**Education:**

Jean-François Balaÿ studied at Lumière Lyon II University where he obtained a DESS degree in Banking and Finance and a master's degree in Economics

**Professional experience:**

Jean-François Balaÿ has been appointed Deputy General Manager since July 11<sup>th</sup>, 2018.

Jean-François Balaÿ began his career at Crédit Lyonnais (which became LCL) in 1989 where he held several management positions within Corporate Markets division in London, Paris and Asia. From 2001 to 2006, he was responsible for Origination and Structuring for Europe within Loan Syndication at LCL then Calyon (which became Crédit Agricole CIB).

In 2006, he became Deputy Head of the EMEA team before becoming in 2009 Head of Global Loan Syndication Group. In 2012, he was appointed Head of Debt Optimisation & Distribution.

In April 2016, Jean-François Balaÿ was appointed Head of RPC. Jean-François Balaÿ was appointed Non-executive Director of CACIB (China) in December 2015.



**BOLESLAWSKI,**  
**Alexandra**

**Education:**

Alexandra is a graduate of the Paris Hautes Etudes Commerciales (HEC).

**Professional experience:**

Alexandra Boleslawski is Head of Risk and Permanent Control since July 11<sup>th</sup>, 2018.

Alexandra started her career with Banque Indosuez in 1986 and since then accumulated over 20 years of banking experience in the asset based finance business including project finance and management of equity investments. As Global Head of the Power sector for the Bank since 2000, she has been actively involved in its development to position the Bank in the very top first players of the power project financing market. In 2010, she became Deputy Head of Natural Resources, Infrastructure and Power (NIP). From the end of 2012 to February 2015, she was heading the SFI Power, Utilities and Mining sectors. In March 2015, Alexandra is appointed Deputy Head of CIN. In September 2017, Alexandra is appointed Head of Global Coverage Organisation (GCO).

Alexandra Boleslawski was appointed Non-executive Director of CACIB (China) in December 2016.



**GIROLAMI,**  
**Isabelle**

**Education:**

Isabelle graduated from Ecole des Hautes Etudes Commerciales in Paris with a major in international law and finance.

**Professional experience:**

Isabelle Girolami has been appointed Deputy General Manager since July 11<sup>th</sup>, 2018.

Isabelle Girolami has an extensive experience in Europe and Asia. She started her career in banking in 1995 at BNP Paribas where she became Chief Operating Officer for Global Fixed Income. She then moved to Bear Stearns in 2000 as Chief of Staff for Europe and COO for Fixed Income Europe and Asia. She joined Standard Chartered in 2008 as Head of Global Markets Europe and Co-Head wholesale banking Europe and in 2011 was appointed Head Global Markets ASEAN (2011 to 2015). Isabelle Girolami became Head of Global Markets Division from September 2015 to July 2018.

Isabelle Girolami was appointed Non-executive Director of CACIB (China) in August 2017.



**BÉLORGEY,**  
**Olivier**

**Education:**

Olivier BÉlorgey is a graduate of Ecole Polytechnique and holds a postgraduate degree in condensed matter physics as well as a PhD in science.

**Professional experience:**

Olivier BÉlorgey is appointed Finance Director, effective September 1<sup>st</sup>, 2017. He will temporarily continue to supervise the Group's treasury and medium and long term funding.

He started his career in capital markets at Crédit Lyonnais in 1991. After developing pricing models, he became Head of Options Trading on the French bond market. In 1995 he joined the Finance division's ALM unit, where he was in charge of interest rate risk. In 1999 he joined the retail banking network as Head of Individuals and Professionals in Asnières, before being appointed to the Human Resources division as Head of HR policy in 2001. When Calyon was formed in 2004, he became Head of Management Control. In 2007 he was made Head of ALM at Crédit Agricole Corporate and Investment Bank and in 2009 his responsibilities were extended to include credit portfolio management. In 2011, Olivier BÉlorgey was appointed Head of Financial Management (FIN).

Olivier BÉlorgey was appointed Non-executive Director of CACIB (China) in September 2018.



**WU,**  
**Zhi ge**

**Education:**

Mr. WU is a graduate from Beijing Foreign Studies University and holds a Master Degree in Business Administration from Ross School of Business, University of Michigan.

**Professional Experience:**

Mr. WU worked for ING BANK N.V. from 2011 to 2016, as Managing Director and Head of Corporate Finance, Greater China. He was accountable for greater China cross-border M&A strategies, executions, annual budgets and staff management. His main deals included advising State Power Investment Corp. to acquire Australian wind farm operator Taralga, advising JP Morgan Infrastructure fund to sell Goldtrust, advising Bright Foods on its acquisition of the leading Italian olive oil company Salov, etc. Prior to that, Mr. WU was the Founder and Managing Partner at China Link Capital. Previously he also worked for Lazard Asia, BOCI Asia Ltd, etc.

Mr. WU was appointed Independent Non-executive Director of CACIB (China) in December 2017.

## b. Supervisor



**LECHAUDEL,  
Eric**

### **Education:**

Eric Lechaudel holds an Engineer Degree from INSA Lyon.

### **Professional experience:**

Eric Lechaudel is Head of Operations & Country COOs.

He worked at the Organization Department of Crédit Lyonnais Indonesia from 1993 to 1995. He was the project manager then team leader for Project Management from 1995 to 2002; the Deputy Head of international project management team from 2003 to 2004; the Head of international project management team – ISIS project director from 2004 to 2007. He was the COO of Crédit Agricole CIB Japan from 2008 to 2009, then the COO and Asia COO coordinator of Crédit Agricole CIB Hong Kong from 2010 to 2013. On April 2nd, 2013, he was appointed Head of Corporate Support International & International COO of Crédit Agricole CIB. He is now, since May 18th 2016, Global Head of Operations & Country COOs (OPC) of Credit Agricole CIB.

Eric Lechaudel was appointed Supervisor of CACIB (China) in May 2013.

## Corporate Governance

Corporate governance is the basic structure on which companies are built. Good corporate governance is essential for maintaining and enhancing its Shareholder's value and other stakeholders' confidence, and it is the only viable way of ensuring the Bank's sustainable development.

Since the Bank's incorporation in June 2009, in strict accordance with the relevant laws and regulations of PRC, as well as those rules and regulations stipulated by the regulatory authorities in regard to the corporate governance of commercial banks, the Bank has been dedicated to enhancing its corporate governance mechanism, and strived to follow the best corporate governance practice. Key corporate governance mechanisms were established to ensure independent operation of decision-making bodies, clear segregation of duties, and effective checks and balances for supervisory and management bodies. The overall status of the Bank's corporate governance structure is satisfactory.

The Board of Directors, Directors, the Supervisor, Specialized Committees under the Board of Directors and Senior Management of the Bank all diligently performed their respective duties and responsibilities in a professional and efficient manner according to applicable statutory and regulatory provisions as well as the Articles of Association of the Bank. Achievements were made to ensure the smooth operation and sustainable growth of the Bank.

### The Board of Directors and Directors

The Board and Directors has been diligently performing their respective authorized duties and supervisory responsibilities, formulating business strategies in accordance with the development of the Bank's business and ensuring that the Bank's development is on the right track.

In 2018, the Board of Directors held four ordinary meetings, on March 22<sup>nd</sup>, June 28<sup>th</sup>, September 13<sup>th</sup> and December 18<sup>th</sup> respectively and, in addition, circulated six resolutions in writing to review and approve various matters, including the business strategy, budget, financial statements, risk management and internal control of the Bank. All meetings were held with required quorum.

In compliance with the Articles of Association, the Bank's Directors are appointed by the Shareholder, with a term of office of three (3) years starting from the date when the Bank receives the post-taking qualification approval from CBIRC. A Director, at the expiry of the term of office, may serve consecutive terms by reappointment.

Mr. LIN Yi Xiang, the Independent Non-Executive Director, tendered his resignation after the expiry of his term of office on December 22<sup>nd</sup>, 2018.

The Shareholder appointed Mr. Olivier BÉLORGEY as a Non-Executive Director, and the post-taking qualification of Mr. BÉLORGEY as a Non-Executive Director was approved by CBIRC on September 7<sup>th</sup>, 2018.

## Shareholder's Meeting

Not applicable

## Specialized Committees under the Board of Directors

In 2018, the Specialized Committees under the Board fully discharged their duties in accordance with their respective Terms of References and the authorization of the Board. The Specialized Committees regularly convened meetings and reported to the Board, playing an important role in the meticulous and effective decision-making of the Board.

The frequency, quorum, contents of all the meetings of the Specialized Committees were in accordance with respective Terms of Reference of Committee.

### ***Internal Audit Committee***

This committee's main duties and authorities are listed here-below:

- to supervise the implementation of internal audit policies and procedures
- to evaluate the Bank's internal control system and advise on improvement plans
- to advise on the selection of external auditor and/or consultancy agency(s) for evaluating the effectiveness of the risk management and internal control system of the Bank
- to implement measures highlighted by the Board, the Supervisor, external auditor, and regulators
- to establish communication channels between the external auditor, the Internal Audit Department and the Board
- to review the Bank's policies for accounting treatment
- to review the Bank's financial information and its disclosure

### ***Risk Management Committee***

This committee's main duties and authorities are listed here-below:

- to review the Bank's risk management structure
- to review the Bank's risk management objectives and strategy
- to review and coordinate the establishment of limits of main risk indicators
- to evaluate the Bank's risk limits on a periodic basis
- to supervise and guide the risk identification, measurement and monitoring
- to ensure that the Bank has established an effective risk analysis and reporting mechanism

### ***Connected Transaction Control Committee***

This committee's main duties and authorities are listed here-below:

- to review the Bank's connected parties and report the list to the Board
- to review and approve normal connected transactions within its authority level
- to review and comment on significant connected transactions and submit them to the Board for approval
- to supervise the Bank's Directors and Senior Management in the effectiveness and efficiency of implementing the connected transactions management policies and procedures, and submit a Connected Transactions Management Report to the Board on an annual basis
- to review and comment on the information to be disclosed or to be reported to the regulatory authorities in relation to the Bank's connected parties and connected transactions

### ***Compensation & Nomination Committee***

This committee's main duties and authorities are listed here-below:

- to formulate and review the Bank's policies and procedures related to compensation & nomination and benefits for Directors and the Senior Management Personnel
- to review annually the structure and competitiveness of the Bank's compensation programs applicable to the Directors and the Senior Management Personnel and submit for approval by the Board any new plans, and amendments to any existing plans
- to formulate performance evaluation measures of the Bank's Directors and the Senior Management Personnel and submitting them to the Board for approval
- to assist the Supervisor to periodically review and assess the performance of the Directors and the Senior Management Personnel, seeking input from individual members of the Board and the Senior Management Personnel
- to formulate and review the compensation and other terms of employment of the Bank's President and Directors (if applicable) and submitting them to the Board for approval

## **Independent Non-Executive Director**

Members of the Board of Directors include two (2) Independent Non-Executive Directors, Mr. LIN Yi Xiang and Mr. WU Zhi Ge. Mr. LIN tendered his resignation after the expiry of his term of office on December 22<sup>nd</sup>, 2018. It is in compliance with the requirement of a quorum specified in the Bank's Articles of Association.

Mr. WU serves as permanent member of four (4) specialized committees under the Board of Directors, namely the Internal Audit Committee, the Connected Transaction Control Committee, the Risk Management Committee and the Compensation and Nomination Committee. With Mr. LIN's resignation, Mr. WU serves as the chairman of the Internal Audit Committee and the Connected Transaction Control Committee.

The post-taking qualification of the Bank's Independent Non-executive Director is fully complied with requirements set forth in *Guidelines on Strengthening the Corporate Governance of Foreign-funded Corporate Banks* issued by CBIRC. Moreover, as required by CBIRC, the Bank has received written confirmation from its Independent Non-executive Director with regard to his independence.

Based on these confirmations and relevant information in its possession, the Bank confirms the independent status of Mr. LIN and Mr. WU, the Independent Non-executive Directors of the Bank.

In 2018, Mr. LIN attended 4 meetings of the Board, 4 meetings of the Internal Audit Committee, 4 meetings of the Connected Transaction Control Committee and 4 meetings of the Risk Management Committee. Mr. WU attended 4 meetings of the Board, 4 meetings of the Internal Audit Committee, 4 meetings of the Connected Transaction Control Committee and 1 meeting of the Compensation and Nomination Committee. With extensive professional knowledge and practical experience, they fully discharged their duties and responsibilities through expressing objective and impartial opinions as well as providing valuable and constructive suggestions to the Bank.

## **Different Opinions Raised by the Independent Non-Executive Director on Relevant Matters of the Bank**

No different opinions were raised by the Independent Non-executive Director on the resolutions of the Board of Directors and the specialized committees under the Board of Directors of the Bank in 2018.

## **Supervisor**

The Supervisor inspects and supervises the business operations and financial activities of the Bank, oversees the conduct of Directors and Senior Management Personnel in carrying out their duties, and reviews various documents submitted by the Bank. On a yearly basis, the Supervisor oversees the performance assessment of the Board of Directors and its individual Directors.

In compliance with the Articles of Association, the Bank's Supervisor is appointed by the Shareholder, with a term of office of three (3) years. The Supervisor, at the expiry of the term of office, may serve consecutive terms by re-appointment.

In 2018, the Supervisor was in attendance of 4 of the Board meetings.

## **Senior Management**

In accordance with the Articles of Association and subsequent Board of Directors' resolution, the chief authority to manage the day to day operations of the Bank has been delegated to the President, which in turn is assisted in the exercise of his authorities by the Vice-President and other Senior Management Personnel.

## **Responsibility Statement of Directors on Financial Reports**

The following statement, which should be read in conjunction with the auditors' statement of auditor's responsibilities set out in the Independent Auditor's Report, is made with a view to distinguishing for the Shareholder the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The financial statements for the year ending on December 31<sup>st</sup>, 2018 truthfully and fairly present the financial position and operating results of the Bank.

## **Appointment or Termination of External Auditors**

The Internal Audit Committee of the Bank shall advise the Board of Directors on the selection of external auditors. The ultimate responsibility to engage, renew the engagement or dismiss the External Auditor lies within the Bank's Board of Directors.

In June 2018, the Board of Directors resolved to re-appoint Ernst & Young Hua Ming LLP ("Ernst & Young") as the Bank's Public Accountants for the year 2018.

The Chairman and the President were authorized to make any necessary or reasonable arrangement relating to such engagement, including negotiating and determining the fees of such auditors in accordance with market practice.

Ernst & Young was not engaged in significant non-auditing services with the Bank.

# Independent Auditor's Report

**CREDIT AGRICOLE CIB (CHINA) LIMITED**

**Audited Financial Statements**

**31 December 2018**

**Important Notice**

The attached financial statements have been translated from the statutory financial statements prepared in accordance with Chinese accounting standard for business enterprises established in the People's Republic of China. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Index

	<b>Page</b>
Part One AUDITORS'REPORT	35 – 37
Part Two AUDITED FINANCIAL STATEMENTS	
1. Balance Sheet	38 – 39
2. Income Statement	40
3. Statement of Changes in Equity	41 – 42
4. Statement of Cash Flows	43 – 44
5. Notes to Financial Statements	45 – 123

## Auditors' Report

Ernst & Young Hua Ming (2019) Shen Zi No 61114184\_Bo1  
CREDIT AGRICOLE CIB (China) Limited

To the Board of Directors of CREDIT AGRICOLE CIB (China) Limited,

### **(I) Opinion**

We have audited the financial statements of CREDIT AGRICOLE CIB (China) Limited (hereinafter referred to as "the Bank"), which comprise the balance sheets as at 31 December 2018, the income statements, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the bank's financial position as at 31 December 2018 and the bank's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

### **(II) Basis for Opinion**

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Bank in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **(III) Responsibilities of the management and those charged with governance for the financial statements**

The management of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Bank'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 the management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

## **Auditors' Report (continued)**

Ernst & Young Hua Ming (2019) Shen Zi No 61114184\_B01  
CREDIT AGRICOLE CIB (China) Limited

### **(IV) Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain 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 internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

**Auditors' Report (continued)**

Ernst & Young Hua Ming (2019) Shen Zi No 61114184\_B01  
CREDIT AGRICOLE CIB (China) Limited

***(IV) Auditor's responsibilities for the audit of the financial statements (continued)***

- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Hua Ming LLP,  
Shanghai Branch

Yan, Shengwei

Chinese Certified Public Accountant

Shanghai, the People's Republic of China

Wang, Wenyan

Chinese Certified Public Accountant

【】 2019

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**BALANCE SHEET**  
**31 December 2018**  
(Unless otherwise stated, expressed in Renminbi Yuan)

<b>ASSETS:</b>	<b>Note 5</b>	<b><u>2018-12-31</u></b>	<b><u>2017-12-31</u></b>
Cash and due from the central bank	1	1,653,936,759	1,530,536,422
Due from banks and other financial institutions	2	215,580,235	1,251,690,235
Placements with banks and other financial institutions	3	2,622,285,234	2,047,428,463
Financial assets at fair value through profit or loss	4	268,479,730	10,187,255
Derivative financial assets	5	1,963,143,744	2,528,830,970
Interest receivables	6	70,469,293	37,584,052
Loans and advances to customers	7	4,610,610,471	4,209,290,464
Available-for-sale financial assets	8	-	985,873,200
Held-to-maturity investment	9	1,200,467,867	-
Account receivables investments	10	1,174,168,000	227,780,000
Fixed assets	11	3,979,623	3,833,358
Intangible assets	12	969,310	2,231,092
Deferred tax assets	13	66,172,531	36,159,115
Other assets	14	<u>72,510,416</u>	<u>29,084,759</u>
<b>TOTAL ASSETS</b>		<b><u><u>13,922,773,213</u></u></b>	<b><u><u>12,900,509,385</u></u></b>

*The notes on pages 45 to 123 form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**BALANCE SHEET (continued)**  
**31 December 2018**  
(Unless otherwise stated, expressed in Renminbi Yuan)

<b><u>LIABILITIES:</u></b>	<b><u>Note 5</u></b>	<b><u>2018-12-31</u></b>	<b><u>2017-12-31</u></b>
Due to banks and other financial institutions	16	39,699	977,555,209
Placements from banks and other financial institutions	17	1,211,792,000	662,621,360
Derivative financial liabilities	5	2,072,906,715	2,471,595,873
Customer deposits	18	6,672,707,907	4,886,733,012
Payroll payables	19	42,309,008	36,931,090
Tax payables	20	53,973,184	29,615,572
Interest payables	21	8,178,006	42,164,237
Other liabilities	22	<u>195,463,875</u>	<u>177,108,477</u>
<b>TOTAL LIABILITIES</b>		<b><u><u>10,257,370,394</u></u></b>	<b><u><u>9,284,324,830</u></u></b>
<b><u>SHAREHOLDERS' EQUITY:</u></b>			
Paid-in capital	23	3,196,000,000	3,196,000,000
Capital reserve		2,881,771	2,881,771
Other comprehensive income	24	-	(383,643)
Surplus reserve	25	106,183,648	101,300,186
General reserve	26	189,076,846	189,076,846
Retained earnings	27	<u>171,260,554</u>	<u>127,309,395</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u><u>3,665,402,819</u></u></b>	<b><u><u>3,616,184,555</u></u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u><u>13,922,773,213</u></u></b>	<b><u><u>12,900,509,385</u></u></b>

*The notes on pages 45 to 123 form an integral part of these financial statements.*

The financial statements from page 38 to 123 have been signed by:

President

Vice President

Chief Financial Officer

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

	<u>Note 5</u>	<u>Year 2018</u>	<u>Year 2017</u>
<b>OPERATING INCOME</b>			
Interest income	28	370,727,673	341,273,443
Interest expense	28	<u>(122,933,932)</u>	<u>(99,319,476)</u>
Net interest income		247,793,741	241,953,967
Fee and commission income	29	97,835,593	85,937,654
Fee and commission expense	29	<u>(31,921,998)</u>	<u>(27,925,721)</u>
Net Fee and commission income		65,913,595	58,011,933
Investment income	30	(4,306,983)	(23,867,816)
Loss from changes in fair value	31	(117,961,934)	(34,776,494)
Foreign exchange loss		110,562,593	(3,530,700)
Other gain	32	<u>-</u>	<u>347,928</u>
<b>TOTAL OPERATING INCOME</b>		<u>302,001,012</u>	<u>238,138,818</u>
<b>OPERATING EXPENSE</b>			
Tax and surcharges	33	(2,334,463)	(2,251,091)
General and administrative expense	34	(224,174,106)	(198,660,553)
Impairment losses	35	(9,503,025)	(12,159,688)
Other operating expense	36	<u>(4,252,083)</u>	<u>5,205,894</u>
<b>TOTAL OPERATING EXPENSE</b>		<u>(240,263,677)</u>	<u>(207,865,438)</u>
<b>OPERATING PROFIT</b>		61,737,335	30,273,380
Non-operating income		1,599	-
Non-operating expense		<u>(203,639)</u>	<u>(206,765)</u>
<b>PROFIT BEFORE TAX</b>		61,535,295	30,066,615
Less: Income tax expense	37	<u>(12,700,674)</u>	<u>(4,811,861)</u>
<b>NET PROFIT</b>		<u>48,834,621</u>	<u>25,254,754</u>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>			
Items that may be reclassified to profit or loss-Fair value gain on available-for-sale financial assets	24	<u>383,643</u>	<u>466,445</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>49,218,264</u>	<u>25,721,199</u>

*The notes on pages 45 to 123 form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**Year 2018**  
(Unless otherwise stated, expressed in Renminbi Yuan)

	Paid-in Capital	Capital Reserve	Other Comprehensive Income	Surplus Reserve	General Reserve	Retained Earnings	Total
1. Balance as at 1 January 2018	<u>3,196,000,000</u>	<u>2,881,771</u>	<u>(383,643)</u>	<u>101,300,186</u>	<u>189,076,846</u>	<u>127,309,395</u>	<u>3,616,184,555</u>
2. Movements during the year	-	-	<u>383,643</u>	<u>4,883,462</u>	-	<u>43,951,159</u>	<u>49,218,264</u>
(1) Total comprehensive- income	-	-	383,643	-	-	48,834,621	49,218,264
(2) Profit distribution	-	-	-	4,883,462	-	(4,883,462)	-
1. Appropriation to surplus reserve	-	-	-	4,883,462	-	(4,883,462)	-
2. Appropriation to general reserve	-	-	-	-	-	-	-
3. Distribution to Shareholder	-	-	-	-	-	-	-
3. Balance as at 31 December 2018	<u><u>3,196,000,000</u></u>	<u><u>2,881,771</u></u>	<u><u>-</u></u>	<u><u>106,183,648</u></u>	<u><u>189,076,846</u></u>	<u><u>171,260,554</u></u>	<u><u>3,665,402,819</u></u>

*The notes on pages 45 to 123 form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY(continued)**  
**Year 2017**  
(Unless otherwise stated, expressed in Renminbi Yuan)

	Paid-in Capital	Capital Reserve	Other Comprehensive Income	Surplus Reserve	General Reserve	Retained Earnings	Total
1. Balance as at 1 January 2017	<u>3,196,000,000</u>	<u>2,881,771</u>	<u>(850,088)</u>	<u>98,774,711</u>	<u>189,076,846</u>	<u>104,580,116</u>	<u>3,590,463,356</u>
2. Movements during the year	-	-	466,445	2,525,475	-	22,729,279	25,721,199
(1) Total comprehensive income	-	-	466,445	-	-	25,254,754	25,721,199
(2) Profit distribution	-	-	-	2,525,475	-	(2,525,475)	-
1. Appropriation to surplus reserve	-	-	-	2,525,475	-	(2,525,475)	-
2. Appropriation to general reserve	-	-	-	-	-	-	-
3. Distribution to Shareholder	-	-	-	-	-	-	-
3. Balance as at 31 December 2017	<u>3,196,000,000</u>	<u>2,881,771</u>	<u>(383,643)</u>	<u>101,300,186</u>	<u>189,076,846</u>	<u>127,309,395</u>	<u>3,616,184,555</u>

*The notes on pages 45 to 123 form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**Year 2018**  
**(Unless otherwise stated, expressed in Renminbi Yuan)**

	<u>Note 5</u>	<u>Year 2018</u>	<u>Year 2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net increase in customer deposits and due to banks and other financial institutions		808,459,385	-
Net decrease in due from the central bank		260,494,395	907,322,048
Net decrease in placements with banks and other financial institutions		-	28,435,667
Cash received from interest, service fee and commission		451,402,146	423,859,342
Net increase in placements from banks and other financial institutions		549,170,640	-
Cash received from other operating activities		<u>31,314,801</u>	<u>113,295,276</u>
Sub-total of cash inflows from operating activities		<u>2,100,841,367</u>	<u>1,472,912,333</u>
Net decrease in customer deposits and due to banks and other financial institutions		-	1,699,383,963
Net increase in due from banks and other financial institutions		517,824	36,240,541
Net increase in loans and advances to customers		411,600,304	382,775,106
Net decrease in placements from banks and other financial institutions		-	662,596,425
Net increase in placements with banks and other financial institutions		1,006,304,533	-
Payments made for interest, service fee and commission		177,230,482	129,477,584
Cash paid to and on behalf of employees		109,452,946	108,468,237
Cash paid for all types of taxes		21,597,439	3,742,161
Cash paid for other operating activities		<u>101,290,819</u>	<u>58,249,637</u>
Sub-total of cash outflows from operating activities		<u>1,827,994,347</u>	<u>3,080,933,654</u>
Net cash flows from operating activities	38	<u>272,847,020</u>	<u>(1,608,021,321)</u>

*The notes on pages 45 to 123 form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**STATEMENT OF CASH FLOWS (continued)**  
**Year 2018**  
**(Unless otherwise stated, expressed in Renminbi Yuan)**

	<u>Note 5</u>	<u>Year 2018</u>	<u>Year 2017</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from maturity of investments	<u>694,875,322</u>	<u>1,000,091,019</u>	
Sub-total of cash inflows from investing activities	<u>694,875,322</u>	<u>1,000,091,019</u>	
Cash paid for purchase of fixed assets, intangible assets and other long term assets	3,493,950	2,367,191	
Cash paid for investment	<u>2,443,389,855</u>	<u>745,847,714</u>	
Sub-total of cash outflows from investing activities	<u>2,446,883,805</u>	<u>748,214,905</u>	
Net cash flows from investing activities	<u>(1,752,008,483)</u>	<u>251,876,114</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Sub-total of cash inflows from financing activities	<u>-</u>	<u>-</u>	
Subtotal of cash outflows from financing activities	<u>-</u>	<u>-</u>	
Net cash flows from financing activities	<u>-</u>	<u>-</u>	
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>37,123,098</u>	<u>(72,136,723)</u>	
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,442,038,365)</u>	<u>(1,428,281,930)</u>	
Add: Cash and cash equivalents at beginning of the year	<u>2,484,304,603</u>	<u>3,912,586,533</u>	
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	39 <u>1,042,266,238</u>	<u>2,484,304,603</u>	

*The notes on pages 45 to 123 form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**1. GENERAL INFORMATION**

CREDIT AGRICOLE CIB (China) Limited (hereinafter referred to as the "CA-CIB (China)" or the "Bank") was established as a wholly-owned subsidiary of CRÉDIT AGRICOLE CIB S.A. ("CA-CIB") in the People's Republic of China.

China Banking Regulatory Commission (hereinafter referred to as the "CBRC") approved the application regarding the restructuring into a wholly foreign-owned subsidiary bank in China on 10 June 2008. CBRC issued "certificate of approval of foreign banks" (Yin Jian Han [2009] No. 126) on June 17, 2009, approving the opening of the Bank. The paid-in capital of the Bank amounted to RMB 3,000,000,000. The bank obtained the license for conducting financial transaction from the CBRC and its business license from State Administration for Industry and Commerce of the People's Republic of China. In accordance with the approval of CBRC, CREDIT AGRICOLE CIB (China) Limited injected a total of RMB 196,000,000 as the paid-in capital to the Bank in 2014. The paid-in capital increased to RMB 3,196,000,000 after the capital injection.

**2. Preparation basis of the financial statements**

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standard and the specific standards, the implementation guidance, interpretations and other relevant provisions issued and revised subsequently by the Ministry of Finance of People's Republic of China (MOF) (collectively referred to as "Accounting Standards for Business Enterprises").

The financial statements have been prepared on a going concern basis.

The Bank's financial statements have been prepared on an accrual basis under the historical cost as the basis of measurement, except for derivative financial instruments, the financial assets and financial liabilities that are measured at fair value with changes recorded in profit and loss, and available-for-sale financial assets. Subsequently, if the assets are impaired, corresponding provisions should be recognized in accordance with relevant standards.

Compliance with the Accounting Standards for Business Enterprises

The financial statements of the Bank have been prepared in accordance with the Accounting Standards for Business Enterprises, and present fairly and fully, the financial position of the Bank as of 31 December 2018 and the results of the operations and the cash flows for the year then ended.

### **3. Significant accounting policies and estimates**

The financial statements of the Bank are prepared in accordance with the following significant accounting policies and estimates regulated by the Accounting Standards for Business Enterprises.

#### **(1) Accounting year**

The accounting year of the Bank is from 1 January to 31 December of each calendar year.

#### **(2) Functional currency**

The Bank's functional currency is Renminbi ("RMB"). These financial statements are presented in RMB and all amounts are stated in RMB, unless otherwise stated.

#### **(3) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits; cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

#### **(4) Foreign currency transactions**

Transactions in foreign currencies are translated into the reporting currency accordingly.

Foreign currency transactions are translated using the exchange rates ruling at the transaction date. Subsequent to initial recognition, monetary assets and liabilities denominated in foreign currencies are translated at the applicable exchange rates ruling at the balance sheet date. Exchange differences arising from the settlement of monetary items or from translation of monetary items at balance sheet date are recognized in the income statement. Non-monetary items measured at historical cost in a foreign currency are translated with the exchange rates ruling at the dates of the initial transactions; Non-monetary items measured at fair value in a foreign currency are translated with the exchange rates when the fair value is determined, and the exchange difference thus resulted is recognized in the income statement or other comprehensive income of the current period.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**3. Significant accounting policies and estimates (continued)**

**(5) Financial instruments**

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognized when the Bank becomes a party to the contractual provisions of the financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- (i) the rights to receive cash flows from the financial assets have expired; or
- (ii) the Bank has transferred its rights to receive cash flows from the assets; or has assumed an obligation to pay cash flows in full without material delay to a third party under a “pass-through” arrangement; and (a) the Bank has transferred substantially all the risks and rewards of ownership of the financial asset; or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

A financial liability is derecognized when the responsibilities over them have been discharged, cancelled, or expired. If the original financial liabilities are replaced with substantively different terms in essence by the same creditor, or the provisions of the contract are substantively modified in its nature, such replacement or modifications are treated as derecognition of original liabilities and recognition of new liabilities, with the difference recorded in the income statement.

Purchases and sales of financial assets in the regular way are recognized and derecognized on the trade date, which is the date that the Bank commits to purchase or sell the assets.

**3. Significant accounting policies and estimates (continued)**

**(5) Financial instruments (continued)**

Classification and measurement of financial instruments

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets which are either classified as held for trading or designated by the Bank at fair value through profit or loss upon initial recognition. For such financial assets, initially recognized fair value, with underlying fee recognized in profit/loss, and are subsequently measured at fair value. Both realized and unrealized gains/losses are recognized in the income statement of the current period. The dividends and interest income related with financial assets at fair value through profit or loss are recognized in the income statement of the current period.

Financial assets on initial recognition classified as financial assets at fair value through profit or loss cannot be reclassified into financial assets of other categories; financial assets of other categories cannot be reclassified into financial assets at fair value through profit or loss

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity date and which the Bank has the positive intention and ability to hold to maturity. For such financial assets, they are initially recognized at fair value plus any directly transaction costs attributable to the acquisition of financial assets. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method. Gains or losses are recognized in the income statement of the current period when they are derecognized, impaired, or amortized.

Financial asset recognized impairment provisions when there is any objective evidence that the financial asset is impaired. If a financial asset is individually significant, the Bank assesses the asset individually for impairment, and recognizes the amount of impairment in the income statement if there is objective evidence of impairment. For a financial asset that is not individually significant, the Bank can include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. For financial assets that are not impaired upon individual tests (including financial assets that are individually significant or insignificant), impairment tests should be conducted on them again by including them in the group of financial assets. Assets for which an impairment loss is individually recognized will not be included in a collective assessment of impairment.

**3. Significant accounting policies and estimates (continued)**

**(5) Financial instruments (continued)**

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

Classification and measurement of financial instruments (continued)

*Held-to-maturity investments (continued)*

When the financial assets are impaired, the carrying amount of the financial asset shall be reduced to the present value of the estimated future cash flow (excluding future credit losses that have not been incurred). There is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in the income statement.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. For such financial assets, they are initially recognized at fair value plus any directly transaction costs attributable to the acquisition of the financial assets, and are subsequently carried at amortized cost using the effective interest rate method, Gains and losses are recognized in the income statement of the current period when they are impaired, or amortized.

Financial asset recognized impairment provisions when there is any objective evidence that the financial asset is impaired. If a financial asset is individually significant, the Bank assesses the asset individually for impairment, and recognizes the amount of impairment in the income statement if there is objective evidence of impairment. For a financial asset that is not individually significant, the Bank can include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. For financial assets that are not impaired upon individual tests (including financial assets that are individually significant or insignificant), impairment tests should be conducted on them again by including them in the group of financial assets. Assets for which an impairment loss is individually recognized will not be included in a collective assessment of impairment.

When the financial assets are impaired, the carrying amount of the financial asset shall be reduced to the present value of the estimated future cash flow (excluding future credit losses that have not been incurred). There is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in the income statement.

3. **Significant accounting policies and estimates (continued)**

(5) **Financial instruments (continued)**

Classification and measurement of financial instruments (continued)

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets which are designated as such or are not classified in any of the above categories. For such financial assets, they are initially measured at fair value plus any directly transaction costs attributable to the acquisition of the financial assets. Available-for-sale financial assets are subsequently measured at fair value. Premiums and discounts on available-for-sale financial assets are amortized using the effective interest rate method and are taken to the income statement as interest income or expense. Impairment losses and foreign exchange gains and losses on available-for-sale financial assets which are monetary items are recognized in the income statement, besides changes in fair value of available-for-sale financial assets are recognized in other comprehensive income until the financial asset is derecognized at which time the cumulative gains or losses previously reported in other comprehensive income are included in the income statement. Dividend and interest income on available-for-sale financial assets are recorded in the income statement of the current period.

When there is objective evidence that the asset is impaired, the cumulative loss from declines in fair value that had been recognized directly in other comprehensive income are removed from equity and recognized in the income statement. The amount of the cumulative loss that is removed from other comprehensive income and recognized in the income statement is the net of principal, any principal repayment and amortization, less current fair value, and any impairment loss on that financial asset previously recognized in the income statement.

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are financial liabilities which are either classified as held for trading or designated by the Bank as at fair value through profit or loss upon initial recognition. For such financial assets, they are recognized initially at fair value, with underlying fee recognized in profit/loss. Financial liabilities at fair value through profit or loss are subsequently measured at fair value. Both realized and unrealized gains/losses are recognized into income statement of the current period.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**3. Significant accounting policies and estimates (continued)**

**(5) Financial instruments (continued)**

Classification and measurement of financial instruments (continued)

*Financial liabilities at fair value through profit or loss (continued)*

Financial liabilities on initial recognition classified as financial liabilities at fair value through profit or loss cannot be reclassified to other financial liabilities; other financial liabilities cannot be reclassified to financial liabilities at fair value through profit or loss.

*Other financial liabilities*

Other financial liabilities are initially recognised at fair value less any directly transaction costs attributable to the acquisition of financial liabilities and are subsequently measured at amortized cost using the effective interest rate method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when the Bank currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial guarantee contracts

Financial guarantee contracts are initially recognized as the guarantor and lender make an agreement that when the debtor doesn't fulfil the obligation, the guarantor should perform the obligation and take the responsibility. Financial guarantee contracts are measured at fair value when recognized initially. Subsequent to initial recognition, financial guarantee contracts which are not designated as the financial liability at fair value through profit or loss are measured at the higher of the initial fair value of the contract less cumulative amortization, and the Bank's best estimate of loss provisions required to be made arising as a result of performing the obligation of the guarantee.

**(6) Derivatives**

Derivatives are initially recognized at fair value of the contract date and are subsequently measured at fair value. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

### 3. Significant accounting policies and estimates (continued)

#### (6) Derivatives (continued)

Derivatives embedded in other financial instruments are treated separately as derivatives when their economic characteristics and risks are not closely related to those of the host contract and the hybrid instrument is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with the changes in fair value recognized in the income statement.

Certain derivative transactions, while providing effective economic hedges under the Bank's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with gains or losses arising from changes in fair value are recognized in the income statement.

#### (7) Fixed assets

When the economic benefits related to fixed assets are likely to flow into the Bank, as well as the cost of fixed assets can be measured reliably, the fixed assets can be recognized. When the recognition criteria set above are met, subsequent expenditure related to fixed assets can be recognized in the cost of fixed assets and the replaced carrying amount can be derecognized. Otherwise, such expenditure is normally charged to the income statement in the period as incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation is charged to profit or loss on a straight-line basis. And the respective estimated useful lives, estimated residual values and annual depreciation rates of fixed assets are set by the Bank considering the nature and usage of fixed assets.

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Office equipment and office furniture	6years	-	17%
Office furniture and motor vehicles	5years	-	20%
Computers	3years	-	33%

Residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each balance sheet date.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**3. Significant accounting policies and estimates (continued)**

**(8) Intangible assets**

The intangible assets can be recognized only when the economic benefits related to intangible assets are likely to flow into the Bank, and the cost of intangible assets can be measured reliably. The intangible assets obtained in a business combination under common control should be measured at fair value if the cost of intangible assets can be measured reliably.

The useful life of intangible assets is determined according to the economic useful lives; those intangible assets with unforeseeable economic lives can be classified as intangible assets with infinite useful lives.

The Bank's intangible assets comprise computer software with a 3-year useful life.

For the intangible assets with finite useful lives, amortisation is charged to income statement on a straight line. The useful life and amortisation method for intangible assets with finite useful lives are reviewed at each balance sheet date, with proper adjustments made by the Bank when necessary.

**(9) Long-term deferred expenses**

Long-term deferred expenses refer to the expenses incurred with an amortisation period of more than one year (not including one year), mainly including rental fee and leasehold improvements.

Rental fee of the operating lease of fixed assets is amortized on a straight-line basis over the period of the lease contract. Other long-term deferred expenses are amortized on a straight-line basis over the lower period of lease period or useful life.

The carrying amount that has not been amortized is charged to income statement if the expenditure does not bring benefits to subsequent accounting periods.

### **3. Significant accounting policies and estimates (continued)**

#### **(10) Impairment of assets**

For assets excluding deferred income tax and financial assets, the Bank assesses impairment of assets as follows:

The Bank assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, the Bank makes an estimate of the asset's recoverable amount and performs impairment test. For those assets with infinite useful lives, no matter whether the impairment indications exist the impairment test is made at least annually. For intangible assets that have not

An asset's recoverable amount is the higher of its fair value less costs to sell and the present value of estimated future cash flows discounted. The Bank estimates the recoverable amount on the basis of individual asset; while recoverable amount of the individual asset is hard to estimate, the Bank determined the recoverable amount of the asset group that the individual asset belongs to. The recognition of the asset group is based on whether the main cash inflows to asset group are independent of other assets or asset group of the cash inflows.

If the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by the Bank. The reduction is recognized as an impairment loss and recognized in the income statement for the current period. A provision for impairment loss of the asset is made accordingly.

Once an impairment loss is recognized, it shall not be reversed in a subsequent accounting periods.

#### **(11) Employee benefits**

Employee benefits refer to all forms of consideration given and other related expenditure incurred by the Bank in exchange for services rendered by employees or termination of employment. Employee benefits include short-term salary and post-employment benefit. The benefits that the Bank provides to the spouse, children, and dependent of employees, survivors of deceased employee and other beneficiaries also belong to employee benefits.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**3. Significant accounting policies and estimates (continued)**

**(11) Employee benefits (continued)**

Post-employment benefit (defined contribution plans)

The Bank made contributions to social pension insurance schemes separately administered by the local government authorities. Contributions to these plans are recognized in the cost of corresponding assets or the income statement of the current period as incurred.

**(12) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. It can also be a present obligation arising from past events not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized as a provision but is disclosed in the notes to the financial statements.

**(13) Accrued liability**

Except for the contingent consideration and contingent liabilities recognized in a business combination under common control, an obligation related to a contingency is recognized as accrued liability when all of the following conditions are satisfied:

- (i) The obligation is a present obligation of the Bank;
- (ii) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (iii) The amount of the obligation can be measured reliably.

The accrued liability is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. The Bank reviews the carrying amount of an accrued liability at each balance sheet date. When there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

### 3. Significant accounting policies and estimates (continued)

#### (14) Recognition of income and expense

Revenue is recognized to the extent when it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized:

##### *Interest income and expense*

Interest income or expense are determined by the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability may be adjusted if the Bank revises its estimates of payments or receipts. Since the adjusted carrying amount is calculated based on original effective interest rate, the change in carrying amount is recorded as an interest income or expense.

##### *Fee and commission income*

Fee and commission income is recognized when the services are rendered and the proceeds can be reasonably estimated.

#### (15) Government subsidies

Government subsidies will be recognized if the Bank can receive government subsidies and meet the conditions attached to government subsidies. If government subsidies are monetary assets, they shall be measured in the light of the amount received or receivable. If a government subsidy is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount.

Government subsidies associated with income which are used as compensation for future costs, expenses or losses are recognized as deferred expenditures and shall be recorded in future profits and losses to reverse the related costs where the relevant costs, expenses or losses are recognized.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**3. Significant accounting policies and estimates (continued)**

**(15) Government subsidies (continued)**

Government subsidies associated with income which are used to compensate the related costs, expenses or losses incurred by the Bank are directly included in current profit and loss or used to reverse the related costs.

Government subsidies associated with assets shall set off the book value of related assets or be recognized as deferred expenditures if the Government subsidies. Government subsidies related to assets are recognized as deferred expenditures to be distributed over the useful lives of the relevant assets and shall be recorded in the profit or loss by stages in a reasonable and systematic manner. Government subsidies measured in nominal amounts, shall be directly recognized in current profits and losses. Where relevant assets are sold, transferred, scrapped or damaged before the end of their lives, balance of the unallocated deferred expenditures shall be recognized in current profit and loss on asset disposal.

**(16) Income tax**

Income tax comprises current income tax and deferred income tax. Except for those income which belongs to the owner's equity is directly recorded in the owner's equity, all transactions or events are recognized as income tax expenses or earnings, and charged in the income statement for the current period.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities according to the relevant tax regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Temporary differences also include the differences between the book values and tax bases of items not recognized as assets or liabilities where the tax base can be determined according to the relevant tax regulations.

### 3. Significant accounting policies and estimates (continued)

#### (16) Income tax (continued)

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- (i) Where the taxable temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: (i) it is not a business combination and (ii) at the time of the transaction it affects neither the accounting profit nor taxable profit or deductible loss; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused deductible tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- (i) Where the deductible temporary difference arises from a transaction that is not a business combination and, at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss; and
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets is recognized where the temporary differences are likely to be reversed in the foreseeable future and taxable profit in the future may be obtained to offset the deductible temporary differences.

At the balance sheet date, deferred income tax assets and liabilities are measured by the Bank at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, according to the requirements of tax laws, and reflect the corresponding tax effect.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**3. Significant accounting policies and estimates (continued)**

**(16) Income tax (continued)**

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset when fulfilling of the following conditions:

- (i) A legally enforceable right exists to set off current tax assets against current tax liabilities.
- (ii) The deferred tax assets and deferred tax liabilities are related to the income tax levied on the same taxpayer by the same tax administrative department or are related to different taxpayers but, within each future period of reversal of important deferred tax assets and deferred tax liabilities, the taxpayers involved intend to settle current tax assets and current tax liabilities or acquire assets and liquidate liabilities at the same time.

**(17) Operating leases**

Leases which transfer substantially all the risks and rewards of ownership of the assets to the lessees are classified as finance leases. Other leases are classified as operating leases.

The Bank records the operating leasing as lessee

Rental payments applicable to such operating leases are recognized as costs of the relevant assets or charged to the income statement of the current period on the straight-line basis over the lease terms. Contingent rents shall be recorded into the income statement as actually incurred.

### **3. Significant accounting policies and estimates (continued)**

#### **(18) Fair value measurement**

At each balance sheet date, the Bank measures its derivatives, financial assets and liabilities at fair value through profit or loss, and available-for-sale financial assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the orderly transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Bank. The fair value of an asset or a liability is measured under the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value. Use of observable inputs is prioritized and unobservable inputs will only be used when observable inputs are not available or obtaining observable inputs becomes impractical.

For assets and liabilities measured and disclosed at fair value, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs for the asset or liability.

At the end of the balance sheet date, the Bank estimates assets and liabilities again which are measured at fair value on a recurring basis as to confirm whether there is transfer between different levels of the fair value hierarchy.

The Bank manages financial assets and financial liabilities on the basis of market risk and credit risk exposure. Therefore, the financial assets and financial liabilities are measured by prices in current market transactions.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**3. Significant accounting policies and estimates (continued)**

**(19) Significant accounting judgment and estimates**

In the process of preparing and fairly presenting the financial statements, the management has used its judgments and made estimates and assumptions of the effects of uncertain future events on the financial statements. The use of judgments, estimates and assumptions will affect the amount of income, expense, assets and liabilities presented and disclosed, and also affect the disclosure of the contingent liability. The uncertainty of such estimates and assumptions might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future.

Impairment losses of loans and advances

The Bank determines periodically whether there is any objective evidence that impairment losses on loans and advances have occurred. If any such evidence exists, the Bank assesses the amount of impairment losses. The amount of impairment losses is measured as the difference between the carrying amount and the present value of estimated future cash flows. Assessing the amount of impairment losses involves significant judgement on the existence of the objective evidence for impairment and estimates on the present value of the expected future cash flows.

Fair value of financial instruments

Fair value of financial assets and financial liabilities with active markets are prior determined based on the market prices. For financial instruments with no active markets, fair value are established using valuation techniques such as making reference to recent transactions or the current fair value of other comparable financial instruments and discounted cash flow method. When feasible, valuation technique makes maximum use of market inputs. However, when market inputs are not available, management needs to make estimates on areas such as credit risk (both own and counterparty's), volatility and correlation. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 3. Significant accounting policies and estimates (continued)

#### (19) Significant accounting judgment and estimates (continued)

##### Income tax

Determining income tax provisions requires the Bank to estimate the future tax treatment of certain transactions. The Bank carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. This requires significant estimation on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

##### Classification of investment

Significant management judgment is required in evaluating the classification of investments, since different classification will result in different accounting treatments and financial positions of the Bank. If improper judgement on the classification of investment is noticed after the balance sheet date, the Bank may need to reclassify the whole investment portfolio.

##### Derecognition of financial instruments

The management of the Bank shall assess and judge the extent to which it retains the risks and rewards of ownership of the financial instruments for the transferred transactions entered into, and make relevant accounting treatments accordingly.

#### (20) Changes to principal accounting policies and accounting estimates

According to "Notice on Revising the Format of the General Enterprise Financial Statements for 2018" (Cai Kuai [2018] No.15), the Bank shall merge "dividend receivable" to "other receivables", and "disposal of fixed assets" to "fixed assets" in the balance sheet. Accordingly, the Bank traced and restated the comparative data. The above-mentioned changes in accounting policies have no impacts on the Net profit and owner's equity of the financial statements.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**4. Taxes**

The major categories of tax applicable to the Bank and the respective tax rates for the current financial year are as follows:

Value-added tax	– Calculate output tax based on 6% of taxable revenue and the Bank pay the Value-added tax according to the difference between the input tax deductible and the output tax.
City construction tax	– Based on 7% of turnover taxes paid
Educational surcharge	– Based on 3% of turnover taxes paid
Local Educational Surcharge	– Based on 2% of turnover taxes paid
Corporate income tax	– The Bank is subjected to a corporate tax rate of 25%.

**5. Notes to financial statements**

**(1) Cash and due from the central bank**

	2018-12-31	2017-12-31
Cash on hand	256,834	75,935
Statutory deposit reserve with the central bank - RMB	725,752,932	506,385,729
Statutory deposit reserve with the central bank - FCY	59,962,221	109,223,451
Excess reserve with the central bank	613,024,828	229,310,995
Foreign exchange risk reserve with the central bank	<u>254,939,944</u>	<u>685,540,312</u>
	<u><u>1,653,936,759</u></u>	<u><u>1,530,536,422</u></u>

The Bank places statutory deposit reserves with the People's Bank of China (PBOC) in accordance with relevant regulations issued by it. The required statutory deposit reserve ratios are 5% (2017: 5%) of the balance of customer deposits denominated in foreign currencies, and 12.5% (2017: 15%) of the balance of customer deposits denominated in RMB.

## 5. Notes to financial statements (continued)

### (1) Cash and due from the central bank (continued)

The Bank places foreign exchange risk reserve with the PBOC monthly in accordance with relevant regulations since October 2015. The foreign exchange risk reserve is calculated at 20% of the contractual amount of forward sales of exchanges in the preceding month. Since 11th September 2017, the foreign exchange risk reserve is calculated at 0% of the contractual amount of forward sales of exchanges in accordance with the PBOC announcement. Since 6th August 2018, the foreign exchange risk reserve is calculated at 20% of the contractual amount of forward sales of exchanges in accordance with the PBOC announcement.

### (2) Due from banks and other financial institutions

	2018-12-31	2017-12-31
Due from domestic banks	112,533,135	809,926,235
Due from foreign banks	<u>103,564,927</u>	<u>443,983,920</u>
Sub-total	216,098,062	1,253,910,155
Less: Impairment provisions for due from banks (Note 1)	<u>(517,827)</u>	<u>(2,219,920)</u>
Net amount of due from banks	<u><u>215,580,235</u></u>	<u><u>1,251,690,235</u></u>

Note1: Impairment provisions for due from banks represent the country risk reserve provided according to Yin Jian Fa [2010] No. 45 "Circular of the China Banking Regulatory Commission on Printing and Distributing the Guidelines for Country Risk Management of the Banking Financial Institutions" issued by CBRC.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(3) Placements with banks and other financial institutions**

	2018-12-31	2017-12-31
Placements with domestic banks	2,636,497,200	1,954,241,667
Placements with foreign banks	<u>-</u>	<u>106,372,100</u>
Sub-total	2,636,497,200	2,060,613,767
Less: Impairment provisions for placements with banks and other financial institutions (Note 1)	<u>(14,211,966)</u>	<u>(13,185,304)</u>
Net amount of placements with banks and other financial institutions	<u><u>2,622,285,234</u></u>	<u><u>2,047,428,463</u></u>

Note1: Impairment provisions for placements with banks and other financial institutions include the country risk reserve provided according to Yin Jian Fa [2010] No. 45 "Circular of the China Banking Regulatory Commission on Printing and Distributing the Guidelines for Country Risk Management of the Banking Financial Institutions" issued by CBRC, amount to RMB 1,029,480 in 2018 (2017: RMB 2,882,236)

**(4) Financial assets at fair value through profit or loss**

	2018-12-31	2017-12-31
<i>Held-for-trading financial assets</i>		
Bond investments:		
Financial bonds issued by Policy Banks	268,479,730	-
Government bonds	<u>-</u>	<u>10,187,255</u>
	<u><u>268,479,730</u></u>	<u><u>10,187,255</u></u>

**(5) Derivative financial instruments**

A derivative is a financial instrument, the value of which is derived from the value of another "underlying" financial instrument, an index or some other variables. Typically, an "underlying" financial instrument is a share, commodity or bond price, an index value or an exchange or interest rate. The Bank uses derivative instruments such as forwards, swaps and options.

## 5. Notes to financial statements (continued)

### (5) Derivative financial instruments (continued)

The notional amount of a derivative represents the amount of underlying asset upon which the value of the derivative is based. It indicates the unsettled volume of business transaction at the balance sheet date. The amount of underlying asset reflects the risk exposure of derivative at the end of accounting period other than fair value.

The Bank has no derivative designated as hedging instruments.

The notional amount and fair value of the Bank's derivative instruments are as follows:

2018-12-31

	Notional Amount	Fair Value	
		Assets	Liabilities
Foreign exchange contracts:			
Forwards	11,125,771,512	71,244,926	(167,212,459)
Swaps	139,021,546,924	1,596,259,134	(1,549,957,369)
Options	<u>51,329,726,746</u>	<u>178,891,377</u>	<u>(207,515,259)</u>
Sub-total	<u>201,477,045,182</u>	<u>1,846,395,437</u>	<u>(1,924,685,087)</u>
Provisions for foreign exchange contracts (Note 1)	-	(941,250)	-
Net amount of foreign exchange contracts	<u>201,477,045,182</u>	<u>1,845,454,187</u>	<u>(1,924,685,087)</u>
Interest rate contracts			
Swaps	23,815,477,298	42,375,294	(66,835,335)
Cross-currency swaps	<u>2,561,366,746</u>	<u>19,453,697</u>	<u>(25,177,663)</u>
Sub-total	<u>26,376,844,044</u>	<u>61,828,991</u>	<u>(92,012,998)</u>
Provisions for interest rate contracts (Note 1)	-	(172,944)	-
Net amount of interest rate contracts	<u>26,376,844,044</u>	<u>61,656,047</u>	<u>(92,012,998)</u>
Non-deliverable forwards	<u>3,757,985,014</u>	<u>56,067,907</u>	<u>(56,208,630)</u>
Sub-total	<u>3,757,985,014</u>	<u>56,067,907</u>	<u>(56,208,630)</u>
Provisions for non-deliverable forward contracts (Note 1)	-	(34,397)	-
Net amount of non-deliverable forward contracts	<u>3,757,985,014</u>	<u>56,033,510</u>	<u>(56,208,630)</u>
Total	<u>231,611,874,240</u>	<u>1,963,143,744</u>	<u>(2,072,906,715)</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(5) Derivative financial instruments (continued)**

The notional amount and fair value of the Bank's derivative instruments are as follows (continued):

2017-12-31

	Notional Amount	Fair Value	
		Assets	Liabilities
Foreign exchange contracts:			
Forwards	12,992,019,280	228,163,241	(121,438,735)
Swaps	156,127,648,615	2,097,959,652	(2,188,226,640)
Options	<u>3,814,679,148</u>	<u>13,768,383</u>	<u>(9,945,041)</u>
Sub-total	<u>172,934,347,043</u>	<u>2,339,891,276</u>	<u>(2,319,610,416)</u>
Provisions for foreign exchange contracts (Note 1)	-	(1,530,439)	-
Net amount of foreign exchange contracts	<u>172,934,347,043</u>	<u>2,338,360,837</u>	<u>(2,319,610,416)</u>
Interest rate contracts			
Swaps	25,348,870,556	52,170,870	(46,189,562)
Cross-currency swaps	<u>2,110,471,523</u>	<u>35,626,044</u>	<u>(2,376,840)</u>
Sub-total	<u>27,459,342,079</u>	<u>87,796,914</u>	<u>(48,566,402)</u>
Provisions for interest rate contracts (Note 1)	-	(253,676)	-
Net amount of interest rate contracts	<u>27,459,342,079</u>	<u>87,543,238</u>	<u>(48,566,402)</u>
Non-deliverable forwards	<u>11,603,192,795</u>	<u>103,334,519</u>	<u>(103,419,055)</u>
Sub-total	<u>11,603,192,795</u>	<u>103,334,519</u>	<u>(103,419,055)</u>
Provisions for non-deliverable forward contracts (Note 1)	-	(407,624)	-
Net amount of non-deliverable forward contracts	<u>11,603,192,795</u>	<u>102,926,895</u>	<u>(103,419,055)</u>
Total	<u>211,996,881,917</u>	<u>2,528,830,970</u>	<u>(2,471,595,873)</u>

Note1: Impairment provisions for derivative financial instruments represent the country risk reserve provided according to Yin Jian Fa [2010] No. 45 "Circular of the China Banking Regulatory Commission on Printing and Distributing the Guidelines for Country Risk Management of the Banking Financial Institutions" issued by CBRC.

## 5. Notes to financial statements (continued)

### (6) Interest receivables

	31-12-2018	31-12-2017
Interest receivables on loans	8,085,011	11,267,391
Interest receivables from banks	32,595,896	13,765,437
Interest receivables on bonds	<u>29,844,151</u>	<u>12,553,015</u>
Sub-total	<u>70,525,058</u>	<u>37,585,843</u>
Less: Impairment provisions for interest receivables (Note 1)	<u>(55,765)</u>	<u>(1,791)</u>
	<u><u>70,469,293</u></u>	<u><u>37,584,052</u></u>

Note 1: Impairment provisions for interest receivables represent the country risk reserve provided according to Yin Jian Fa [2010] No. 45 "Circular of the China Banking Regulatory Commission on Printing and Distributing the Guidelines for Country Risk Management of the Banking Financial Institutions" issued by CBRC, amount to RMB 55,765 in 2018 (2017: RMB 1,791).

#### Movements of interest receivables:

	Interest receivables on loans	Interest receivables from banks	Interest receivables on bonds	Total
2018				
Opening balance	<u>11,267,391</u>	<u>13,765,437</u>	<u>12,553,015</u>	<u>37,585,843</u>
Accrued	242,228,209	142,210,495	60,741,704	445,180,408
Received	<u>245,410,589</u>	<u>123,380,036</u>	<u>43,450,568</u>	<u>412,241,193</u>
Closing balance	<u>8,085,011</u>	<u>32,595,896</u>	<u>29,844,151</u>	<u>70,525,058</u>
	Interest receivables on loans	Interest receivables from banks	Interest receivables on bonds	Total
2017				
Opening balance	<u>8,858,343</u>	<u>7,030,257</u>	<u>7,947,616</u>	<u>23,836,216</u>
Accrued	232,168,517	122,246,540	16,354,952	370,770,009
Received	<u>229,759,469</u>	<u>115,511,360</u>	<u>11,749,553</u>	<u>357,020,382</u>
Closing balance	<u>11,267,391</u>	<u>13,765,437</u>	<u>12,553,015</u>	<u>37,585,843</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(7) Loans and advances to customers**

**7.1 Distribution of loans and advances by corporate**

	31-12-2018	31-12-2017
Corporate loans and advances:		
- Loans	3,723,324,683	3,215,139,525
- Trade finance	1,005,648,623	1,102,233,477
Sub-total	4,728,973,306	4,317,373,002
Less: Impairment provisions for loans(Note 1)	(118,362,835)	(108,082,538)
Net value of loans and advances to customers	4,610,610,471	4,209,290,464

Note 1: Impairment provisions for loans include the country risk reserve provided according to Yin Jian Fa [2010] No. 45 "Circular of the China Banking Regulatory Commission on Printing and Distributing the Guidelines for Country Risk Management of the Banking Financial Institutions" issued by CBRC, amount to zero in 2018 (2017: RMB zero).

**7.2 Distribution of loans and advances to customers by industry**

	31-12-2018		31-12-2017	
	Amount	%	Amount	%
Manufacturing	1,957,895,570	41	1,539,326,517	36
Wholesale and retail	1,366,992,489	29	1,792,731,910	41
Leasing and business services	687,985,878	15	641,741,636	15
Telecommunication, software and information technology service	408,848,512	9	209,777,522	5
Real estates	191,899,938	4	132,795,417	3
Production and supply of electricity, heat, gas and water	93,217,671	2	-	-
Others	22,133,248	-	1,000,000	-
Total amount of loans and advances	4,728,973,306	100	4,317,373,002	100
Impairment provisions for loans	(118,362,835)		(108,082,538)	
Net value of loans and advances	4,610,610,471		4,209,290,464	

## 5. Notes to financial statements (continued)

### (7) Loans and advances to customers (continued)

#### 7.3 Distribution of loans and advances to customers by geographical region

	31-12-2018		31-12-2017	
	Amount	%	Amount	%
East	2,219,938,844	47	3,113,970,147	72
South	770,041,583	16	320,688,632	7
North	730,485,379	15	585,714,223	14
Northwest	512,250,000	11	-	-
Southwest	296,257,500	6	297,000,000	7
Northeast	200,000,000	5	-	-
Total amount of loans and advances	<u>4,728,973,306</u>	<u>100</u>	<u>4,317,373,002</u>	<u>100</u>
Impairment provisions for loans	<u>(118,362,835)</u>		<u>(108,082,538)</u>	
Net value of loans and advances	<u>4,610,610,471</u>		<u>4,209,290,464</u>	

#### 7.4 Loans and advances to customers by type of collateral or guarantee

	31-12-2018	31-12-2017
Unsecured loans	1,373,646,715	510,959,843
Guaranteed loans	1,491,512,061	2,009,174,095
Secured by mortgages	737,970,326	582,333,305
Secured by pledges	<u>1,125,844,204</u>	<u>1,214,905,759</u>
Total amount of loans and advances	<u>4,728,973,306</u>	<u>4,317,373,002</u>
Impairment provisions for loans	<u>(118,362,835)</u>	<u>(108,082,538)</u>
Net value of loans and advances	<u>4,610,610,471</u>	<u>4,209,290,464</u>

#### 7.5 Overdue loans

As at 31 December 2018 and 31 December 2017, there isn't any overdue loans exist.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(7) Loans and advances to customers (continued)**

**7.6 Impairment provisions for loans**

	Collective	Individual	Total
2018			
Opening balance	<u>108,082,538</u>	-	<u>108,082,538</u>
Charge during the year(Notes 5, 35)	<u>10,280,297</u>	-	<u>10,280,297</u>
Closing balance	<u><u>118,362,835</u></u>	-	<u><u>118,362,835</u></u>
	Collective	Individual	Total
2017			
Opening balance	<u>98,890,018</u>	<u>1,089,173</u>	<u>99,979,191</u>
Charge during the year(Notes 5, 35)	<u>9,192,520</u>	<u>110,827</u>	<u>9,303,347</u>
Write off during the year	<u>-</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>
Closing balance	<u><u>108,082,538</u></u>	<u><u>-</u></u>	<u><u>108,082,538</u></u>

**(8) Available-for-sale financial assets**

	31-12-2018	31-12-2017
Government bonds	-	506,826,960
Financial bonds issued by Policy banks	<u>-</u>	<u>479,046,240</u>
	<u><u>-</u></u>	<u><u>985,873,200</u></u>
	31-12-2018	31-12-2017
Amortized cost	-	986,384,724
Fair value	-	985,873,200
Changes in fair value of available-for-sale financial assets recognized as other comprehensive income	<u>-</u>	<u>(511,524)</u>
	<u><u>-</u></u>	<u><u>985,873,200</u></u>

5. Notes to financial statements (continued)

(9) Held-to-maturity investment

	31-12-2018	31-12-2017
Government bonds	149,644,880	-
Financial bonds issued by Policy banks	841,872,987	-
Financial bonds issued by non-bank financial institutions	<u>210,000,000</u>	<u>-</u>
Sub-total	1,201,517,867	-
Less: Impairment provisions for held-to-maturity investment (Note 1)	<u>(1,050,000)</u>	<u>-</u>
Net amount of held-to-maturity investment	<u><u>1,200,467,867</u></u>	<u><u>-</u></u>

Note1: Impairment provisions for held-to-maturity investment represent the country risk reserve provided according to Yin Jian Fa [2010] No. 45 "Circular of the China Banking Regulatory Commission on Printing and Distributing the Guidelines for Country Risk Management of the Banking Financial Institutions" issued by CBRC.

(10) Account receivables investments

	31-12-2018	31-12-2017
Asset-based security	<u><u>1,174,168,000</u></u>	<u><u>227,780,000</u></u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(11) Fixed assets**

	Office equipment and motor vehicles	Computers	Total
Cost:			
At 1 January 2017	6,397,643	12,381,794	18,779,437
Additions	-	1,224,903	1,224,903
At 31 December 2017	<u>6,397,643</u>	<u>13,606,697</u>	<u>20,004,340</u>
Additions	160,383	1,807,490	1,967,873
Disposals	<u>(52,802)</u>	<u>(199,100)</u>	<u>(251,902)</u>
At 31 December 2018	<u>6,505,224</u>	<u>15,215,087</u>	<u>21,720,311</u>
Accumulated depreciation:			
At 1 January 2017	4,297,282	10,501,830	14,799,112
Additions	<u>484,573</u>	<u>887,297</u>	<u>1,371,870</u>
At 31 December 2017	<u>4,781,855</u>	<u>11,389,127</u>	<u>16,170,982</u>
Additions	497,068	1,324,540	1,821,608
Disposals	<u>(52,802)</u>	<u>(199,100)</u>	<u>(251,902)</u>
At 31 December 2018	<u>5,226,121</u>	<u>12,514,567</u>	<u>17,740,688</u>
Net book value:			
At 31 December 2018	<u>1,279,103</u>	<u>2,700,520</u>	<u>3,979,623</u>
At 31 December 2017	<u>1,615,788</u>	<u>2,217,570</u>	<u>3,833,358</u>
At 1 January 2017	<u>2,100,361</u>	<u>1,879,964</u>	<u>3,980,325</u>

**(12) Intangible assets**

	31-12-2018	31-12-2017
Software		
Cost:		
Opening balance	14,472,848	13,330,560
Additions	<u>136,758</u>	<u>1,142,288</u>
Closing balance	<u>14,609,606</u>	<u>14,472,848</u>
Accumulated amortisation:		
Opening balance	12,241,756	10,742,669
Additions	<u>1,398,540</u>	<u>1,499,087</u>
Closing balance	<u>13,640,296</u>	<u>12,241,756</u>
Net carrying amount:		
Closing balance	<u>969,310</u>	<u>2,231,092</u>

## 5. Notes to financial statements (continued)

### (13) Deferred tax assets

2018

Deferred tax assets/ (liabilities)	Opening balance	Credited/ (charged) to income statement	Credited/ (Charged) to equity	Closing balance
Impairment provisions	15,863,257	(106,804)	-	15,756,453
Unrealized profit or loss on the available-for-sale financial assets	127,881	-	(127,881)	-
Changes in fair value of derivatives	(15,262,239)	29,722,828	-	14,460,589
Unrealized profit or loss on the financial assets at fair value through profit or loss	44,663	(232,344)	-	(187,681)
Accrued expenses	9,746,750	(2,335,074)	-	7,411,676
Accrued liabilities	21,112,432	1,063,021	-	22,175,453
Deferred revenue	4,328,356	2,075,775	-	6,404,131
Intangible assets	<u>198,015</u>	<u>(46,105)</u>	<u>-</u>	<u>151,910</u>
Total	<u>36,159,115</u>	<u>30,141,297</u>	<u>(127,881)</u>	<u>66,172,531</u>

2017

Deferred tax assets/ (liabilities)	Opening balance	Credited/ (charged) to income statement	Credited/ (Charged) to equity	Closing balance
Impairment provisions	14,148,630	1,714,627	-	15,863,257
Unrealized profit or loss on the available-for-sale financial assets	283,363	-	(155,482)	127,881
Changes in fair value of derivatives	(23,839,559)	8,577,320	-	(15,262,239)
Unrealized profit or loss on the financial assets at fair value through profit or loss	(72,141)	116,804	-	44,663
Accrued expenses	4,552,176	5,194,574	-	9,746,750
Accrued liabilities	22,413,906	(1,301,474)	-	21,112,432
Deferred revenue	4,972,765	(644,409)	-	4,328,356
Intangible assets	<u>143,878</u>	<u>54,137</u>	<u>-</u>	<u>198,015</u>
Total	<u>22,603,018</u>	<u>13,711,579</u>	<u>(155,482)</u>	<u>36,159,115</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(14) Other assets**

	Notes	31-12-2018	31-12-2017
Long-term deferred expenses	14.1	6,364,103	7,519,058
Other receivables	14.2	63,246,671	19,722,490
Input VAT to be verified		<u>2,899,642</u>	<u>2,005,878</u>
Sub-total		72,510,416	29,247,426
Less: Impairment provisions for other receivables		<u>-</u>	<u>(162,667)</u>
Other assets		<u><u>72,510,416</u></u>	<u><u>29,084,759</u></u>

**14.1 Long-term deferred expenses**

**2018**

	Leasehold improvement	Others	Total
Opening balance	5,965,632	1,553,426	7,519,058
Additions	1,389,321	-	1,389,321
Amortisation	<u>(2,053,719)</u>	<u>(490,557)</u>	<u>(2,544,276)</u>
Closing balance	<u><u>5,301,234</u></u>	<u><u>1,062,869</u></u>	<u><u>6,364,103</u></u>

**2017**

	Leasehold improvement	Others	Total
Opening balance	7,846,625	2,043,982	9,890,607
Amortisation	<u>(1,880,993)</u>	<u>(490,556)</u>	<u>(2,371,549)</u>
Closing balance	<u><u>5,965,632</u></u>	<u><u>1,553,426</u></u>	<u><u>7,519,058</u></u>

5. Notes to financial statements (continued)

(14) Other assets (continued)

14.2 Other receivables

	31-12-2018	31-12-2017
Guarantee deposit for business	15,411,677	1,050,508
Rental deposits	3,364,370	3,411,292
Fee and commission receivables	12,069,479	10,594,151
Option Premium receivables	30,941,708	2,803,560
Others	<u>1,459,437</u>	<u>1,862,979</u>
Total	<u><u>63,246,671</u></u>	<u><u>19,722,490</u></u>

(15) Provisions for impairment losses

2018

	Opening Balance	Accrual/ (Reversal)	Write off	Closing Balance
Impairment provisions for due from banks and other financial institutions	2,219,920	(1,702,093)	-	517,827
Impairment provisions for placements with banks and other financial institutions	13,185,304	1,026,662	-	14,211,966
Impairment provisions for loans	108,082,538	10,280,297	-	118,362,835
Impairment provisions for interest receivables	1,791	53,974	-	55,765
Impairment provisions for other receivables	162,667	(162,667)	-	-
Impairment provisions for derivative financial assets	2,191,739	(1,043,148)	-	1,148,591
Impairment provisions for held-to-maturity investments	<u>-</u>	<u>1,050,000</u>	<u>-</u>	<u>1,050,000</u>
Total	<u><u>125,843,959</u></u>	<u><u>9,503,025</u></u>	<u><u>-</u></u>	<u><u>135,346,984</u></u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(15) Provisions for impairment losses (continued)**

2017	Opening Balance	Accrual/ (Reversal)	Write off	Closing Balance
Impairment provisions for due from banks and other financial institutions	1,651,285	568,635	-	2,219,920
Impairment provisions for placements with banks and other financial institutions	11,327,570	1,857,734	-	13,185,304
Impairment provisions for loans	99,979,191	9,303,347	1,200,000	108,082,538
Impairment provisions for interest receivables	138,184	627	137,020	1,791
Impairment provisions for other receivables	224,612	(10,028)	51,917	162,667
Impairment provisions for derivative financial assets	<u>1,752,366</u>	<u>439,373</u>	-	<u>2,191,739</u>
Total	<u>115,073,208</u>	<u>12,159,688</u>	<u>1,388,937</u>	<u>125,843,959</u>

**(16) Due to banks and other financial institutions**

	31-12-2018	31-12-2017
Due to overseas financial institutions	<u>39,699</u>	<u>977,555,209</u>

**(17) Placements from banks and other financial institutions**

	31-12-2018	31-12-2017
Placements from domestic banks	300,000,000	526,710,000
Placements from overseas banks	<u>911,792,000</u>	<u>135,911,360</u>
	<u>1,211,792,000</u>	<u>662,621,360</u>

**(18) Customer deposits**

	31-12-2018	31-12-2017
Time deposits	5,711,166,385	3,965,934,542
Demand deposits	901,541,522	895,798,470
Margin deposits	<u>60,000,000</u>	<u>25,000,000</u>
	<u>6,672,707,907</u>	<u>4,886,733,012</u>

5. Notes to financial statements (continued)

(19) Payroll payables

	31-12-2018	31-12-2017
Amount unpaid		
Salary, bonus, subsidy and allowance	39,264,949	34,503,571
Housing fund	-	106,958
Social insurance	577,333	-
Labour union expenditure and staff education fee	567	525
Defined contribution plan	2,466,159	2,320,036
Of which:		
Annuity	<u>2,466,159</u>	<u>2,320,036</u>
 Total	 <u><u>42,309,008</u></u>	 <u><u>36,931,090</u></u>
	31-12-2018	31-12-2017
Amount payable		
Salary, bonus, subsidy and allowance	114,576,489	98,483,369
Social insurance	2,692,266	1,069,503
Housing fund	2,329,011	1,973,491
Labour union expenditure and staff education fee	2,550,850	2,255,964
Defined contribution plan	8,667,145	10,542,268
Of which:		
Pension fund	5,770,891	6,268,044
Unemployment insurance	169,421	259,977
Annuity	2,726,833	4,014,247
Termination benefits will be paid within one year	<u>-</u>	<u>-</u>
 Total	 <u><u>130,815,761</u></u>	 <u><u>114,324,595</u></u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(20) Tax payables**

	31-12-2018	31-12-2017
Company income tax payable	43,302,153	19,175,950
Unpaid Value-added tax	4,403,830	4,115,415
Withholding Value-added tax	2,690,572	2,418,430
Accrued withholding income tax	1,979,324	2,248,436
Others	<u>1,597,305</u>	<u>1,657,341</u>
	<u><u>53,973,184</u></u>	<u><u>29,615,572</u></u>

**(21) Interest payables**

	31-12-2018	31-12-2017
Interest payable to depositors	6,881,453	39,878,236
Interest payable to banks	<u>1,296,553</u>	<u>2,286,001</u>
	<u><u>8,178,006</u></u>	<u><u>42,164,237</u></u>

The movement of interest payables:

	Interest payable to depositors	Interest payable to banks
1-1-2017	27,461,590	12,891,388
Accrued	76,449,553	22,869,923
Paid	<u>64,032,907</u>	<u>33,475,310</u>
31-12-2017	<u><u>39,878,236</u></u>	<u><u>2,286,001</u></u>
Accrued	85,482,318	37,451,614
Paid	<u>118,479,101</u>	<u>38,441,062</u>
31-12-2018	<u><u>6,881,453</u></u>	<u><u>1,296,553</u></u>

5. Notes to financial statements (continued)

(22) Other liabilities

	Notes	31-12-2018	31-12-2017
Accrued liability		88,701,812	84,449,729
Deferred income		20,076,442	11,384,895
Other payables	22.1	<u>86,685,621</u>	<u>81,273,853</u>
		<u>195,463,875</u>	<u>177,108,477</u>

22.1 Other payables

		31-12-2018	31-12-2017
Service fee to parent bank (Note 11)		19,957,942	20,810,721
Option Premium Payable		17,965,970	-
Technology maintenance fee to related party (Note 11)		11,641,586	8,155,555
Guarantee fee to parent bank (Note 11)		10,227,890	7,072,910
Professional service fees payable		4,051,944	3,715,489
Letter of guarantee commission expenses payable		109,649	104,392
Settlement and clearing		-	15,167,282
Others		<u>22,730,640</u>	<u>26,247,504</u>
		<u>86,685,621</u>	<u>81,273,853</u>

(23) Paid-in capital

	2018		2017	
	RMB equivalent	%	RMB equivalent	%
CA-CIB	<u>3,196,000,000</u>	<u>100.00%</u>	<u>3,196,000,000</u>	<u>100.00%</u>

On December 31, 2018 and December 31, 2017, the paid-in capital of the Bank amounted to RMB 3,196,000,000.

The capital injection has been verified by PricewaterhouseCoopers Zhong Tian LLP (hereinafter referred to as the "PwC") and PwC has issued the capital verification report of PwC ZT Yan Zi (2014) No. 441.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(24) Other comprehensive income**

Accumulated balance of other comprehensive income in the balance sheet:

	1-1-2018	Increase/ (Decrease)	31-12-2018
Fair value changes of available-for-sale financial assets	<u>(383,643)</u>	<u>383,643</u>	<u>-</u>
	1-1-2017	Increase/ (Decrease)	31-12-2017
Fair value changes of available-for-sale financial assets	<u>(850,088)</u>	<u>466,445</u>	<u>(383,643)</u>

Other comprehensive income in the income statement:

**2018**

	Before tax	Tax	After tax
Gains or losses arising from changes in fair value of available-for-sale financial assets	-	-	-
Less: Reclassification of other comprehensive income to profit or loss	<u>511,524</u>	<u>(127,881)</u>	<u>383,643</u>
Total other comprehensive income	<u>511,524</u>	<u>(127,881)</u>	<u>383,643</u>

**2017**

	Before tax	Tax	After tax
Gains or losses arising from changes in fair value of available-for-sale financial assets	(511,524)	127,881	(383,643)
Less: Reclassification of other comprehensive income to profit or loss	<u>1,133,451</u>	<u>(283,363)</u>	<u>850,088</u>
Total other comprehensive income	<u>621,927</u>	<u>(155,482)</u>	<u>466,445</u>

## 5. Notes to financial statements (continued)

### (25) Surplus reserves

2018	Opening balance	Increase	Decrease	Closing balance
surplus reserves	<u>101,300,186</u>	<u>4,883,462</u>	<u>-</u>	<u>106,183,648</u>
2017	Opening balance	Increase	Decrease	Closing balance
surplus reserves	<u>98,774,711</u>	<u>2,525,475</u>	<u>-</u>	<u>101,300,186</u>

According to the Bank's Articles of Association, the Bank has appropriated 10% of its profit to the statutory surplus reserves. The Bank should appropriate until the reserve balance reaches 50% of its registered capital or above.

### (26) General reserves

	2018	2017
Opening balance	189,076,846	189,076,846
Increase	<u>-</u>	<u>-</u>
Closing balance	<u>189,076,846</u>	<u>189,076,846</u>

Pursuant to relevant regulations issued by MOF, the Bank has to appropriate a certain amount of its net profit as general reserve to cover potential losses against its assets. In accordance with the "Regulation on Management of Financial Institutions for Reserves" (Cai Jin [2012] No. 20), issued by MOF on 30 March 2012, the general reserve balance for financial institutions should not be lower than 1.5% of their gross risk assets at the year end.

As at 31 December 2018 and 31 December 2017, the general reserves is no less than 1.5% of the Bank's total risk assets, and therefore no new general reserve is appropriated accrued this year.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(27) Retained earnings**

	2018	2017
Retained earnings brought forward	127,309,395	104,580,116
Net profit for the year	48,834,621	25,254,754
Less: Appropriation to surplus reserves	<u>(4,883,462)</u>	<u>(2,525,475)</u>
Closing balance of retained earnings	<u><u>171,260,554</u></u>	<u><u>127,309,395</u></u>

The bank has not appropriated any retained earnings to CRÉDIT AGRICOLE CIB S.A. ("CA-CIB") in 2018 and 2017.

**(28) Net interest income**

	2018	2017
Interest income:		
Loans and advances to customers	228,517,178	219,026,903
Placements with banks and other financial institutions	125,934,112	85,701,360
Due from the central bank	12,541,488	11,241,917
Due from banks and other financial institutions	<u>3,734,895</u>	<u>25,303,263</u>
Sub-total	<u><u>370,727,673</u></u>	<u><u>341,273,443</u></u>

5. Notes to financial statements (continued)

(28) Net interest income (continued)

	2018	2017
Interest expense:		
Customer deposits	85,482,318	76,449,553
Placements from banks and other financial institutions	35,215,854	13,950,093
Interbank certificates of deposit	2,136,200	-
Due to banks and other financial institutions	<u>99,560</u>	<u>8,919,830</u>
Sub-total	<u>122,933,932</u>	<u>99,319,476</u>
Net interest income	<u><u>247,793,741</u></u>	<u><u>241,953,967</u></u>

(29) Net fees and commission income

	2018	2017
Fees and commission income:		
Agency brokerage fees	68,396,367	55,272,676
Credit related income	12,604,130	15,282,562
Guarantee related income	10,560,835	10,278,482
Settlement and clearing fees	3,460,089	3,010,504
Others	<u>2,814,172</u>	<u>2,093,430</u>
Sub-total	<u>97,835,593</u>	<u>85,937,654</u>
Fees and commission expense:		
Fee expenses	<u>31,921,998</u>	<u>27,925,721</u>
Sub-total	<u>31,921,998</u>	<u>27,925,721</u>
Net fees and commission income	<u><u>65,913,595</u></u>	<u><u>58,011,933</u></u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(30) Investment income**

	2018	2017
Net profit from financial assets investment	14,102,335	15,689,333
Bond interest income	60,741,704	16,354,952
Net realised gain/(loss) on derivatives	<u>(79,151,022)</u>	<u>(55,912,101)</u>
	<u><u>(4,306,983)</u></u>	<u><u>(23,867,816)</u></u>

**(31) Loss from changes in fair values**

	2018	2017
Derivative financial instruments	(118,891,311)	(34,309,280)
Financial assets at fair value through profit or loss	<u>929,377</u>	<u>(467,214)</u>
	<u><u>(117,961,934)</u></u>	<u><u>(34,776,494)</u></u>

**(32) Other gain**

	2018	2017
Government subsidies associated with income	<u>-</u>	<u>347,928</u>

**(33) Tax and surcharges**

	2018	2017
City construction tax	1,228,806	1,138,353
Education surcharge	526,631	487,866
Local education surcharge	289,261	325,244
Stamp duty	274,094	264,496
Other tax and surcharges	<u>15,671</u>	<u>35,132</u>
	<u><u>2,334,463</u></u>	<u><u>2,251,091</u></u>

5. Notes to financial statements (continued)

(34) General and administrative expenses

	2018	2017
Staff costs	130,815,761	114,324,595
Operating expenses	87,593,921	79,093,452
Depreciation	1,821,608	1,371,870
Amortisation expenses for intangible assets	1,398,540	1,499,087
Amortisation for long-term deferred expenses	<u>2,544,276</u>	<u>2,371,549</u>
	<u><u>224,174,106</u></u>	<u><u>198,660,553</u></u>

(35) Impairment losses

	2018	2017
Impairment losses for due from banks and other financial institutions	(1,702,093)	568,635
Impairment losses for placements with banks and other financial institutions	1,026,662	1,857,734
Impairment losses for loans	10,280,297	9,303,347
Impairment losses for derivative financial assets	(1,043,148)	439,373
Impairment losses for Interest receivables	53,974	627
Impairment losses for other receivables	(162,667)	(10,028)
Impairment losses for held-to-maturity investment	<u>1,050,000</u>	<u>-</u>
	<u><u>9,503,025</u></u>	<u><u>12,159,688</u></u>

(36) Other operating expenses

	2018	2017
Impairment losses for letter of guarantee	<u>4,252,083</u>	<u>(5,205,894)</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

5. Notes to financial statements (continued)

(37) Income tax expenses

	2018	2017
Income tax expenses for the current year	42,841,971	18,523,440
Deferred income tax expenses	<u>(30,141,297)</u>	<u>(13,711,579)</u>
	<u>12,700,674</u>	<u>4,811,861</u>

The reconciliation of income tax expenses to profit before tax is as follows:

	2018	2017
Profit before tax	61,535,295	30,066,615
Tax charge on a tax rate at 25%	15,383,824	7,516,654
Tax-free interest income of government bonds	(3,323,231)	(3,498,582)
Non-deductible items	540,303	200,450
Adjustment in respect of prior periods	<u>99,778</u>	<u>593,339</u>
	<u>12,700,674</u>	<u>4,811,861</u>

5. Notes to financial statements (continued)

(38) Cash flows from operating activities

From net profit to cash flows from operating activities:

	2018	2017
Net profit:	48,834,621	25,254,754
Adjusted by:		
Impairment loss	9,503,025	12,159,688
Other operating expense	4,252,083	(5,205,894)
Depreciation and amortization	5,764,424	5,242,506
Fair value loss/(gains)	117,961,934	34,776,494
Investment income	4,306,983	23,867,816
Decrease in deferred income tax	(30,141,297)	(13,711,579)
Decrease/(Increase) in operating receivables	(1,217,866,408)	557,476,973
Increase/(Decrease) in operating payables	<u>1,330,231,655</u>	<u>(2,247,882,079)</u>
Net cash provided by operating activities	<u><u>272,847,020</u></u>	<u><u>(1,608,021,321)</u></u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**5. Notes to financial statements (continued)**

**(39) Cash and cash equivalent**

	31-12-2018	31-12-2017
Cash (notes 5, 1)	256,834	75,935
Excess reserves with the central bank (notes 5, 1)	613,024,828	229,310,995
Due from financial institutions with maturity less than three months from acquisition date	179,339,695	1,217,669,614
Placements with financial institutions with maturity less than three months from acquisition date	100,000,000	530,421,100
Held-to-maturity investment with maturity less than three months from acquisition date	149,644,881	-
Available-for-sale financial assets with maturity less than three months from acquisition date	-	506,826,959
	<u>1,042,266,238</u>	<u>2,484,304,603</u>
Closing balance of cash and cash equivalents	<u>1,042,266,238</u>	<u>2,484,304,603</u>

**6. Operating lease commitments**

The Bank leases certain premises under operating lease arrangements. The total future minimum payments in respect of non-cancellable operating leases at the balance sheet date are as follows:

	31 December 2018	31 December 2017
Within 1 year	14,051,219	13,422,878
1 to 2 years	12,744,021	12,831,483
2 to 3 years	3,227,642	12,536,451
After 3 years	446,112	2,010,418
	<u>30,468,994</u>	<u>40,801,230</u>

## 7. Commitments and Entrusted Business

	31 December 2018	31 December 2017
<b>Credit commitments</b>		
Letter of guarantee	3,484,055,912	2,719,813,390
Letter of credit	387,721,571	11,089,421
Irrevocable loan commitments	<u>499,548,592</u>	<u>100,900,000</u>
	<u>4,371,326,075</u>	<u>2,831,802,811</u>
	31 December 2018	31 December 2017
<b>Entrusted Business</b>		
Entrusted deposits	1,010,000,000	1,080,000,000
Entrusted loans	<u>1,010,000,000</u>	<u>1,080,000,000</u>

## 8. Financial instrument and risk management

The Bank is exposed to different types of risks. The Bank devotes itself to risk management activities which include identification, measurement, monitoring, mitigation, and control of risks and portfolio risks. Risk management has become significantly important to the financial industry. Furthermore, operational risks are also inevitable for business operations. The Bank's risk management processes aim to achieve an appropriate balance between risk and return and to minimize the negative impacts of the underlying financial risks.

The most important types of business risk are credit risk, liquidity risk and market risk. Market risk includes foreign exchange risk and interest rate risk. The Bank's financial risk management aims at the unpredictability of financial market to reduce the potential negative impact of the Bank's financial performance.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**8. Financial instrument and risk management (continued)**

**(1) Financial risk management**

**Credit risk**

The bank is exposed to credit risk. Credit risk is the risk of loss arising from any failure by a borrower or counterparty to meet its financial obligations when such obligations fall due. Credit concentration risk may rise if borrowers or counterparties are closely related with a geographical or industrial perspective. On-balance-sheet credit exposures arise principally from loans and other lending-related commitments. There is also credit risk in off-balance-sheet financial arrangements such as loan commitments and guarantees. Management cautiously monitors its exposure on credit risk. The Corporate and Individual Risk department and the Credit Risk Management Department coordinate the credit risk management functions and communicate with the Bank's senior management. The Bank has built relevant policy to set the credit risk limit for individual borrower. Such credit risk limits are monitored on a regular basis and subject to an annual risk analysis and review.

**(a) Credit risk measurement**

**(i) Loans and credit commitments**

In order to measure and manage the credit assets, the Bank classifies loans with internal methodology and conducts. According to "the Guidance on Credit Risk Classification" ("the Guidance") issued by CBRC, the Bank mapping the internal rating standard of its credit assets and off-balance sheet credit exposures into "Pass", "Special Mention", "Substandard", "Doubtful" and "Loss". The last three categories are also classified as "non-performing credit assets".

## 8. Financial instrument and risk management (continued)

### (1) Financial risk management (continued)

#### Credit risk (continued)

##### (a) Credit risk measurement (continued)

##### (i) Loans and credit commitments (continued)

The core definition of the "Bank's credit asset classification" is as follows:

Pass:	The borrower is able to perform the contract, and there are no adequate reasons to have any doubt over the timely and full payment of the principal and interest of a loan.
Special Mention:	Although the borrower currently has the ability to pay the principal and interest of a loan, there are some factors which may have unfavorable effect on the payment of the loan.
Substandard:	The borrower's obviously lacking in solvency, and it will be unable to pay the principal and interest of the loan by fully relying on its normal operating revenue. A loss may be caused even if the security provided is executed.
Doubtful:	The borrower is unable to pay the principal and interest of a loan and a big loss will be caused without any doubt even if the security provided is executed.
Loss:	The principal and interest still can not be recovered, or, only an extremely small part thereof can be recovered after all possible measures or all necessary legal actions have been taken.

##### (ii) Debt securities

The Bank manages credit risks exposure through choosing the issuers within the limitation regarding external credit rating. Currently, investments in debt securities are government bonds, PBOC notes and financial bonds of policy banks.

##### (iii) Placements with banks and other financial institutions

The parent bank reviews and monitors the credit risk arising from each individual financial institution regularly. Credit limits are placed for each individual bank or non-banking financial institution which has business relationship with the Bank.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**8. Financial instrument and risk management (continued)**

**(1) Financial risk management (continued)**

**Credit risk (continued)**

**(b) Risk limit control and mitigation policies**

The Bank manages and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties, groups, industries and regions.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

The bank manages the credit risk exposures by analyzing borrowers' ability to meet the interest and principal payment obligations, and by updating the credit limits appropriately.

Some other specific control and mitigation measures are outlined below:

**(i) Collateral**

The Bank issued a range of policies and practices to take measure to mitigate credit risk, including collateral, deposit and guarantee.

Fair value of collateral is usually assessed by professional evaluation agency designated by the Bank. To mitigate the credit risk, the Bank sets limit on the loan amount-to-collateral value ratio for different types of collateral. The Bank also takes other factors into consideration when offering corporate loan.

Besides loans, collateral held as security for financial assets is determined by the nature of the financial instrument.

**(ii) Derivative instruments**

The Bank maintains strict credit limits on derivative transactions with counterparties. The Bank essentially takes credit risk associated with option and forward derivative instruments.

## 8. Financial instrument and risk management (continued)

### (1) Financial risk management (continued)

#### Credit risk (continued)

(b) Risk limit control and mitigation policies (continued)

(iii) Credit commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Letters of guarantees and letters of credits are irrevocable commitments made by the Bank for which the Bank must make payments to the third party when its customers fail to satisfy this obligation. Hence, they carry the same credit risks as loans.

(c) Maximum exposure to credit risk before considering collateral held or other credit enhancements

	2018-12-31	2017-12-31
Credit risk exposure of on-balance-sheet items:		
Due from the central bank	1,653,679,925	1,530,460,487
Due from banks and other financial institutions	215,580,235	1,251,690,235
Placements with banks and other financial institutions	2,622,285,234	2,047,428,463
Financial assets at fair value through profit or loss	268,479,730	10,187,255
Derivative financial assets	1,963,143,744	2,528,830,970
Interest receivables	70,469,293	37,584,052
Loans and advances to customers	4,610,610,471	4,209,290,464
Available-for-sale financial assets	-	985,873,200
Held-to-maturity investment	1,200,467,867	-
Account receivables investments	1,174,168,000	227,780,000
Other assets	<u>63,246,671</u>	<u>19,559,823</u>
On-balance-sheet credit risk exposure	<u>13,842,131,170</u>	<u>12,848,684,949</u>
Letter of guarantee	3,484,055,912	2,719,813,390
Letter of credit	387,721,571	11,089,421
Irrevocable loan commitments	<u>499,548,592</u>	<u>100,900,000</u>
Maximum credit risk exposure	<u>18,213,457,245</u>	<u>15,680,487,760</u>

## 8. Financial instrument and risk management (continued)

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**(1) Financial risk management (continued)**

**Credit risk (continued)**

**(c) Maximum exposure to credit risk before considering collateral held or other credit enhancements (continued)**

The above table represents the maximum credit risk exposure of the Bank without taking into consideration of collateral and credit risk mitigation. For the on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

**(d) Credit quality**

**2018-12-31**

	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total
Due from the central bank	1,653,679,925	-	-	1,653,679,925
Due from banks and other financial institutions	216,098,062	-	-	216,098,062
Placements with banks and other financial institutions	2,636,497,200	-	-	2,636,497,200
Account receivables investments	1,174,168,000	-	-	1,174,168,000
Held-to-maturity investment	1,201,517,867	-	-	1,201,517,867
Derivative financial assets	1,964,292,335	-	-	1,964,292,335
Interest receivables	70,525,058	-	-	70,525,058
Financial assets at fair value through profit or loss	268,479,730	-	-	268,479,730
Loans and advances to customers	4,728,973,306	-	-	4,728,973,306
Other assets	<u>63,246,671</u>	<u>-</u>	<u>-</u>	<u>63,246,671</u>
<b>Total</b>	<b><u>13,977,478,154</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>13,977,478,154</u></b>

**2017-12-31**

	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total
Due from the central bank	1,530,460,487	-	-	1,530,460,487
Due from banks and other financial institutions	1,253,910,155	-	-	1,253,910,155
Placements with banks and other financial institutions	2,060,613,767	-	-	2,060,613,767
Account receivables investments	227,780,000	-	-	227,780,000
Available-for-sale financial assets	985,873,200	-	-	985,873,200
Derivative financial assets	2,531,022,709	-	-	2,531,022,709
Interest receivables	37,585,843	-	-	37,585,843
Financial assets at fair value through profit or loss	10,187,255	-	-	10,187,255
Loans and advances to customers	4,317,373,002	-	-	4,317,373,002
Other assets	<u>19,559,823</u>	<u>-</u>	<u>162,667</u>	<u>19,722,490</u>
<b>Total</b>	<b><u>12,974,366,241</u></b>	<b><u>-</u></b>	<b><u>162,667</u></b>	<b><u>12,974,528,908</u></b>

## 8. Financial instrument and risk management (continued)

### (1) Financial risk management (continued)

#### Credit risk (continued)

#### (e) Loans and advances

#### (i) Loans and advances which neither overdue nor impaired

The composition of loans that are neither overdue nor impaired by collateral arrangement as at the balance sheet date is as follows:

	2018	2017
Unsecured loans	1,373,646,715	510,959,843
Guaranteed loans	1,491,512,061	2,009,174,095
Secured by mortgage	737,970,326	582,333,305
Secured by pledges	<u>1,125,844,204</u>	<u>1,214,905,759</u>
Total	<u><u>4,728,973,306</u></u>	<u><u>4,317,373,002</u></u>

#### (ii) Loans and advances renegotiated

Renegotiated loans are loans for which original contract repayment terms have been modified as a result of the deterioration of borrowers' financial conditions or failure to meet the repayment obligation. The balance of renegotiated loans as at 31 December 2018 is nil. (31 December 2017: Nil).

#### (iii) Impaired loans and advances

The loans should be recognized as impaired loans when there are objective evidences that a single or multiple negative events have occurred after the initial recognition of the loans and the impact from the events on the expected future cash flows can be estimated reliably. These loans are classified as "Substandard", "Doubtful" or "Loss".

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**8. Financial instrument and risk management (continued)**

**(1) Financial risk management (continued)**

**Credit risk (continued)**

**(e) Loans and advances (continued)**

**(iii) Impaired loans and advances (continued)**

As at the balance sheet date, the balance of "Substandard", "Doubtful", and "Loss" loans held by the Bank are zero (2017: zero)

As at the balance sheet date, the fair value of collateral of impaired loans held by the Bank is zero (2017: zero).

The fair value of collateral that the Bank holds is determined from the latest external valuation with necessary adjustment made after considering the Bank's own experience in collateral disposal as well as the current market conditions.

**Liquidity risk**

The Bank is exposed to different types of day-to-day cash withdrawal requirements, including payments of overnight deposits, current deposits, time deposits, loans disbursements, guarantees and other derivative financial instruments settled in cash. Most due deposits would not be withdrawn from bank on expire day immediately, but still kept in bank based on historical experience. However, in order to meet the unanticipated cash requirements, the bank set the minimum excessive funding storage level and minimum level of funding from other bank and financial institutions to meet kinds of withdrawal requirements.

## **8. Financial instrument and risk management (continued)**

### **(1) Financial risk management (continued)**

#### **Liquidity risk (continued)**

Keeping a match between the maturity dates of assets and liabilities and maintaining an effective control over mismatch is of great importance to the Bank. Due to the uncertain periods and variety types of businesses, it is difficult for the Bank to keep a perfect match. Unmatched position may increase revenues but it also exposes the Bank to greater risks of losses.

The match between maturity dates of assets and liabilities as well as a bank's ability to replace due liabilities with acceptable costs are all key factors when evaluating its' exposure to liquidity, interest rate and foreign exchange rate risks.

The Bank provides guarantees and letters of credit to customers based on their credit ratings and amount of cash collaterals. Usually, customers will not withdraw the amount committed by the Bank in the guarantees or letters of credit in full, and therefore, funds required for guarantees and letters of credit are not so much as required for other commitments of the Bank. Meanwhile, the Bank may be discharged of its obligations due to overdue or termination of the commitments. As a result, the contractual amount for credit commitment cannot represent the actual funds required.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**8. Financial instrument and risk management (continued)**

**(1) Financial risk management (continued)**

**Liquidity risk (continued)**

**(a) Cash flows of non-derivative financial assets and liabilities**

The analysis of undiscounted cash flows of non-derivative financial assets and liabilities at the balance sheet day classified by residual contract period as follow:

	2018-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	
Financial assets:								
Cash and due from the central bank	613,281,662	-	-	254,939,944	-	-	785,715,153	1,653,936,759
Due from banks and other financial institutions	179,339,695	-	-	-	-	-	36,240,540	215,580,235
Placements with banks and other financial institutions	-	149,663,250	100,055,833	1,634,305,359	860,657,097	-	-	2,744,681,539
Financial assets at fair value through profit or loss	-	-	-	16,560,000	233,788,380	62,655,350	-	313,003,730
Account receivables investments	-	2,806,730	7,428,770	93,067,731	1,136,151,276	-	-	1,239,454,507
Interest receivables	-	3,817,454	7,617,356	48,043,149	10,991,334	-	-	70,469,293
Loans and advances to customers	-	1,017,775,173	1,044,027,276	1,353,578,741	1,430,339,506	-	-	4,845,720,696
Held-to-maturity investment	-	29,949,624	122,088,690	853,071,057	262,710,000	-	-	1,267,819,371
Other financial assets	11,538	16,878,561	1,523,979	17,166,919	11,834,482	66,735	15,764,457	63,246,671
<b>Total financial assets</b>	<b>792,632,895</b>	<b>1,220,890,792</b>	<b>1,282,741,904</b>	<b>4,270,732,900</b>	<b>3,946,472,075</b>	<b>62,722,085</b>	<b>837,720,150</b>	<b>12,413,912,801</b>

## 8. Financial instrument and risk management (continued)

### (1) Financial risk management (continued)

#### Liquidity risk (continued)

#### (a) Non-derivative cash flows of financial assets and liabilities (continued)

The analysis of undiscounted cash flows of non-derivative financial assets and liabilities at the balance sheet day classified by residual contract period as follow (continued):

	2018-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	
Financial liabilities:								
Due to banks and other financial institutions	39,699	-	-	-	-	-	-	39,699
Placements from banks and other financial institutions	-	-	803,437,111	210,891,982	208,703,358	-	-	1,223,032,451
Customer deposits	901,544,522	2,574,375,765	3,113,723,665	60,543,833	35,000,000	-	-	6,682,184,785
Interest payable	15,019	3,503,477	4,511,364	148,146	-	-	-	8,178,006
Other financial liabilities	-	62,675,735	-	24,009,886	-	-	-	86,685,621
<b>Total financial liabilities</b>	<b>901,595,240</b>	<b>2,637,554,977</b>	<b>3,921,672,140</b>	<b>295,593,847</b>	<b>243,703,358</b>	<b>-</b>	<b>-</b>	<b>8,000,120,562</b>
Net liquidity	(108,963,345)	(1,416,664,185)	(2,638,930,236)	3,975,139,053	3,702,768,717	62,722,085	837,720,150	4,413,792,239
Off-balance sheet commitments	179,500,901	104,187,255	815,746,645	868,818,337	2,148,359,280	254,713,655	-	4,371,326,073

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**8. Financial instrument and risk management (continued)**

**(1) Financial risk management (continued)**

**Liquidity risk (continued)**

**(a) Non-derivative cash flows of financial assets and liabilities (continued)**

The analysis of undiscounted cash flows of non-derivative financial assets and liabilities at the balance sheet day classified by residual contract period as follow (continued):

	2017-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	
Financial assets:								
Cash and due from the central bank	229,386,930	192,959,526	347,896,732	144,684,055	-	-	615,609,179	1,530,536,422
Due from banks and other financial institutions	464,016,694	751,574,030	-	-	-	-	36,240,541	1,251,831,265
Placements with banks and other financial institutions	-	626,046,477	100,469,446	956,602,702	430,846,076	-	-	2,113,964,701
Financial assets at fair value through profit or loss	-	-	196,500	196,500	11,366,255	-	-	11,759,255
Account receivables investments	-	24,413,546	45,010,640	152,092,596	11,787,560	-	-	233,304,342
Interest receivables	-	5,237,385	21,060,280	11,286,387	-	-	-	37,584,052
Loans and advances to customers	-	974,335,100	1,228,156,566	1,072,556,270	1,115,420,179	-	-	4,390,468,115
Available-for-sale financial assets	-	-	988,861,036	-	-	-	-	988,861,036
Other financial assets	21,149	1,019,448	416	2,894,828	1,195,126	373,754	14,055,102	19,559,823
<b>Total financial assets</b>	<b>693,424,773</b>	<b>2,575,585,512</b>	<b>2,731,651,616</b>	<b>2,340,313,338</b>	<b>1,570,615,196</b>	<b>373,754</b>	<b>665,904,822</b>	<b>10,577,869,011</b>

## 8. Financial instrument and risk management (continued)

### (1) Financial risk management (continued)

#### Liquidity risk (continued)

#### (a) Non-derivative cash flows of financial assets and liabilities (continued)

The analysis of undiscounted cash flows of non-derivative financial assets and liabilities at the balance sheet day classified by residual contract period as follow (continued):

	2017-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	
Financial liabilities:								
Due to banks and other financial institutions	1,299,209	-	780,061,297	-	203,337,620	-	-	984,698,126
Placements from banks and other financial institutions	-	527,539,452	15,742,476	120,902,627	-	-	-	664,184,555
Customer deposits	920,798,470	1,682,970,620	2,099,786,260	195,797,850	516,576	-	-	4,899,869,776
Interest payable	34,618	2,274,522	17,899,671	21,930,179	25,247	-	-	42,164,237
Other financial liabilities	-	56,151,209	-	25,122,644	-	-	-	81,273,853
<b>Total financial liabilities</b>	<b>922,132,297</b>	<b>2,268,935,803</b>	<b>2,913,489,704</b>	<b>363,753,300</b>	<b>203,879,443</b>	<b>-</b>	<b>-</b>	<b>6,672,190,547</b>
Net liquidity	(228,707,524)	306,649,709	(181,838,088)	1,976,560,038	1,366,735,753	373,754	665,904,822	3,905,678,464
Off-balance sheet commitments	21,248,582	45,181,655	63,021,934	785,500,603	342,898,609	1,473,951,429	100,000,000	2,831,802,812

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**8. Financial instrument and risk management (continued)**

**(1) Financial risk management (continued)**

**Liquidity risk (continued)**

**(b) Derivative cash flows of financial assets and liabilities**

**(i) Derivatives settled on a net basis**

The Bank's derivatives that will be settled on a net basis:

	2018-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	
Interest Rate Swap	-	(7,580,071)	(4,108,339)	(1,040,087)	(11,848,156)	-	-	(24,576,653)
Cross-currency Swap	-	-	-	(14,955,341)	9,175,043	-	-	(5,780,298)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,955,341)</u>	<u>9,175,043</u>	<u>-</u>	<u>-</u>	<u>(5,780,298)</u>
	2017-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	
Interest Rate Swap	-	(3,130,558)	11,810,981	(2,610,783)	(260,187)	-	-	5,809,453
Cross-currency Swap	-	-	-	-	33,167,383	-	-	33,167,383
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,167,383</u>	<u>-</u>	<u>-</u>	<u>33,167,383</u>

## 8. Financial instrument and risk management (continued)

### (1) Financial risk management (continued)

#### Liquidity risk (continued)

### (b) Derivative cash flows of financial assets and liabilities (continued)

#### (ii) Derivatives settled on a gross basis

The Bank's derivatives that will be settled on a gross basis include: Foreign exchange derivatives: currency forward and swap

	2018-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	
Currency forward								
Outflow	-	(1,976,911,520)	(2,488,583,151)	(9,086,340,465)	(423,412,347)	-	-	(13,975,247,483)
Inflow	-	<u>1,960,021,442</u>	<u>2,447,528,327</u>	<u>9,044,540,104</u>	<u>424,031,310</u>	-	-	<u>13,876,121,183</u>
FOREX swap								
Outflow	-	(39,335,001,972)	(36,485,332,428)	(71,576,710,483)	(2,316,263,058)	-	-	(149,713,307,941)
Inflow	-	<u>39,358,945,123</u>	<u>36,338,156,829</u>	<u>71,589,910,059</u>	<u>2,337,857,656</u>	-	-	<u>149,624,869,667</u>
	2017-12-31							
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	Total
Currency forward								
Outflow	-	(1,058,180,889)	(2,345,911,847)	(9,281,289,012)	(268,256,466)	-	-	(12,953,638,214)
Inflow	-	<u>1,066,483,333</u>	<u>2,382,579,636</u>	<u>9,397,837,672</u>	<u>267,263,366</u>	-	-	<u>13,114,164,007</u>
FOREX swap								
Outflow	-	(8,219,139,589)	(13,813,168,186)	(11,688,162,593)	(8,696,216,381)	-	-	(42,416,686,749)
Inflow	-	<u>8,072,510,281</u>	<u>13,865,209,694</u>	<u>11,531,606,368</u>	<u>8,617,470,545</u>	-	-	<u>42,086,796,888</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**8. Financial instrument and risk management (continued)**

**Market risk**

The Bank is exposed to market risk, which refers to the risk of the fair value or future cash flow volatility caused by the volatility of the market price. Market risk comes from market interest rate, the general or specific changes in foreign exchange rates to the interest rate products, and the open position of the currency products.

The Bank's exposure to market risk is divided into a portfolio of trading and non-trading. Trading portfolio includes the position of the bank and the customer or market transactions, namely the market maker trading. Non transaction portfolio mainly includes interest rate risk management of commercial bank's assets and liabilities.

The current Market Risk Management Department is responsible for monitoring and controlling the market risk of trading and non-trading accounts in the whole line. The Bank also established a market risk daily reporting system, to monitor and analyze the market risk changes and implementation limits by risk management departments with regular reporting to senior management.

Market risk measurement technology

The Bank evaluates its exposed market risk of investment portfolio by VaR and Non-VaR indexes. The Bank uses historical simulation method to calculate the 1 day holding period, and the VaR value of the 99% confidence interval is used as the index of internal management. Non-VaR refers to the market risk management indicators we used other than VaR, mainly PV01 and foreign exchange positions, over warning, the nominal amount of the principal and maturity date.

Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of exchange rate on its financial position and cash flows.

The Bank's principle in controlling exchange rate risk is to match its assets and liabilities in each currency and to maintain exchange rate risk within established limits. The Bank has set risk limits according to the guidelines established by the Risk Management Committee, the relevant regulatory requirements, and management's assessment of the current market condition. The Bank also manages its foreign capital sources and usage of foreign currencies to minimize potential currency mismatches. The foreign exchange risk exposure is authorized to manage by products and trader's right.

## 8. Financial instrument and risk management (continued)

### Market risk (continued)

#### Foreign exchange risk (continued)

The following table below summarizes the Bank's exposure to foreign exchange rate risk at the end of each reporting period. Included in the table are the Bank's assets and liabilities at carrying amounts in RMB, categorized by the original currency.

2018	RMB	USD RMB equivalent	Others RMB equivalent	Total RMB equivalent
<b>Assets:</b>				
Cash and due from the central bank	1,338,505,740	314,021,851	1,409,168	1,653,936,759
Due from banks and other financial institutions	48,459,680	132,310,337	34,810,218	215,580,235
Placements with banks and other financial institutions	2,223,825,000	398,460,234	-	2,622,285,234
Financial assets at fair value through profit or loss	268,479,730	-	-	268,479,730
Derivative financial assets	(4,980,022,898)	7,191,628,269	(248,461,627)	1,963,143,744
Interest receivables	70,108,545	320,535	40,213	70,469,293
Loans and advances to customers	4,576,541,269	18,620,110	15,449,092	4,610,610,471
Held-to-maturity investment	1,200,467,867	-	-	1,200,467,867
Account receivables investments	1,174,168,000	-	-	1,174,168,000
Other financial assets	<u>51,177,595</u>	<u>998,607</u>	<u>11,070,469</u>	<u>63,246,671</u>
<b>Total financial assets</b>	<b><u>5,971,710,528</u></b>	<b><u>8,056,359,943</u></b>	<b><u>(185,682,467)</u></b>	<b><u>13,842,388,004</u></b>
<b>Liabilities:</b>				
Due to banks and other financial institutions	39,699	-	-	39,699
Placements from banks and other financial institutions	800,000,000	411,792,000	-	1,211,792,000
Derivative financial liabilities	(3,351,333,119)	6,091,567,924	(667,328,090)	2,072,906,715
Customer deposits	5,864,436,991	547,232,142	261,038,774	6,672,707,907
Interest payables	7,730,889	446,421	696	8,178,006
Other financial liabilities	<u>44,533,475</u>	<u>91,424,728</u>	<u>39,429,230</u>	<u>175,387,433</u>
<b>Total financial liabilities</b>	<b><u>3,365,407,935</u></b>	<b><u>7,142,463,215</u></b>	<b><u>(366,859,390)</u></b>	<b><u>10,141,011,760</u></b>
<b>Net position</b>	<b><u>2,606,302,593</u></b>	<b><u>913,896,728</u></b>	<b><u>181,176,923</u></b>	<b><u>3,701,376,244</u></b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**8. Financial instrument and risk management (continued)**

**Market risk (continued)**

Foreign exchange risk (continued)

2017

	RMB	USD RMB equivalent	Others RMB equivalent	Total RMB equivalent
<b>Assets:</b>				
Cash and due from the central bank	735,230,607	794,534,083	771,732	1,530,536,422
Due from banks and other financial institutions	50,547,914	980,320,869	220,821,452	1,251,690,235
Placements with banks and other financial institutions	1,476,745,833	485,164,350	85,518,280	2,047,428,463
Financial assets at fair value through profit or loss	10,187,255	-	-	10,187,255
Derivative financial assets	61,262,014,765	(59,110,527,479)	377,343,684	2,528,830,970
Interest receivables	36,159,141	461,966	962,945	37,584,052
Loans and advances to customers	4,209,290,464	-	-	4,209,290,464
Available-for-sale financial assets	985,873,200	-	-	985,873,200
Account receivables investments	227,780,000	-	-	227,780,000
Other financial assets	<u>9,983,440</u>	<u>671,819</u>	<u>8,904,564</u>	<u>19,559,823</u>
<b>Total financial assets</b>	<u>69,003,812,619</u>	<u>(56,849,374,392)</u>	<u>694,322,657</u>	<u>12,848,760,884</u>
<b>Liabilities:</b>				
Due to banks and other financial institutions	1,299,209	196,026,000	780,230,000	977,555,209
Placements from banks and other financial institutions	200,000,000	462,621,360	-	662,621,360
Derivative financial liabilities	62,914,981,486	(60,133,073,874)	(310,311,739)	2,471,595,873
Customer deposits	2,854,884,376	1,824,032,129	207,816,507	4,886,733,012
Interest payables	22,821,300	19,341,843	1,094	42,164,237
Other financial liabilities	<u>33,911,229</u>	<u>102,522,353</u>	<u>29,290,000</u>	<u>165,723,582</u>
<b>Total financial liabilities</b>	<u>66,027,897,600</u>	<u>(57,528,530,189)</u>	<u>707,025,862</u>	<u>9,208,393,273</u>
<b>Net position</b>	<u>2,975,915,019</u>	<u>679,155,797</u>	<u>(12,703,205)</u>	<u>3,642,367,611</u>

The table below illustrates the potential impact of an appreciation or depreciation of foreign currencies against RMB by 1% on the profit before tax of the Bank.

	2018	2017
1% appreciation against RMB	10,950,737	6,664,526
1% depreciation against RMB	(10,950,737)	(6,664,526)

## 8. FINANCIAL RISK MANAGEMENT (continued)

### Market risk (continued)

#### Foreign exchange risk (continued)

During the sensitivity analysis, the Bank makes the following assumptions when determining business conditions and financial index, regardless of:

- a Analysis is based on static gap on balance sheet date, regardless of subsequent changes;
- b No consideration of impact on the customers' behaviour resulted from interest rate changes;
- c No consideration of impact on market price resulted from interest rate changes;
- d No consideration of actions taken by the Bank.

Due to these inherent limitations of the Bank's approach, actual impact on the Bank's profit before tax from exchange rate fluctuation may vary from the analysis above.

#### Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarizes the Bank's exposures to interest rate risks. The table presents the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**8. FINANCIAL RISK MANAGEMENT (continued)**

**Market risk (continued)**

Interest rate risk (continued)

	31-12-2018						
	Within 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
<b>Financial assets-</b>							
Cash and Due from the central bank	1,338,338,755	-	-	-	-	315,598,004	1,653,936,759
Due from banks and other financial institutions	179,339,695	36,240,540	-	-	-	-	215,580,235
Placements with banks and other financial institutions	149,250,000	1,179,535,234	1,293,500,000	-	-	-	2,622,285,234
Financial assets at fair value through profit or loss	-	-	-	215,924,380	52,555,350	-	268,479,730
Account receivables investments	-	-	61,180,000	1,112,988,000	-	-	1,174,168,000
Derivative financial assets	-	-	-	-	-	1,963,143,744	1,963,143,744
Interest receivables	-	-	-	-	-	70,469,293	70,469,293
Loans and advances to customers	1,451,106,108	2,442,421,978	713,617,249	3,465,136	-	-	4,610,610,471
Held-to-maturity investment	29,949,624	119,695,257	841,872,986	208,950,000	-	-	1,200,467,867
Other financial assets	15,411,677	-	-	-	-	47,834,994	63,246,671
<b>Total financial assets</b>	<b>3,163,395,859</b>	<b>3,777,893,009</b>	<b>2,910,170,235</b>	<b>1,541,327,516</b>	<b>52,555,350</b>	<b>2,397,046,035</b>	<b>13,842,388,004</b>
<b>Financial liability-</b>							
Due to banks and other financial institutions	39,699	-	-	-	-	-	39,699
Placements from banks and other financial institutions	-	800,000,000	205,896,000	205,896,000	-	-	1,211,792,000
Customer deposits	3,472,040,605	3,105,667,302	35,000,000	35,000,000	-	25,000,000	6,672,707,907
Derivative financial liabilities	-	-	-	-	-	2,072,906,715	2,072,906,715
Interest payables	-	-	-	-	-	8,178,006	8,178,006
Other financial liabilities	-	-	-	-	-	86,685,621	86,685,621
<b>Total financial liabilities</b>	<b>3,472,080,304</b>	<b>3,905,667,302</b>	<b>240,896,000</b>	<b>240,896,000</b>	<b>-</b>	<b>2,192,770,342</b>	<b>10,052,309,948</b>
<b>Net position</b>	<b>(308,684,445)</b>	<b>(127,774,293)</b>	<b>2,669,274,235</b>	<b>1,300,431,516</b>	<b>52,555,350</b>	<b>204,275,693</b>	<b>3,790,078,056</b>

## 8. FINANCIAL RISK MANAGEMENT (continued)

### Market risk (continued)

#### Interest rate risk (continued)

	31-12-2017						
	Within 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
<b>Financial assets</b>							
Cash and Due from the central bank	735,219,839	-	-	-	-	795,316,583	1,530,536,422
Due from banks and other financial institutions	1,215,449,694	36,240,541	-	-	-	-	1,251,690,235
Placements with banks and other financial institutions	625,366,889	675,811,574	746,250,000	-	-	-	2,047,428,463
Financial assets at fair value through profit or loss	-	-	-	10,187,255	-	-	10,187,255
Account receivables investments	23,660,000	43,500,076	148,881,933	11,737,991	-	-	227,780,000
Derivative financial assets	-	-	-	-	-	2,528,830,970	2,528,830,970
Interest receivables	-	-	-	-	-	37,584,052	37,584,052
Loans and advances to customers	972,378,964	1,201,370,077	1,012,380,766	1,023,160,657	-	-	4,209,290,464
Available-for-sale financial assets	-	985,873,200	-	-	-	-	985,873,200
Other financial assets	1,050,508	-	-	-	-	18,509,315	19,559,823
<b>Total financial assets</b>	<b>3,573,125,894</b>	<b>2,942,795,468</b>	<b>1,907,512,699</b>	<b>1,045,085,903</b>	<b>-</b>	<b>3,380,240,920</b>	<b>12,848,760,884</b>
<b>Financial liability</b>							
Due to banks and other financial institutions	1,299,209	780,230,000	-	196,026,000	-	-	977,555,209
Placements from banks and other financial institutions	526,710,000	15,682,080	120,229,280	-	-	-	662,621,360
Customer deposits	2,603,325,012	2,090,208,000	192,700,000	500,000	-	-	4,886,733,012
Derivative financial liabilities	-	-	-	-	-	2,471,595,873	2,471,595,873
Interest payables	-	-	-	-	-	42,164,237	42,164,237
Other financial liabilities	-	-	-	-	-	81,273,853	81,273,853
<b>Total financial liabilities</b>	<b>3,131,334,221</b>	<b>2,886,120,080</b>	<b>312,929,280</b>	<b>196,526,000</b>	<b>-</b>	<b>2,595,033,963</b>	<b>9,121,943,544</b>
<b>Net position</b>	<b>441,791,673</b>	<b>56,675,388</b>	<b>1,594,583,419</b>	<b>848,559,903</b>	<b>-</b>	<b>785,206,957</b>	<b>3,726,817,340</b>

0

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**8. FINANCIAL RISK MANAGEMENT (continued)**

**Market risk (continued)**

Interest rate risk (continued)

Change in interest rate	2018-12-31		2017-12-31	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
+100 basis points	5,986,767	-	9,538,270	(1,734,586)
-100 basis points	(5,986,767)	-	(9,538,270)	1,734,586

**9. Fair value of financial instruments**

**Fair value of financial assets and financial liabilities**

(1) Fair value hierarchy

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities, including listed equity securities and debt instruments.

Level 2: Valuation technique using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. This level includes the majority of the over the-counter derivative contracts and debt securities for which quotations like yield curve or counterparty credit risk are available from Bloomberg and China Bond.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

31 December 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
-Derivative financial assets	-	1,963,143,744	-	1,963,143,744
-Financial assets at fair value through profit or loss	-	268,479,730	-	268,479,730
	-	2,231,623,474	-	2,231,623,474

## 9. Fair value of financial instruments (continued)

### (1) Fair value hierarchy (continued)

31 December 2018 (continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities				
- Derivative financial Liabilities	-	2,072,906,715	-	2,072,906,715
	-	2,072,906,715	-	2,072,906,715

31 December 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
- Available-for-sale financial assets	-	985,873,200	-	985,873,200
- Derivative financial assets	2,528,830,970	-	2,528,830,970	
- Financial assets at fair value through profit or loss	-	10,187,255	-	10,187,255
	-	3,524,891,425	-	3,524,891,425
Financial liabilities				
- Derivative financial Liabilities	-	2,471,595,873	-	2,471,595,873
	-	2,471,595,873	-	2,471,595,873

The Bank had no financial instruments for which the fair value hierarchy are categorized in Level 1 or Level 3.

### (2) Financial instruments not measured at fair value

Fair values estimation is made in accordance with information of market and financial instruments in some specific point. Estimation is based on following methods and supposition:

- (i) Cash and due from other banks and financial institutions, Deposits with the central bank, Deposits with other banks. Due to other banks and financial institutions, Interest receivables, Interest payable, Other assets and Other liabilities.

Given that maturities of these financial assets and liabilities are in one year or they all have floating interest rates, the carrying amount approximates the fair value.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**9. Fair value of financial instruments (continued)**

(2) Financial instruments not measured at fair value (continued)

(ii) Loans and advances

Since the RMB loans interest rates change with the fluctuation of PBOC benchmark interest rates, and interest rates for loans denominated in foreign exchange are generally floating, fair value of loans is approximate to the carrying value.

(iii) Customer deposits

The carrying value of fixed interest-bearing deposits approximates to its fair value because their maturities are within one year.

There is no transfer in or out from Level 3 for current year.

(iv) For the account receivables investments and held-to maturity investment which are not disclosed with fair value. The table shows their book value and fair value.

	book value	<u>2018-12-31</u> fair value	book value	<u>2017-12-31</u> fair value
financial assets:				
Account receivables				
Investments	1,174,168,000	1,176,187,560	227,780,000	227,457,650
Held-to-maturity investment	1,200,467,867	1,240,588,020	-	-

**10. Capital Management**

The Bank's capital management focuses on monitoring of the capital adequacy ratio, aiming to comply with the regulatory requirements and support the business expansion.

The Bank insists on positive capital management policy as to achieve goals as follow:

- (1) To ensure the Bank's continuous compliance with the regulatory CAR requirements and have sufficient capital to support the internally assessed capital demand;
- (2) To ensure the Bank's capital is adequate to support the business strategy and growth;
- (3) To optimize the return to shareholders while maintaining a prudent level of capital in relation to the underlying risks of the business.

## 10. Capital Management (continued)

Since January 1<sup>st</sup>, 2013, the Bank has calculated and disclosed Capital Adequacy Ratio in accordance with "Capital Rules for Commercial Banks (Provisional)" and other regulatory requirements issued by the CBRC. As requested, the Bank uses Regulatory Weighting Approach for credit risk, the standardized measurement method for market risk, and the Basic Indicator Approach for operational risk in the reporting period.

The Core tier-one capital adequacy ratios, tier-one capital adequacy ratios and capital adequacy ratios calculated by the Bank in accordance with "Regulations Governing Capital of Commercial Banks (Provisional)" are as follows:

	31-12-2018	31-12-2017
<b>Core Tier-one capital</b>	3,665,402,819	3,616,184,555
Paid-in capital	3,196,000,000	3,196,000,000
Qualified capital reserve	2,881,771	2,881,771
Other comprehensive (loss)/income	-	(383,643)
Surplus reserves	106,183,648	101,300,186
General reserves	189,076,846	189,076,846
Retained earnings	171,260,554	127,309,395
<b>Core Tier-one capital deductions</b>		
Other intangible assets (exclusive of land use rights) net amount discounting related deferred income tax liability	<u>969,310</u>	<u>2,231,092</u>
Net core tier-one capital	<u>3,664,433,509</u>	<u>3,613,953,463</u>
Other core tier-one capital	<u>-</u>	<u>-</u>
Net tier-one capital	<u>3,664,433,509</u>	<u>3,613,953,463</u>
<b>Net Tier-two capital</b>		
Surplus provisions for loans impairment	<u>118,362,835</u>	<u>107,320,838</u>
<b>Net capital</b>	<u>3,782,796,344</u>	<u>3,721,274,301</u>
<b>Risk-weighted assets</b>	<u>14,476,511,935</u>	<u>12,526,465,319</u>
<b>Core Tier-one capital adequacy ratio</b>	25.31%	28.85%
<b>Tier-one capital adequacy ratio</b>	25.31%	28.85%
<b>Capital adequacy ratio</b>	<u>26.13%</u>	<u>29.71%</u>

## 11. Related party transactions

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**(1) Criteria of identifying related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party. Parties are also considered to be related if they are subject to common control or common significant influence.

The following parties constitute the related parties of an enterprise :

- (i) Parent of the Company;
- (ii) Subsidiaries of the Company;
- (iii) Other entities controlled by the parent of the Company;
- (iv) Investors that have joint control over the Company;
- (v) Investors that have significant influence over the Company;
- (vi) Joint ventures of the Group;
- (vii) Associates of the Group;
- (viii) Principal individual investors of the Company and close family members of such individuals;
- (ix) Key management personnel of the Company or of the parent and close family members of such individuals;
- (x) Other entities controlled or jointly controlled by the Company's principal individual investors, key management personnel or close family members of such individuals

Details of the Bank's major related parties in 2018 are as follows:

- (i) Parent of the Bank
- (ii) Other enterprises controlled by the same parent of the Bank.
- (iii) Key management personnel of the Bank.

## 11. Related party transactions (continued)

### (2) Parent company of the Bank

<u>Name</u>	<u>Registered location</u>	<u>Main business</u>	<u>Shareholding</u>	<u>Proportion of voting rights</u>	<u>Share Capital</u>
CREDIT AGRICOLE CIB LIMITED	Paris, France	Banking	100.00%	100.00%	EUR7,851,636,342

CRÉDIT AGRICOLE S.A. registered in France is the ultimate holding company of the Bank.

### (3) Other related party

<u>Names of related parties</u>	<u>Relationship with the Bank</u>
CA-CIB Singapore	Subsidiary/Branch of Parent Bank
CA-CIB Bangalore	Subsidiary/Branch of Parent Bank
CA-CIB Germany	Subsidiary/Branch of Parent Bank
CA-CIB India	Subsidiary/Branch of Parent Bank
CA-CIB Korea	Subsidiary/Branch of Parent Bank
CA-CIB New Delhi	Subsidiary/Branch of Parent Bank
CA-CIB Sweden	Subsidiary/Branch of Parent Bank
CA-CIB New York	Subsidiary/Branch of Parent Bank
CA-CIB Tokyo	Subsidiary/Branch of Parent Bank
CA-CIB London	Subsidiary/Branch of Parent Bank
CA-CIB Hong Kong	Subsidiary/Branch of Parent Bank
CA-CIB Nantes	Subsidiary/Branch of Parent Bank
CA-CIB Algeria	Subsidiary/Branch of Parent Bank
CA-CIB SERVICES	Subsidiary of Parent Bank
CASA SWITZERLAND	Subsidiary of Parent Bank
CA-CIB Luxembourg	Subsidiary/Branch of Parent Bank
CA-CIB Poland	Subsidiary/Branch of Parent Bank
GAC-SOFINCO Automobile Finance Co.,Ltd	Joint ownership enterprise of parent bank

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

**11. Related party transactions (continued)**

**(4) Main transactions between the Bank and related parties**

**(i) Provide funding**

	2018	2017
Interest income from financial institutions:		
GAC-SOFINCO Automobile Finance Co.,Ltd.	14,771,273	924,139
CA-CIB Hong Kong	4,236,454	3,434,711
CASA SWITZERLAND	2,264,868	-
CA-CIB Luxembourg	656,336	1,428,639
CRÉDIT AGRICOLE S.A. registered in France	867	-
CA-CIB	<u>-</u>	<u>1,333,256</u>
	<u>21,929,798</u>	<u>7,120,745</u>

Interest expenses to financial institutions:

CA-CIB	8,107,986	10,126,724
CA-CIB Hong Kong	6,128,214	6,410,835
CRÉDIT AGRICOLE S.A. registered in France	<u>123,312</u>	<u>110,264</u>
	<u>14,359,512</u>	<u>16,647,823</u>

**(ii) Receive service**

	2018	2017
Service fee to parent bank	20,309,826	20,570,965
Technology maintenance expenses to parent bank	12,674,135	9,581,822
Guarantee fee to parent bank	10,227,890	8,742,455
CA-CIB Hong Kong	5,787,406	4,839,390
CA-CIB Singapore	2,806,321	2,719,433
CA-CIB SERVICE	251,358	269,599
Foreign exchange trading fee to group	<u>249,776</u>	<u>177,002</u>
	<u>52,306,712</u>	<u>46,900,666</u>

**11. Related party transactions (continued)**

**(4) Main transactions between the Bank and related parties (continued)**

(iii) Investment and provide service

	2018	2017
CA-CIB London	246,146,192	194,679,404
CA-CIB	56,681,448	20,813,001
CA-CIB Hong Kong	13,500,408	48,973,507
GAC-SOFINCO Automobile Finance Co., Ltd.	2,429,161	1,468,257
CA-CIB New York	69,597	55,355
CA-CIB Korea	46,313	76,686
CA-CIB Poland	16,647	17,593
CA-CIB Sweden	9,272	13,942
CA-CIB Nantes	5,236	2,689
CA-CIB Singapore	5,172	39,820
CA-CIB Bangalore	5,112	7,116
CA-CIB Germany	4,701	120,104
CA-CIB India	4,670	547
CA-CIB Tokyo	3,398	3,247
CA-CIB New Delhi	2,476	6,297
CA-CIB Algeria	2,193	1,203
CRÉDIT AGRICOLE S.A. registered in France	<u>1,241</u>	<u>1,535</u>
	<u>318,933,237</u>	<u>266,280,303</u>

(iv) Other major related party transactions

	2018	2017
Compensation of key management personnel	<u>27,350,555</u>	<u>24,110,261</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

<b>11. Related party transactions (continued)</b>		
<b>(5) Balance with related parties</b>		
(i) Due from and placements with banks		
	31 December 2018	31 December 2017
Due from banks		
CRÉDIT AGRICOLE S.A. registered in France	<u>17,119,560</u>	<u>183,077,110</u>
Placements with banks		
GAC-SOFINCO Automobile Finance Co., Ltd CA-CIB Hong Kong	<u>285,000,000</u> -	<u>200,000,000</u> <u>106,372,100</u>
	<u>285,000,000</u>	<u>306,372,100</u>
(ii) Due to and placements from banks		
	31 December 2018	31 December 2017
Due to banks		
CA-CIB Hong Kong CA-CIB	<u>31,215</u> <u>8,484</u>	<u>1,275,051</u> <u>976,280,158</u>
	<u>39,699</u>	<u>977,555,209</u>
Placements from banks		
CA-CIB Hong Kong CA-CIB	<u>500,000,000</u> <u>411,792,000</u>	<u>135,991,360</u> <u>-</u>
	<u>911,792,000</u>	<u>135,991,360</u>

**11. Related party transactions (continued)**

**(5) Balance with related parties (continued)**

(iii) Interest receivables/ payables

	31 December 2018	31 December 2017
Interest receivables		
GAC-SOFINCO Automobile Finance Co., Ltd.	426,055	298,986
CRÉDIT AGRICOLE S.A. registered in France	1	1
CA-CIB	-	927,867
CA-CIB Hong Kong	-	13,626
	<u>426,056</u>	<u>1,240,480</u>
	31 December 2018	31 December 2017
Interest payables		
CA-CIB Hong Kong	637,444	1,595,761
CA-CIB	239,108	80,916
	<u>876,552</u>	<u>1,676,677</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

<b>11. Related party transactions (continued)</b>		
<b>(5) Balance with related parties (continued)</b>		
(iv) Other receivables/ payables		
	31 December 2018	31 December 2017
Other receivables-Fee and commission receivables from related parties:		
CA-CIB	5,827,015	2,436,610
CA-CIB Hong Kong	3,684,432	2,422,680
CA-CIB London	1,782,514	3,715,202
CA-CIB New York	179,461	-
CA-CIB Korea	49,171	77,235
CA-CIB Singapore	5,215	-
CA-CIB Bangalore	3,327	-
CA-CIB Germany	1,836	127,544
CA-CIB Tokyo	<u>1,415</u>	<u>-</u>
Subtotal	<u>11,534,386</u>	<u>8,779,271</u>
Other receivables-reimbursed expenses receivables from related parties:		
CA-CIB	260,000	-
CA-CIB London	<u>55,866</u>	<u>-</u>
Subtotal	<u>315,866</u>	<u>-</u>
Total	<u><u>11,850,252</u></u>	<u><u>8,779,271</u></u>
Other payables:		
Unpaid service fee to CA-CIB	19,957,942	20,810,721
Unpaid Guarantee fee to CA-CIB	10,227,890	7,072,910
Accrued technology maintenance expenses to CA-CIB	7,724,438	5,288,615
Accrued technology maintenance expenses to CA-CIB Singapore	1,791,542	1,431,741
Accrued technology maintenance expenses to CA-CIB Hong Kong	<u>2,125,606</u>	<u>1,435,199</u>
Total	<u><u>41,827,418</u></u>	<u><u>36,039,186</u></u>

11. Related party transactions (continued)

(5) Balance with related parties (continued)

(v) Derivative financial instruments

31 December 2018

	Notional amount	Fair value	
		Assets	Liabilities
CA-CIB Hong Kong			
Cross currency swap	788,579,960	5,633,180	2,310,940
FOREX swap	<u>757,167,823</u>	<u>685,285</u>	<u>621,864</u>
	<u>1,545,747,783</u>	<u>6,318,465</u>	<u>2,932,804</u>
CA-CIB			
FOREX swap	3,420,611,005	77,480,667	23,830,245
Interest rate swap	3,412,504,395	23,322,463	1,079,993
Non-deliverable forward	<u>195,380,101</u>	<u>-</u>	<u>60,567,974</u>
	<u>7,028,495,501</u>	<u>100,803,130</u>	<u>85,478,212</u>
CA-CIB London			
Non-deliverable forward	1,671,330,997	6,879,208	56,166,813
FOREX swap	<u>884,016</u>	<u>7,080</u>	<u>-</u>
	<u>1,672,215,013</u>	<u>6,886,288</u>	<u>56,166,813</u>

31 December 2017

	Notional amount	Fair value	
		Assets	Liabilities
CA-CIB Hong Kong			
Cross currency swap	752,319,023	5,128,371	(1,241,929)
FOREX swap	104,657,213	-	(3,656,773)
Outright forward	<u>63,059,273</u>	<u>-</u>	<u>(872,771)</u>
	<u>920,035,509</u>	<u>5,128,371</u>	<u>(5,771,473)</u>
CA-CIB			
FOREX swap	6,767,665,000	118,491,508	(92,152,368)
Interest rate swap	<u>4,408,740,278</u>	<u>34,370,970</u>	<u>(2,994,493)</u>
	<u>11,176,405,278</u>	<u>152,862,478</u>	<u>(95,146,861)</u>
CA-CIB London			
Non-deliverable forward	5,842,375,837	81,032,182	(22,302,336)
FOREX swap	1,926,928,434	80,948,593	(4,130,946)
FX option sold	<u>421,244,181</u>	<u>-</u>	<u>(1,357,930)</u>
	<u>8,190,548,452</u>	<u>161,980,775</u>	<u>(27,791,212)</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2018**  
**(Unless otherwise stated, expressed in RMB Yuan)**

---

**12. Post balance sheet events**

The paid-in capital of the bank has increased to RMB 4,796,000,000 by a capital injection from CREDIT AGRICOLE CIB LIMITED with the amount of RMB 1,600,000,000.

The capital injection has been verified by Ernst & Young Hua Ming LLP shanghai branch (hereinafter referred to as the "EY") and EY has issued the capital verification report of Ernst & Young Hua Ming (2019) Yan Zi No 61114184\_B01.

**13. Segment reporting**

The Bank is organized into six segments based on geographical region, which is Head office, Shanghai Branch, Beijing Branch, Guangzhou Branch, Tianjin Branch and Xiamen Branch. Segment profit or loss and assets and liabilities are presented based on the location of the booking entities. Management periodically reviews the financial information of the segments to determine resource allocation and performance assessment.

**14. Comparative amounts**

Certain comparative amounts have been adjusted to conform with the current year's presentation and the accounting treatment requirements.

**15. Approval of the financial statements**

The financial statements were approved for issue by the Board of Directors on 14 March 2019.

**The following parts are not the components of the audited financial statements**

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**APPENDIX**

---

INDEX

		<u>PAGES</u>
Appendix I	Adjusted Taxable Income Calculation Sheet	126
Appendix II	Balance Sheet and Income Statement of Branches	
Attachment (1)	Balance sheet and Income statement of Head office	127 – 129
Attachment (2)	Balance sheet and Income statement of Shanghai Branch	130 – 132
Attachment (3)	Balance sheet and Income statement of Beijing Branch	133 – 134
Attachment (4)	Balance sheet and Income statement of Guangzhou Branch	135 – 136
Attachment (5)	Balance sheet and Income statement of Tianjin Branch	137 – 138
Attachment (6)	Balance sheet and Income statement of Xiamen Branch	139 – 140
Appendix III	Transaction balance and percentage with related parties and pricing methodology	141 – 143

Appendix I  
**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Adjusted Taxable Income Calculation Sheet**  
**Expressed in RMB Yuan**

	<u>2018</u>
Total profit of current year	61,535,295
Estimated tax adjustments:	
Fair value change of held-for-trading assets	(929,377)
Non-deductible financial assets provisions	(427,214)
Non-deductible portion of business entertainment expense	1,460,739
Unrealized gain from derivative financial instruments	118,891,311
Interest income of government bonds	(13,292,924)
Accrued expenses	(9,340,297)
Non-public welfare donations adjustments	203,639
Accrued liabilities	4,252,083
Intangible assets difference between accounting and tax	(184,419)
Long-term deferred income	8,303,099
Non-deductible commercial insurance expense	422,325
Non-deductible sponsorship	<u>74,510</u>
Total taxable income after tax adjustment	<u><u>170,968,770</u></u>

Note: At the request of tax authorities, the Bank prepared the Adjusted Taxable Income Calculation Sheet. This sheet is for the tax authorities' reference only, and is not a component of the audited financial statements.

Appendix II  
Attachment (1)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Balance Sheet of Head office  
Expressed in RMB Yuan

<u>Assets</u>	<u>2018-12-31</u>	<u>2017-12-31</u>
Cash and due from the central bank	59,962,221	109,223,451
Due from banks and other financial institutions	4,182,445	6,494,292
Placements with banks and other financial institutions	2,623,314,714	-
Due from inter-bank held-to-maturity investment	-	2,341,599,634
Financial assets at fair value through profit or loss	1,201,517,867	-
Account receivables investments	268,479,730	-
Interest receivables from inter-bank	1,174,168,000	-
Interest receivables	8,906,117	9,027,691
Derivative financial assets	61,959,945	636
Fixed assets	1,798,345	-
Intangible assets	965,601	1,527,971
Deferred tax assets	89,641	914,331
Other assets	35,692,616	5,551,319
	<u>4,158,836</u>	<u>5,226,086</u>
<b>TOTAL ASSETS</b>	<u><u>5,445,196,078</u></u>	<u><u>2,479,565,411</u></u>

Appendix II  
Attachment (1)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Balance Sheet of Head office (continued)  
Expressed in RMB Yuan

**LIABILITIES AND EQUITY**

LIABILITIES:

Placements from banks and other financial institutions	800,000,000	-
Due to inter-bank	2,085,046,127	-
Derivative financial liabilities	2,178,159	-
Interest payables	1,057,444	-
Interest payable to inter-bank	9,727,384	-
Tax payables	44,281,941	19,175,951
Payroll payables	536,030	106,960
Other liabilities	<u>15,005,009</u>	<u>106,961</u>

TOTAL LIABILITIES	<u>2,957,832,094</u>	<u>19,389,872</u>
-------------------	----------------------	-------------------

SHAREHOLDERS' EQUITY:

Paid-in capital	2,696,000,000	2,696,000,000
Capital reserve	2,881,771	2,881,771
Surplus reserve	106,183,648	101,300,186
General reserve	189,076,846	189,076,846
Retained earnings	<u>(506,778,281)</u>	<u>(529,083,264)</u>

TOTAL SHAREHOLDERS' EQUITY	<u>2,487,363,984</u>	<u>2,460,175,539</u>
----------------------------	----------------------	----------------------

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>5,445,196,078</u></u>	<u><u>2,479,565,411</u></u>
--	-----------------------------	-----------------------------

Appendix II  
Attachment (1)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Income statement of Head office  
Expressed in RMB Yuan

	2018	2017
OPERATING INCOME		
Interest income	108,793,550	19,023
Inter-bank interest income	57,755,125	39,148,937
Inter-bank interest expense	(126,581,731)	(19,024,704)
Interest expense	(22,997,923)	-
Net interest income	<u>16,969,021</u>	<u>20,143,256</u>
Fee and commission income	4,187,592	-
Fee and commission expense	(10,315,206)	(2,086)
Net fee and commission expense	<u>(6,127,614)</u>	<u>(2,086)</u>
Gains from changes in fair value	370,913	-
Investment income	66,265,269	-
Foreign exchange gain	(28,419,813)	(46,271,765)
Other gain	<u>-</u>	<u>244,380</u>
TOTAL OPERATING INCOME	<u>49,057,776</u>	<u>(25,886,215)</u>
OPERATING EXPENSE		
Business tax and surcharges	(99,730)	-
Impairment losses	(13,182,486)	-
General and administrative expense	<u>232,908</u>	<u>(470,177)</u>
TOTAL OPERATING EXPENSE	<u>(13,049,308)</u>	<u>(470,177)</u>
OPERATING PROFIT	<u>36,008,468</u>	<u>(26,356,392)</u>
PROFIT BEFORE TAX	<u>36,008,468</u>	<u>(26,356,392)</u>
Less: Income tax expense	<u>(8,820,023)</u>	<u>(7,111,199)</u>
NET PROFIT	<u><u>27,188,445</u></u>	<u><u>(33,467,591)</u></u>

Appendix II  
Attachment (2)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Balance sheet of Shanghai Branch  
Expressed in RMB Yuan

<u>Assets</u>	<u>2018-12-31</u>	<u>2017-12-31</u>
Cash and due from the central bank	1,593,535,533	1,420,836,088
Due from banks and other financial institutions	209,908,519	1,244,310,349
Placements with banks and other financial institutions	(1,029,480)	769,682,630
Due from inter-bank	2,701,331,174	-
Financial assets at fair value through profit or loss	-	10,187,255
held-to-maturity investment	(1,050,000)	-
Derivative financial assets	1,961,345,399	2,528,830,970
Interest receivables	5,438,820	24,111,566
Interest receivables from inter-bank	20,178,404	14,288,687
Loans and advances to customers	2,702,416,095	3,121,463,076
Available-for-sale financial assets	-	985,873,200
Account receivables investments	-	227,780,000
Fixed assets	2,509,659	1,780,769
Intangible assets	879,669	1,316,761
Deferred tax assets	15,929,606	16,057,488
Other assets	<u>64,784,897</u>	<u>20,112,692</u>
<b>TOTAL ASSETS</b>	<u><u>9,276,178,295</u></u>	<u><u>10,386,631,531</u></u>

Appendix II  
Attachment (2)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Balance sheet of Shanghai Branch (continued)  
Expressed in RMB Yuan

<u>LIABILITIES AND EQUITY</u>	<u>2018-12-31</u>	<u>2017-12-31</u>
LIABILITIES:		
Due to banks and other institutions	39,699	977,555,209
Placements from banks and other financial institutions	411,792,000	662,621,360
Due to inter-bank	-	862,385,918
Derivative financial liabilities	2,070,728,556	2,471,595,873
Customers deposit	6,022,725,475	4,603,643,914
Payroll payables	36,358,849	30,290,982
Tax payables	7,772,592	9,440,667
Interest payables	5,857,563	41,350,640
Interest payable to inter-bank	15,647,212	13,784,130
Other liabilities	<u>90,607,455</u>	<u>90,713,848</u>
 TOTAL LIABILITIES	 <u>8,661,529,401</u>	 <u>9,763,382,541</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Capital reserve	-	(383,643)
Retained earnings	<u>514,648,894</u>	<u>523,632,633</u>
 TOTAL SHAREHOLDERS' EQUITY	 <u>614,648,894</u>	 <u>623,248,990</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u>9,276,178,295</u>	 <u>10,386,631,531</u>

Appendix II  
Attachment (2)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Income statement of Shanghai Branch  
Expressed in RMB Yuan

	2018	2017
<b>OPERATING INCOME</b>		
Interest income	168,599,205	228,020,580
Inter-bank interest income	250,780,622	126,030,628
Interest expense	(95,517,413)	(94,229,598)
Inter-bank interest expense	(177,890,067)	(153,357,075)
Net interest income	<u>145,972,347</u>	<u>106,464,535</u>
Fee and commission income	81,408,396	75,007,077
Fee and commission expense	(21,399,313)	(27,461,504)
Net fee and commission income	<u>60,009,083</u>	<u>47,545,573</u>
Investment income	(70,572,252)	(23,867,816)
Gains from changes in fair value	(118,332,847)	(34,776,494)
Foreign exchange gain/(loss)	140,586,410	41,193,043
Other gain	<u>-</u>	<u>93,277</u>
<b>TOTAL OPERATING INCOME</b>	<u>157,662,741</u>	<u>136,652,118</u>
<b>OPERATING EXPENSE</b>		
Business tax and surcharges	(1,540,679)	(1,686,956)
General and administrative expense	(180,606,480)	(161,919,534)
Impairment losses	<u>18,138,246</u>	<u>(10,785,065)</u>
<b>TOTAL OPERATING EXPENSE</b>	<u>(164,008,913)</u>	<u>(174,391,555)</u>
<b>OPERATING PROFIT</b>	(6,346,172)	(37,739,437)
Add: Non-operating income	90	
Less: Non-operating expense	<u>(203,639)</u>	<u>(206,757)</u>
<b>PROFIT BEFORE TAX</b>	(6,549,721)	(37,946,194)
Less: Income tax expense	<u>(2,434,018)</u>	<u>3,109,720</u>
<b>NET PROFIT</b>	<u>(8,983,739)</u>	<u>(34,836,474)</u>

Appendix II  
Attachment (3)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Balance sheet of Beijing Branch  
Expressed in RMB Yuan

<u>Assets</u>	<u>2018-12-31</u>	<u>2017-12-31</u>
Due from banks and other financial institutions	307,316	260,942
Placements with banks and other financial institutions	-	1,277,745,833
Interest receivables	2,269,621	13,238,743
Interest receivables from inter-bank	764,458	277,654
Loans and advances to customers	1,068,681,474	599,503,367
Fixed assets	255,540	317,997
Deferred tax assets	13,370,564	13,370,563
Other assets	<u>3,025,052</u>	<u>3,341,870</u>
<b>TOTAL ASSETS</b>	<u><b>1,088,674,025</b></u>	<u><b>1,908,056,969</b></u>
 <b><u>LIABILITIES AND EQUITY:</u></b>		
LIABILITIES:		
Customers deposits	202,085,398	115,980,385
Due to inter-bank	641,428,045	1,544,386,774
Payroll payables	4,306,818	5,498,830
Tax payables	1,048,133	712,942
Interest payables	970,377	746,732
Interest payable to inter-bank	8,582,013	13,832,482
Other liabilities	<u>89,660,243</u>	<u>86,093,783</u>
<b>TOTAL LIABILITIES</b>	<u><b>948,081,027</b></u>	<u><b>1,767,251,928</b></u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>40,592,998</u>	<u>40,805,041</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u><b>140,592,998</b></u>	<u><b>140,805,041</b></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u><b>1,088,674,025</b></u></u>	<u><u><b>1,908,056,969</b></u></u>

Appendix II  
Attachment (3)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Income Statement of Beijing Branch  
Expressed in RMB Yuan

	2018	2017
OPERATING INCOME		
Interest income	63,046,674	89,902,116
Inter-bank interest income	54,123,819	64,425,627
Interest expense	(1,851,284)	(3,123,281)
Inter-bank interest expense	(77,425,895)	(72,095,463)
Net interest income	<u>37,893,314</u>	<u>79,108,999</u>
Fee and commission income	4,947,005	10,597,983
Fee and commission expense	(36,681)	(199,718)
Net fee and commission income	<u>4,910,324</u>	<u>10,398,265</u>
Foreign exchange (loss)	<u>(1,541,901)</u>	<u>1,502,531</u>
TOTAL OPERATING INCOME	<u>41,261,737</u>	<u>91,009,795</u>
OPERATING EXPENSE		
Business tax and surcharges	(402,987)	(304,476)
General and administrative expense	(30,318,108)	(25,541,618)
Other operating expense	(4,252,083)	5,205,894
Impairment losses	<u>(5,446,707)</u>	<u>406,736</u>
TOTAL OPERATING EXPENSE	<u>(40,419,885)</u>	<u>(20,233,464)</u>
OPERATING PROFIT	841,852	70,776,331
Add: Non-operating income	1,509	-
PROFIT BEFORE TAX	843,361	70,776,331
Less: Income tax expense	<u>(1,055,404)</u>	<u>(581,155)</u>
NET PROFIT	<u>(212,043)</u>	<u>70,195,176</u>

Appendix II  
Attachment (4)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Balance sheet of Guangzhou Branch  
Expressed in RMB Yuan

<u>Assets</u>	<u>2018-12-31</u>	<u>2017-12-31</u>
Cash and due from the central bank	439,005	476,883
Due from banks and other financial institutions	585,032	197,625
Due from inter-bank	174,248,993	151,167,731
Interest receivables	188,345	8,325
Interest receivables from inter-bank	565,578	307,884
Loans and advances to customers	128,813,867	20,292,016
Fixed assets	139,035	76,776
Deferred tax assets	62,981	62,981
Other assets	<u>145,727</u>	<u>150,091</u>
<b>TOTAL ASSETS</b>	<u><b>305,188,563</b></u>	<u><b>172,740,312</b></u>
 <b><u>LIABILITIES AND EQUITY:</u></b>		
LIABILITIES:		
Customer deposits	183,253,057	61,007,905
Payroll payables	346,571	314,731
Tax payables	261,086	53,753
Interest payables	44,670	18,846
Interest payable to inter-bank	1,361,496	246,824
Other liabilities	<u>121,311</u>	<u>127,377</u>
<b>TOTAL LIABILITIES</b>	<u><b>185,388,191</b></u>	<u><b>61,769,436</b></u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>19,800,372</u>	<u>10,970,876</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u><b>119,800,372</b></u>	<u><b>110,970,876</b></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><b>305,188,563</b></u>	<u><b>172,740,312</b></u>

Appendix II  
Attachment (4)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Income statement of Guangzhou Branch  
Expressed in RMB Yuan

	2018	2017
OPERATING INCOME		
Interest income	2,311,479	1,613,367
Inter-bank interest income	33,885,935	10,116,475
Interest expense	(936,824)	(1,311,779)
Inter-bank interest expense	(21,798,114)	(3,531,708)
Net interest income	<u>13,462,476</u>	<u>6,886,355</u>
Fee and commission income	4,750,293	96,000
Fee and commission expense	(155,538)	(210,936)
Net fee and commission income	<u>4,594,755</u>	<u>(114,936)</u>
Foreign exchange gain	<u>(18,025)</u>	<u>17,877</u>
TOTAL OPERATING INCOME	<u>18,039,206</u>	<u>6,789,296</u>
OPERATING EXPENSE		
Business tax and surcharges	(56,996)	(16,512)
General and administrative expense	(6,287,007)	(4,069,052)
Impairment losses	<u>(2,782,612)</u>	<u>389,615</u>
TOTAL OPERATING EXPENSE	<u>(9,126,615)</u>	<u>(3,695,949)</u>
OPERATING PROFIT	<u>8,912,591</u>	<u>3,093,347</u>
PROFIT BEFORE TAX	<u>8,912,591</u>	<u>3,093,347</u>
Less: Income tax expense	<u>(83,095)</u>	<u>(52,820)</u>
NET PROFIT	<u><u>8,829,496</u></u>	<u><u>3,040,527</u></u>

Appendix II  
Attachment (5)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Balance sheet of Tianjin Branch  
Expressed in RMB Yuan

<u>Assets</u>	<u>2018-12-31</u>	<u>2017-12-31</u>
Due from banks and other financial institutions	50,084	100,702
Interest receivables	612,500	224,744
Interest receivables from inter-bank	4,908,882	3,904,352
Loans and advances to customers	710,699,035	468,032,005
Fixed assets	54,894	67,760
Deferred tax assets	1,077,727	1,077,727
Other assets	<u>279,217</u>	<u>13,786</u>
<b>TOTAL ASSETS</b>	<u>717,682,339</u>	<u>473,421,076</u>
 <b><u>LIABILITIES AND EQUITY:</u></b>		
LIABILITIES:		
Customer deposits	256,665,095	103,449,418
Due to inter-bank	255,524,917	179,809,655
Payroll payables	496,392	468,266
Tax payables	566,035	248,997
Interest payables	247,952	48,019
Interest payable to inter-bank	492,632	196,026
Other liabilities	<u>69,857</u>	<u>66,508</u>
<b>TOTAL LIABILITIES</b>	<u>514,062,880</u>	<u>284,286,889</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>103,619,459</u>	<u>89,134,187</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>203,619,459</u>	<u>189,134,187</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>717,682,339</u>	<u>473,421,076</u>

Appendix II  
Attachment (5)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Income statement of Tianjin Branch  
Expressed in RMB Yuan

	2018	2017
OPERATING INCOME		
Interest income	27,972,764	21,715,666
Inter-bank interest income	19,681,362	21,248,563
Interest expense	(1,511,578)	(629,283)
Inter-bank interest expense	(22,208,213)	(15,391,986)
Net interest income	<u>23,934,335</u>	<u>26,942,960</u>
Fee and commission income	1,201,729	231,944
Fee and commission expense	(14,884)	(50,977)
Net fee and commission income	<u>1,186,845</u>	<u>180,967</u>
Foreign exchange loss	<u>(23,240)</u>	<u>15,001</u>
TOTAL OPERATING INCOME	<u>25,097,940</u>	<u>27,138,928</u>
OPERATING EXPENSE		
Business tax and surcharges	(221,045)	(242,628)
General and administrative Expense	(3,894,463)	(3,759,304)
Impairment losses	<u>(6,229,466)</u>	<u>(2,170,974)</u>
TOTAL OPERATING EXPENSE	<u>(10,344,974)</u>	<u>(6,172,906)</u>
OPERATING PROFIT	<u>14,752,966</u>	<u>20,966,022</u>
PROFIT BEFORE TAX	<u>14,752,966</u>	<u>20,966,022</u>
Less: Income tax expense	<u>(267,694)</u>	<u>(140,507)</u>
NET PROFIT	<u><u>14,485,272</u></u>	<u><u>20,825,515</u></u>

Appendix II  
Attachment (6)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Balance sheet of Xiamen Branch  
Expressed in RMB Yuan

<u>Assets</u>	<u>2018-12-31</u>	<u>2017-12-31</u>
Due from banks and other financial institutions	546,839	326,325
Due from inter-bank	106,418,922	93,814,982
Interest receivables from inter-bank	502,177	266,548
Interest receivables	62	38
Fixed assets	54,894	62,085
Deferred tax assets	39,037	39,037
Other assets	<u>116,687</u>	<u>240,234</u>
<b>TOTAL ASSETS</b>	<u>107,678,618</u>	<u>94,749,249</u>
 <b><u>LIABILITIES AND EQUITY:</u></b>		
LIABILITIES:		
Customer deposits	7,978,882	2,651,390
Payroll payables	264,348	251,321
Tax payable	43,397	(16,738)
Interest payable to inter-bank	14,879	13,354
<b>TOTAL LIABILITIES</b>	<u>8,301,506</u>	<u>2,899,327</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>(622,888)</u>	<u>(8,150,078)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>99,377,112</u>	<u>91,849,922</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>107,678,618</u>	<u>94,749,249</u>

Appendix II  
Attachment (6)  
CREDIT AGRICOLE CIB (CHINA) LIMITED  
Income statement of Xiamen Branch  
Expressed in RMB Yuan

	2018	2017
OPERATING INCOME		
Interest income	4,001	2,691
Inter-bank interest income	11,893,894	18,417,468
Interest expense	(118,910)	(25,535)
Inter-bank interest expense	(2,216,737)	(15,986,762)
Net interest income	<u>9,562,248</u>	<u>2,407,862</u>
Fee and commission income	1,340,578	4,650
Fee and commission expense	(376)	(500)
Net fee and commission income	<u>1,340,202</u>	<u>4,150</u>
Foreign exchange gain/(loss)	(20,838)	12,613
Other gain	<u>-</u>	<u>10,271</u>
TOTAL OPERATING INCOME	<u>10,881,612</u>	<u>2,434,896</u>
OPERATING EXPENSE		
Business tax and surcharges	(13,026)	(519)
General and administrative Expense	<u>(3,300,956)</u>	<u>(2,900,868)</u>
TOTAL OPERATING EXPENSE	<u>(3,313,982)</u>	<u>(2,901,387)</u>
OPERATING PROFIT	7,567,630	(466,491)
Less: Non-operating expense	<u>-</u>	<u>(8)</u>
PROFIT BEFORE TAX	7,567,630	(466,499)
Less: Income tax expense	<u>(40,440)</u>	<u>(35,900)</u>
NET PROFIT	<u><u>7,527,190</u></u>	<u><u>(502,399)</u></u>

Appendix III  
**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Transaction balance and percentage with related parties**  
**Expressed in RMB Yuan**

**Balance with related parties**

(1) Due from and placements with banks

	31 December 2018	Percentage%
<u>Due from banks</u>		
CRÉDIT AGRICOLE S.A registered in France	<u>17,119,560</u>	<u>7.94%</u>
<u>Placements with banks</u>		
GAC-SOFINCO Automobile Finance Co., Ltd	<u>285,000,000</u>	<u>10.87%</u>

(2) Due to and placements from banks

	31 December 2018	Percentage%
<u>Due to banks</u>		
CA-CIB Hong Kong	31,215	78.63%
CA-CIB	<u>8,484</u>	<u>21.37%</u>
Total	<u><u>39,699</u></u>	<u><u>100%</u></u>
<u>Placements from banks</u>		
CA-CIB Hong Kong	500,000,000	41.26%
CA-CIB	<u>411,792,000</u>	<u>33.98%</u>
Total	<u><u>911,792,000</u></u>	<u><u>75.24%</u></u>

(3) Interest receivables/ payables

	31 December 2018	Percentage%
<u>Interest receivables</u>		
GAC-SOFINCO Automobile Finance Co., Ltd	426,055	0.60%
CRÉDIT AGRICOLE S.A registered in France	1	0%
Total	<u><u>426,056</u></u>	<u><u>0.60%</u></u>

	31 December 2018	Percentage%
<u>Interest payables</u>		
CA-CIB Hong Kong	637,444	7.79%
CA-CIB	<u>239,108</u>	<u>2.92%</u>
Total	<u><u>876,552</u></u>	<u><u>10.72%</u></u>

(4) Other receivables/ payables

	31 December 2018	Percentage%
Other receivables-Fee and commission receivables from related parties:		
CA-CIB	5,827,015	9.21%
CA-CIB Hong Kong	3,684,432	5.83%
CA-CIB London	1,782,514	2.82%
CA-CIB New York	179,461	0.28%
CA-CIB Korea	49,171	0.08%
CA-CIB Singapore	5,215	0.01%
CA-CIB Bangalore	3,327	0.01%
CA-CIB Germany	1,836	0.00%
CA-CIB Tokyo	1,415	0.00%
Subtotal	<u>11,534,386</u>	<u>18.24%</u>
<u>Other receivables-reimbursed expenses receivables from related parties:</u>		
CA-CIB	260,000	0.41%
CA-CIB London	<u>55,866</u>	<u>0.09%</u>
Subtotal	<u>315,866</u>	<u>0.50%</u>
Total	<u><u>11,850,252</u></u>	<u><u>18.74%</u></u>

(4) Other receivables/ payables (continued)

	31 December 2018	Percentage%
<u>Other payables:</u>		
Unpaid service fee to CA-CIB	19,957,942	23.02%
Unpaid Guarantee fee to CA-CIB	10,227,890	11.80%
Accrued technology maintenance expenses to CA-CIB	7,724,438	8.91%
Accrued technology maintenance expenses to CA-CIB Singapore	1,791,542	2.07%
Accrued technology maintenance expenses to CA-CIB Hong Kong	<u>2,125,606</u>	<u>2.45%</u>
Total	<u><u>41,827,418</u></u>	<u><u>48.25%</u></u>

(5) Derivative financial instruments

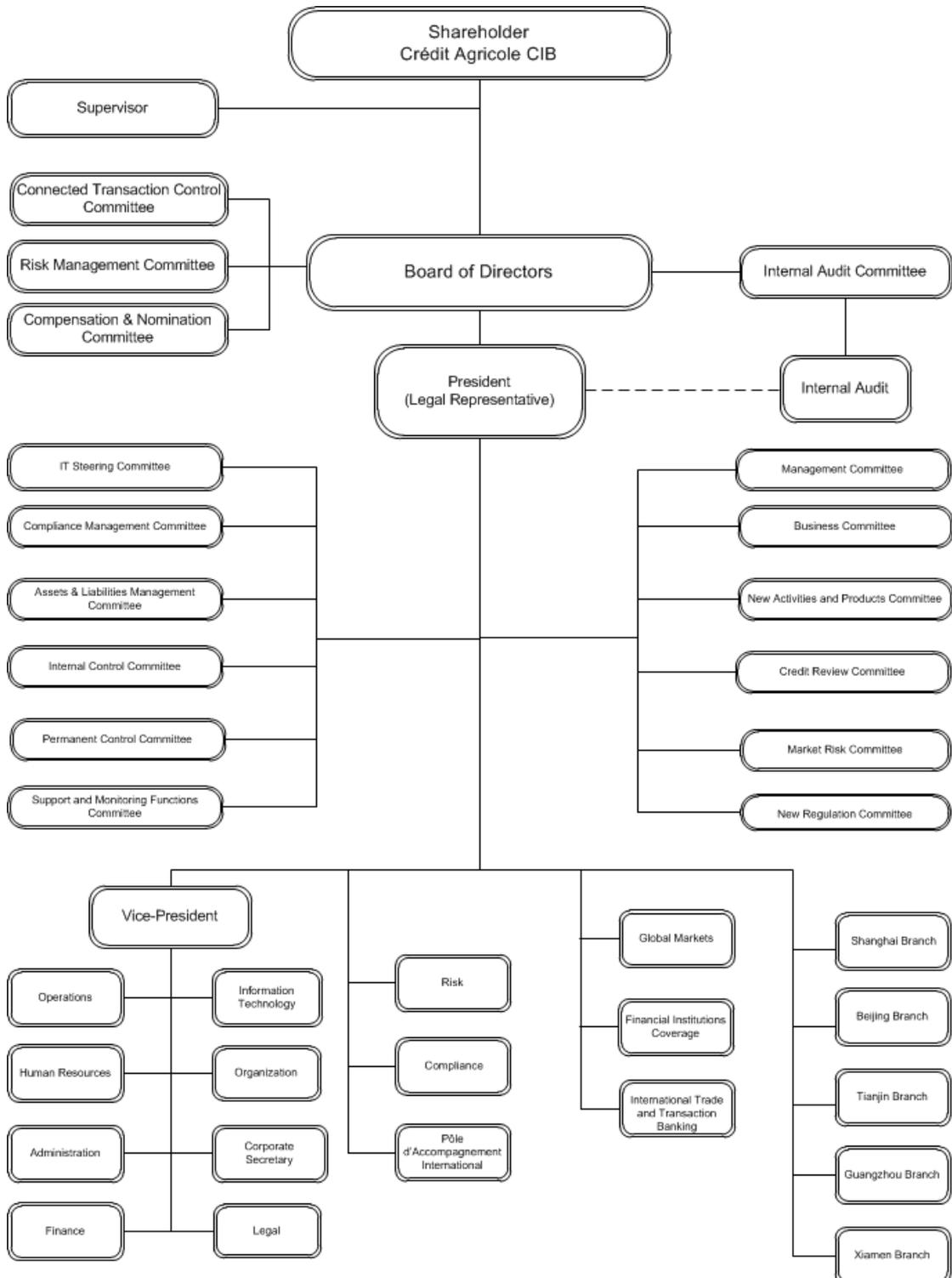
31 December 2018

	<u>Notional amount</u>	Percentage%
CA-CIB Hong Kong		
Cross currency swap	788,579,960	0.34%
FOREX swap	<u>757,167,823</u>	<u>0.33%</u>
Total	<u>1,545,747,783</u>	<u>0.67%</u>
CA-CIB		
FOREX swap	3,420,611,005	1.48%
Interest rate swap	3,412,504,395	1.47%
Non-deliverable forward	<u>195,380,101</u>	<u>0.08%</u>
Total	<u>7,028,495,501</u>	<u>3.03%</u>
CA-CIB London		
Non-deliverable forward	1,671,330,997	0.72%
FOREX swap	<u>884,016</u>	<u>0%</u>
Total	<u>1,672,215,013</u>	<u>0.72%</u>

### Pricing Methodology

The Bank's transaction price and pricing methodology with related parties are in accordance with usual commercial terms and conditions and are aligned with the Bank's transaction with other third parties.

# Organization Chart



## List of Domestic Operations

### Head Office

Unit 1201, 1202, 1206 - 1209, 1212, 1213, 12<sup>th</sup> Floor, Office Tower 2, Plaza 66, 1266 West Nanjing Road, Jing'an District, Shanghai 200040

Telephone: 86 21 38566888

Facsimile: 86 21 38566922

### Shanghai Branch

Unit 1203, 1204, 1205, 1210, 1211, 12<sup>th</sup> Floor, Office Tower 2, Plaza 66, 1266 West Nanjing Road, Jing'an District, Shanghai 200040, PRC

Telephone: 86 21 38566888

Facsimile: 86 21 38566922

### Beijing Branch

Unit 1901, 19/F Unit 1901, Fortune Financial Center, No.5 Dongsanhuan Zhong Road, Chaoyang District, Beijing 100020

Telephone: 86 10 56514000

Facsimile: 86 10 56514001

### Tianjin Branch

Suite 710, Tianjin International Building, No. 75, Nanjing Road, Tianjin 300050

Telephone: 86 22 23393010

Facsimile: 86 22 23307171

### Guangzhou Branch

Room 2103, Teemtower, Teemmall, No. 208, Tianhe Road, Tianhe District Guangzhou 510620

Telephone: 86 20 87324608

Facsimile: 86 20 87324272

### Xiamen Branch

Suite 2115, 21<sup>st</sup> Floor, Bank Center, No. 189, Xiahe Road, Xiamen 361003

Telephone: 86 592 2396168

Facsimile: 86 592 2396169

## Glossary

In this Annual Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

The Group / Crédit Agricole Group	Crédit Agricole S.A., Caisses Régionales (Regional Banks), and its subsidiaries
Crédit Agricole CIB / CACIB	Crédit Agricole Corporate and Investment Bank and all of its subsidiaries and branches
Parent Bank / Shareholder	Crédit Agricole Corporate and Investment Bank
CACIB (China) / Our Bank / the Bank / we / us	Credit Agricole Corporate and Investment Bank (China) Limited, its predecessors and all of its branches
Articles of Association / AOA	The performing Articles of Association of the Bank
PRC	People's Republic of China
RMB / Renminbi	The lawful currency of PRC
CBIRC	China Banking and Insurance Regulatory Commission
SAFE	State Administration of Foreign Exchange
PBOC	People's Bank of China

Note: Photos in this Annual Report are provided by CACIB (China) employees.





东方汇理银行（中国）有限公司

**Credit Agricole Corporate and Investment Bank (China) Limited**

**Unit 1201, 1202, 1206 - 1209, 1212, 1213, 12th Floor, Office Tower 2, Plaza 66**

**1266 West Nanjing Road, Jing'an District, Shanghai 200040, PRC**

**Telephone: 86 21 38566888**

**Facsimile: 86 21 38566922**

**SWIFT - CRLYCNSH**

**Website: <http://www.ca-cib.com.cn>**