



Credit Agricole Corporate and Investment Bank (China) Limited
2019 Annual Report

Notice

The Board of Directors, the Supervisor and Senior Management members of Credit Agricole Corporate and Investment Banking (China) Limited (the “Bank”) undertake that the information in the 2019 Annual Report of the Bank (the “Report”) contains no false record, misleading statement or material omission. The preparation and approval procedures of this report conform to the laws and regulations.

The Report of the Bank has been reviewed and approved by the Board of Directors of the Bank on April 17th, 2020.

The 2019 financial statements prepared by the Bank in accordance with Accounting Standards for Business Enterprises have been audited by Ernst & Young Hua Ming LLP Shanghai Branch, with standard unqualified auditors’ reports being issued.

The Report may contain forward-looking statements that involve risks and future plans. The statements are based on existing plans, estimates and forecasts, and bear upon future external events or the Group’s future finance, business or performance in other aspects, and may involve future plans which do not constitute substantive commitment. Hence, persons concerned shall be fully aware of the risks and understand the difference between plans, estimates and commitments.

The Report is prepared in both Chinese and English. In the case of discrepancy between the two versions, the Chinese version shall prevail.

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Bank Profile

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

Crédit Agricole CIB 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 Crédit Agricole CIB one of the foreign banks with the longest history in China. Crédit Agricole CIB 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 186 employees offering professional financial services to over 200 corporate clients.

Crédit Agricole CIB and CACIB (China) offers their customers a comprehensive range of products and services in capital markets, investment banking, structured finance and corporate banking. The end purpose is to be a trusted partner to all their customers.

Group and Parent Bank Introduction

Group

Crédit Agricole Group is the world's No.12 Bank by Tier One Capital (The Banker, July 2019). 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.

2019 Full Year Results of Crédit Agricole Group:

Financial year 2019	EUR
Shareholder's equity Group share	114.9 billion
Net income Group share	4 844 million

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

Ratings	Standard & Poor's	Moody's	Fitch Ratings	DBRS
LT/ST Counterparty	AA-/A-1+ (RCR)	Aa2/P-1 (CRR)	A+ (DCR)	AA (high)/R-1 (high) (COR)
Issuer/LT senior preferred debt	A+	Aa3	A+	AA (low)
Outlook/Review	Stable outlook	Stable outlook	Stable outlook	Stable outlook
ST senior preferred debt	A-1	P-1	F1	R-1 (middle)
Last rating action	Oct/2019	Sep/2019	Nov/2019	Oct/2019
Rating action	LT / ST ratings affirmed; outlook unchanged	LT ratings upgraded; outlook changed to stable from positive; ST debt ratings confirmed	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

Message from the President



In 2019, CACIB (China) achieved very satisfactory results: with a 2019 Net Banking Income of CNY457.6 million (over 50% increase as compared with 2018) and Net Profit of CNY94.9 million (around 95% increase as compared with 2018). The commercial momentum with our Corporate and Financial Institutions clients was very strong especially for our capital markets activities and financing businesses.

For a few years, CACIB (China) has been growing its footprint to serve its international client base and has become a significant growth engine for CACIB in Asia-Pacific.

In 2019, we closed several landmark transactions on Global Commodities Finance activities, International Trade Finance business and on the Asset-backed Securities market thanks to several Junior Underwriter and Investor mandates. CACIB (China) has also grown the footprint of its capital markets activities, with a broader and diversified products offering proposed to our large clientele.

Our Bank has grown its resources to match its ambitions: in January 2019, the registered capital of CACIB (China) has been increased by CNY1.6 billion, i.e. over 50% increase as compared with 2018. Crédit Agricole S.A. successfully issued on 5 December 2019 a CNY1 billion senior preferred bond with a 3-year tenor. This inaugural successful issuance – first Panda Bond ever issued by a European Global Systemically Important Bank – was bought by Chinese and International investors with material over-subscription. Proceeds are used locally for the development of our growing loan financing portfolio.

We have also enlarged our product offering for capital markets and cash management activities in order to better accompany our large Corporate and Financial Institutions clientele in China.

Hiring has been very active in 2019 as our staff grew by 15% compared to 2018, mostly on Coverage and Capital markets activities, showing our growing ambitions in China. 2020 Plan is to continue to hire more staff locally.

This achievement is built on Crédit Agricole Group's key guidelines: supporting our clients over the long term and financing the real economy, affirming clear values in terms of social and environmental responsibility and maintaining a moderate risk profile.

In the coming years, we have planned a very ambitious Medium Term Plan with significant growth opportunities in China built on 4 main pillars:

- active on boarding of new clients;
- deepening our relationship with our clients;
- supporting our Financial Institutions clients to the internationalization of China economy; and
- accompanying our growing Multinationals clientele in China.

Every day, our teams located in five different locations (Beijing, Shanghai, Xiamen, Tianjin and Guangzhou) make the commitment to fulfill our objectives and serve at their best our clients. In 2020, CACIB (China) will continue to invest and grow its business.

Nicolas VIX

President

Credit Agricole Corporate and Investment Bank (China) Limited

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 2019, the Bank has 186 employees. The staff composition by age and education background is as follows:

Category	Detailed distribution	Number of employees	% of total
Age	Below 30	44	24%
	Between 31 and 40	85	46%
	Between 41 and 50	41	22%
	Above 51	16	8%
Educational Background	Holders of a Master's degree and above	66	36%
	Bachelor degree holders	99	53%
	Others	21	11%

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

Grade	Male	Female
Manager and above	15%	17%
From Supervisor to deputy Manager	16%	26%
Below Supervisor	8%	18%

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 offer 4,000 hours of training in 2019 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 and Nomination Committee of the Bank shall be responsible, at the highest level in CACIB

(China), 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 section for the membership composition and main duties and authorities of the Compensation and 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 implement 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.

Compensation for Directors, Supervisors, Senior Management and Other Key Managers

Under the Bank's compensation structure, in 2019 the Bank has paid a total of CNY33,128,875 to its Directors, Senior Management and Other Key Managers. The Bank's Supervisor has not received any supervisory fees or other remuneration from the Bank in 2019.

Corporate Social Responsibilities

In 2019, given its strong commitment to financing the real economy and supporting major projects aimed at sustainably revitalizing the regions, the Group implements 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.

From 2011 to 2018, our bank has donated a total of 25,000 trees planted in Inner Mongolia and 10,000 shrubs planted in Ningxia by Roots & Shoots in an effort to offset its carbon footprint. In 2019, another 15,000 shrubs were 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" provides 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 CNY80,000. "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; and
- Recycle 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

Governance

From a governance point of view, being an independent function, Risk and Permanent Control Department (“RPC”) regularly reports the Bank’s risk management practice and performance to the Risk Management Committee (“RMC”), and to the Board of Directors (“BOD”). The Bank’s Chief Risk Officer (“CRO”), as Head of RPC, is responsible for credit risk, market risk and operational risk from 2nd line of risk defense point of view. The CRO has a functional reporting line to Asia Pacific CRO and attends Board Meeting regarding RMC subjects quarterly.

CACIB (China) follows comprehensive risk management approach. To facilitate this, several internal governance committees with different functions have been set up, including but not limited to:

- The RMC, the Connected Transaction Control Committee and the Internal Audit Committee under the BOD;
- Internal Control Committee (“ICC”), Assets and Liabilities Management Committee (“ALCO”), Compliance Management Committee (CMC), IT Steering Committee (ITSC), Credit Review Committee (“CRC”), Market Risk Committee (“MRC”), New Activities and Products Committee (NAPC) and the New Regulation Committee (NRC) under the Senior Management.

A complete governance structure can be found in the Organization Chart section.

All these committees have been held as per Terms of Reference and minutes are documented properly.

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.

Risk Appetite is defined on yearly basis with monitoring of Dashboard on quarterly basis. Risk Appetite set parameters on liquidity risk, credit risk, operational risk and compliance risk.

Country Risk

Country risk limits are set and reviewed together with country strategy on yearly basis.

Credit Risk

Due to the complexity and dynamics of domestic and overseas environment, Chinese economy has faced challenges throughout the year. In 2019, the quality of our credit portfolios however remains good. The Bank has installed a clear new client and new deal onboarding procedure to ensure selection of new clients are within the Bank's credit risk appetite. CACIB (China) client portfolio quality is ensured by selecting quality state-owned entities (SoEs), sector leading private-owned entities (PoEs) and multi-national corporates (MNCs) subsidiaries in China.

Client requests are proposed by front office coverage bankers and product line. Independent analysis is performed by RPC credit analysts and submitted to CRC for approval. Credit decisions are adequately taken by CRC China within delegated credit approval authority.

Post approval monitoring and control is done through regular client visits and internal anomaly meeting whereby credit documentation, overdue reviews, covenants controls are adequately reviewed with necessary follow-up actions.

Concentration risk on countries, sectors, counterparties are also adequately monitored. Portfolio review has been performed in January 2020, joined by RPC China, Asia, and Head Office teams. No significant credit risk event has been detected. Credit approval is complied with internal procedures and policy.

Credit risk stress testing follows the bank's stress test policy under different pre-set scenarios. In 2019, two stress test plans have been made with two separate actual tests. The results have been reported to RMC and BOD.

Market Risk

CACIB (China) is exposed to market risks including foreign exchange risk, interest rate risk and option risk.

Market Activities Monitoring team ("MAM") under RPC monitors and controls market risks via a standardized organization and by using various systems and tools:

- Market risk management involves various indicators at different levels of aggregation which mainly include but not limited to Value-at-Risk ("VaR"), Sensitivity, Profit and Loss ("P&L") Annual and Monthly Loss Alert and Foreign Exchange (FX) Position;
- Market risk limits are reviewed, adjusted and approved or ratified by the Parent Bank and by the BOD 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;

- 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;
- Daily P&L and risk report of all business and desks within Global Markets Division (“GMD”) is monitored through Market Risk Dashboard; and
- China MRC meeting which is held on a monthly basis and if necessary on an ad-hoc basis. This committee reports to RMC directly.

In 2019, the Bank’s GMD activities are developed actively with increased market risk exposure. New hiring in GMD and market risk department, elaborated market risk report, enhanced market risk monitoring information technology (“IT”) system, etc. help the Bank to adapt to a proper market risk management framework to anticipate the development of the activities.

Operational Risk

Operational risk is managed under “three lines of defence” mechanism within the Bank. In 2019, operational risk is mainly controlled through following activities:

- Operational Risk Manager (“ORM”) organizes ICC and Permanent Control Committee (“PCC”) on regular basis to report all operational risk related issues to the senior management.
- ORM conducts regular checks on the implementation of relevant policies according to internal procedures including block leave control, GMD staff access control to dealing room/Windows Session PBOC credit information inquire inspection, etc. Besides, answering to the fraud prevention plan required by Head Office, internal control enhancements have been implemented within Operation, Finance, RPC, IT and Compliance departments. As one of the aforementioned control enhancements, a spot check on clean desk has been conducted to all staff in main branch by Compliance and ORM in 2019. All inspection results have been reported in ICC.
- Based on regulatory and Head Office requirements, a review and assessment on all outsourcing activities are conducted on annual basis. Outsourced activity managers as the first line of defence conduct overall assessment on responsible outsourcing activities, including the execution of outsourcing activities, information security and quality of services. Then as the second line of defence, ORM assesses the result and reports to the PCC and ICC. 2019 annual assessment report has been submitted to CBIRC after obtaining approval by BOD in 2020 Q1.
- In 2019, the annual operational risk self-assessment has been performed based on Head Office requirements as well as local regulatory

requirements, which involves all business lines and support functions. The final assessment results have been reviewed and approved by RMC and BOD.

- When an operational risk incident is reported, the incident owner shall prepare relevant incident report. ORM performs an independent analysis to help identify the nature, the root cause, the actual or potential consequence and the remediation plan. The implementation of remediation plan will be reported to PCC and ICC meeting by ORM. In 2019, no significant incident has occurred and the accumulated financial loss is manageable.

Overall, operational risk management within the Bank is effective in 2019.

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 2019.
- The average loan-to-deposit ratio was 65.25% during December 2019.
- High quality liquidity asset adequacy ratio (“HQLAAR”) evaluates whether banks have sufficient high quality assets to cover short term liquidity gaps under stress, with minimum requirement $\geq 100\%$. As of December 31st, 2019, CACIB (China)’s HQLAAR reached 114.47%.
- Liquidity matching ratio (“LMR”) is a compulsory ratio effective from January 1st, 2020, with minimum requirement $\geq 100\%$. As of December 31st, 2019, CACIB (China)’s LMR reached 110.27%. CACIB (China) will continuously optimize the structure of balance sheet for regulatory requirement on LMR in 2020.

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 2019, the system of permanent controls and control of legal risks continues 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 31st, 2019, any legal risks that could have a negative impact on the Bank assets have been 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, 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.CACIB.com.cn>

Registration Date

July 1st, 2009

Authority of Registration

Shanghai Administration of Industry and Commerce

Unified Social Credit Code

91310000691565587J

Financial Institution License Serial Number

B1022H131000001

Registered Capital

Renminbi 4,796,000,000

Legal Representative

Nicolas Jean Francois VIX

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

To align with the Bank's strategy and development plan, the Bank has completed its capital increase from Renminbi 3,196,000,000 to Renminbi 4,796,000,000 on January 31st, 2019.

Directors, Supervisor and Senior Management

1. Composition

Supervisor
BÉLORGEY, Olivier

Board of Directors	
ROY, Michel	Chairman, Non-executive Director
VIX, Nicolas	Vice-Chairman, Executive Director
TCHOURBASSOFF, André	Executive Director
HONG, Didier	Executive Director
MARTIN, François	Non-executive Director
BALAÏ, Jean- François	Non-executive Director
COMBE-GUILLEMET, Hélène	Non-executive Director
BLANCHARD, Dominique	Non-executive Director
WU, Zhi Ge	Independent Non-executive Director

Senior Management	
VIX, Nicolas	President (Legal Representative), Senior Country Officer
TCHOURBASSOFF, André	Vice-President, Chief Operating Officer
JING, Catherine	Chief Risk Officer
YE, Ming	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

* subject to CBIRC approval

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

a. Directors

	<p>Professional experience:</p> <p>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.</p> <p>Michel Roy was appointed Chairman of CACIB (China) in June 2016.</p>
<p>ROY, Michel</p>	<p>Education:</p> <p>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.</p>

	<p>Professional experience:</p> <p>Nicolas Vix started his career in 1988 with the representative office of Banque Indosuez in Beijing. He then held various front office positions in Paris, Singapore and Hong Kong until 2004 when he became Head of Project Finance in Asia for Calyon.</p> <p>From 2009 to 2016, he was Head of Structured Finance Asia for Crédit Agricole CIB. In 2016, Nicolas Vix became Global Head of Sectors, Corporate and Structured (SCS) for Risk and Permanent Control. Nicolas Vix came to China since September 2019.</p> <p>Nicolas Vix was appointed Vice-Chairman of CACIB (China) in October 2019. He was also appointed President of CACIB (China) in January 2020.</p>
<p>VIX, Nicolas</p>	<p>Education:</p> <p>Nicolas Vix holds degrees in engineering (Ecole Centrale), economy & finance (IEP).</p>



TCHOURBASSOFF,
André

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.

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.



HONG,
Didier

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.

Education:

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



MARTIN,
François

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.

Education:

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



BALAÿ,
Jean-François

Professional experience:

Jean-François Balaÿ has been appointed Deputy General Manager since July 11th, 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.

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



COMBE-GUILLEMET,
Hélène

Professional experience:

Hélène Combe-Guillemet is the Head of Global Investment Banking (GIB) as of December 1st 2013. She started her career auditing large industrial groups at PriceWaterhouseCoopers. In 1983 she joined Banque Indosuez and then moved to Financière Indosuez, an Indosuez subsidiary specialised in mergers and acquisitions. In 1995 she was appointed Managing Director Investment Banking for Deutsche Bank, and then moved to Citigroup. In 2006 she joined Credit Agricole CIB as Senior Banker in charge of a portfolio of large strategic clients.

Hélène Combe-Guillemet was appointed Non-executive Director of CACIB (China) in August 2019.

Education:

Hélène Combe-Guillemet is a graduate from HEC Business School and holds an accounting expertise.



BLANCHARD,
Dominique

Professional experience:

Dominique Blanchard is the Regional Head of Global Markets Division for Asia-Pacific as of April 2018. He has more than 25 years' experience in financial markets spent in Europe and Asia-Pacific across fixed income, equity derivatives and financial advisory. He joins CACIB from ANZ where he was Global Head of Sales and Debt Capital Markets. He also worked for Daiwa Sumitomo from 2008 to 2013, where he ran and restructured their global financial products activities, front to back. Prior to that, he spent over 15 years with the Crédit Agricole Group, his last position was Deputy Head of the Fixed Income division.

Dominique Blanchard was appointed Non-executive Director of CACIB (China) in August 2019.

Education:

Dominique Blanchard is the MBA at ESSEC Business School.



**WU,
Zhi ge**

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.

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.

b. Supervisor



**BÉLORGEY,
Olivier**

Professional experience:

Olivier BÉlorgey is appointed Finance Director, effective September 1st, 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 a Non-executive Director of CACIB (China) since September 2018 till May 2019. In May 2019, he was appointed Supervisor of CACIB (China).

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.

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 2019, the Board of Directors held four ordinary meetings, on March 14th, June 20th, September 19th and December 19th respectively, during which the Board of Directors reviews and approves various matters, including the code of conduct, regulatory self-assessment reports, policies and procedures, periodical capital adequacy ratios, financial statements of the Bank. In addition, eight resolutions have been circulated in writing to the Board of Directors. 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.

In 2019, the following changes have taken place in the composition of the Board of Directors:

- Ms. Alexandra BOLESZAWSKI tendered her resignation as a Non-executive Director on March 7th, 2019.
- Mr. Olivier BÉLORGEY tendered his resignation as a Non- Executive Director on May 6th, 2019. He was appointed as Supervisor. More details can be found in Supervisor section.
- Ms. Isabelle GIROLAMI tendered her resignation as a Non- Executive Director on July 30th, 2019.
- Mr. Philippe PELLEGRIN tendered his resignation as Vice-Chairman and Executive Director on September 20th, 2019.
- Ms. Hélène COMBE-GUILLEMET has been appointed by the Shareholder as a Non-executive Director, and the post-taking qualification was approved by CBIRC on August 13th, 2019.
- Mr. Dominique BLANCHARD has been appointed by the Shareholder as a Non-executive Director, and the post-taking qualification was approved by CBIRC on August 13th, 2019.
- Mr. Nicolas VIX has been appointed by the Shareholder as Vice-Chairman and Executive Director, and the post-taking qualification was approved by CBIRC on October 11th, 2019.

Shareholder's Meeting

Not applicable

Specialized Committees under the Board of Directors

In 2019, 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

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.

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

The Bank's Supervisor may attend the meetings of the above Committees, and the Supervisor shall have the right to give comments and suggestions, but not to vote.

Independent Non-Executive Director

Members of the Board of Directors include one (1) Independent Non-Executive Directors, Mr. WU Zhi Ge. It is in compliance with the requirement of a quorum specified in the Bank's Articles of Association.

Mr. WU serves as the chairman of the Internal Audit Committee and the Connected Transaction Control Committee. He also serves as the permanent member of the Risk Management Committee and the Compensation and Nomination 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. WU as the Independent Non-executive Directors of the Bank.

In 2019, 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, he fully discharges his 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 2019.

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.

According to the Articles of Association, the Supervisor shall be responsible to the Shareholder, and shall perform the following duties to supervise the Board of Directors and the Senior Management Personnel:

- to inspect the Bank's financial conditions;
- to monitor and require that the Directors or the Senior Management Personnel rectify the acts that are in violation of the PRC Laws and Regulations and the AOA;
- to prevent any actions of the Board of Directors or the Senior Management Personnel that are detrimental to the interests of the Bank, the Shareholder and other connected parties, particularly the depositors;
- to propose recommendations to the Shareholder regarding the dismissal of the Directors and/or Senior Management Personnel, having observed their acts that are in violation of the PRC Laws and Regulations, the AOA and/or the Shareholder's resolution;
- to evaluate the performance of the Directors and Senior Management Personnel on a regular basis and report the evaluation result to the Shareholder;
- to report, upon finding any major issue(s), such finding diligently to the Shareholder and the CBRC;
- to take legal proceedings against the Directors and the Senior Management Personnel in accordance with the PRC Laws and Regulations; and
- such other authorities as delegated by the PRC Laws and Regulations and the AOA.

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.

Mr. Eric LECHAUDEL tendered his resignation as Supervisor and the Shareholder appointed Mr. Olivier BÉLORGEY as Supervisor on May 6th, 2019.

In 2019, 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.

The President may set up specialized committees according to the needs and the actual circumstances of the Bank to be in charge of providing specialized opinions in a specific area on behalf of the President, and inspect and supervise the business operation in such area.

The President and other Senior Management Personnel shall be responsible to the Board of Directors, shall carry out the activities of operation and management of the Bank in accordance with the AOA and the authorization of the Board of Directors, shall formulate the daily business plans of the Bank and shall be responsible for the specific implementation of such plans after the Board of Directors approves them.

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 31st, 2019 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 2019, the Board of Directors resolved to re-appoint Ernst & Young Hua Ming LLP ("Ernst & Young") as the Bank's Public Accountants for the year 2019.

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 2019

Important Notice

The attached financial statements have been translated from the statutory financial statements prepared in accordance with Chinese accounting standards 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.

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Auditors' Report

Ernst & Young Hua Ming (2020) Shen Zi No 61114184_B01
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 2019, 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 2019 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 from 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 (2020) 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 skepticism 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 (2020) 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

Mar 25th, 2020

The Branch has obtained approval from Ernst & Young Hua Ming LLP for carrying out business

CREDIT AGRICOLE CIB (CHINA) LIMITED
BALANCE SHEET
31 December 2019
(Unless otherwise stated, expressed in Renminbi Yuan)

<u>ASSETS:</u>	<u>Note 5</u>	<u>2019-12-31</u>	<u>2018-12-31</u>
Cash and due from the central bank	1	2,248,462,616	1,653,936,759
Due from banks and other financial institutions	2	295,244,748	215,580,235
Placements with banks and other financial institutions	3	5,027,383,274	2,622,285,234
Financial assets at fair value through profit or loss	4	-	268,479,730
Derivative financial assets	5	2,035,501,378	1,963,143,744
Interest receivables	6	68,973,134	70,469,293
Loans and advances to customers	7	7,506,314,408	4,610,610,471
Held-to-maturity investment	8	1,178,908,975	1,200,467,867
Account receivables investments	9	1,144,373,000	1,174,168,000
Fixed assets	10	7,494,624	3,979,623
Intangible assets	11	972,145	969,310
Deferred tax assets	12	33,745,291	66,172,531
Other assets	13	<u>650,997,965</u>	<u>72,510,416</u>
TOTAL ASSETS		<u><u>20,198,371,558</u></u>	<u><u>13,922,773,213</u></u>

The notes form an integral part of these financial statements.

CREDIT AGRICOLE CIB (CHINA) LIMITED
BALANCE SHEET (continued)
31 December 2019
(Unless otherwise stated, expressed in Renminbi Yuan)

<u>LIABILITIES:</u>	<u>Note 5</u>	<u>2019-12-31</u>	<u>2018-12-31</u>
Due to banks and other financial institutions	15	55,298	39,699
Placements from banks and other financial institutions	16	1,209,286,000	1,211,792,000
Derivative financial liabilities	5	2,112,181,440	2,072,906,715
Customer deposits	17	10,816,702,359	6,672,707,907
Payroll payables	18	37,458,465	42,309,008
Tax payables	19	35,586,212	53,973,184
Interest payables	20	32,311,989	8,178,006
Debt securities issued	21	397,920,951	-
Other liabilities	22	<u>196,533,288</u>	<u>195,463,875</u>
TOTAL LIABILITIES		<u><u>14,838,036,002</u></u>	<u><u>10,257,370,394</u></u>
<u>SHAREHOLDERS' EQUITY:</u>			
Paid-in capital	23	4,796,000,000	3,196,000,000
Capital reserve		2,881,771	2,881,771
Surplus reserve	25	115,676,921	106,183,648
General reserve	26	240,230,017	189,076,846
Retained earnings	27	<u>205,546,847</u>	<u>171,260,554</u>
TOTAL SHAREHOLDERS' EQUITY		<u><u>5,360,335,556</u></u>	<u><u>3,665,402,819</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>20,198,371,558</u></u>	<u><u>13,922,773,213</u></u>

The financial statements have been signed by:

President

Vice President

Chief Financial Officer

The notes form an integral part of these financial statements.

CREDIT AGRICOLE CIB (CHINA) LIMITED
INCOME STATEMENT
Year 2019
(Unless otherwise stated, expressed in Renminbi Yuan)

	<u>Note 5</u>	<u>Year 2019</u>	<u>Year 2018</u>
OPERATING INCOME			
Interest income	28	471,371,582	370,727,673
Interest expense	28	(180,649,061)	(122,933,932)
Net interest income		290,722,521	247,793,741
Fee and commission income	29	137,742,879	97,835,593
Fee and commission expense	29	(54,213,293)	(31,921,998)
Net Fee and commission income		83,529,586	65,913,595
Investment income	30	(16,693,050)	(4,306,983)
Gain/(Loss) from changes in fair value	31	16,131,449	(117,961,934)
Foreign exchange gain		55,695,752	110,562,593
Other operating income	32	27,877,000	-
Other gain	33	192,449	-
Gain from disposal of assets		174,848	-
TOTAL OPERATING INCOME		<u>457,630,555</u>	<u>302,001,012</u>
OPERATING EXPENSE			
Tax and surcharges	34	(5,683,316)	(2,334,463)
General and administrative expense	35	(245,229,683)	(224,174,106)
Impairment losses	36	(52,124,709)	(9,503,025)
Other operating expense	37	(1,460,442)	(4,252,083)
TOTAL OPERATING EXPENSE		<u>(304,498,150)</u>	<u>(240,263,677)</u>
OPERATING PROFIT		153,132,405	61,737,335
Non-operating income		65,990	1,599
Non-operating expense		(184,634)	(203,639)
PROFIT BEFORE TAX		153,013,761	61,535,295
Less: Income tax expense	38	(58,081,024)	(12,700,674)
NET PROFIT		<u>94,932,737</u>	<u>48,834,621</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Items that may be reclassified to profit or loss-Fair value gain on available-for-sale financial assets	24	-	383,643
TOTAL COMPREHENSIVE INCOME		<u>94,932,737</u>	<u>49,218,264</u>

The notes form an integral part of these financial statements.

CREDIT AGRICOLE CIB (CHINA) LIMITED
STATEMENT OF CHANGES IN EQUITY

Year 2019

(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 2019	3,196,000,000	2,881,771	-	106,183,648	189,076,846	171,260,554	3,665,402,819
2. Movements during the year	1,600,000,000	-	-	9,493,273	51,153,171	34,286,293	1,694,932,737
(1) Total comprehensive- income	-	-	-	-	-	94,932,737	94,932,737
(2) Capital injection	1,600,000,000	-	-	-	-	-	1,600,000,000
(3) Profit distribution	-	-	-	9,493,273	51,153,171	(60,646,444)	-
1. Appropriation to surplus reserve	-	-	-	9,493,273	-	(9,493,273)	-
2. Appropriation to general reserve	-	-	-	-	51,153,171	(51,153,171)	-
3. Distribution to Shareholder	-	-	-	-	-	-	-
3. Balance as at 31 December 2019	4,796,000,000	2,881,771	-	115,676,921	240,230,017	205,546,847	5,360,335,556

The notes form an integral part of these financial statements.

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

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

The notes form an integral part of these financial statements.

CREDIT AGRICOLE CIB (CHINA) LIMITED
STATEMENT OF CASH FLOWS
Year 2019
(Unless otherwise stated, expressed in Renminbi Yuan)

	<u>Note 5</u>	<u>Year 2019</u>	<u>Year 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net increase in customer deposits and due to banks and other financial institutions		4,144,010,051	808,459,385
Net decrease in due from the central bank		-	260,494,395
Cash received from interest, service fee and commission		637,992,905	451,402,146
Net increase in placements from banks and other financial institutions		-	549,170,640
Cash received from other operating activities		<u>13,903,783</u>	<u>31,314,801</u>
Sub-total of cash inflows from operating activities		<u>4,795,906,739</u>	<u>2,100,841,367</u>
Net increase in due from banks and other financial institutions		674,558	517,824
Net increase due from the central bank		739,941,225	-
Net increase in loans and advances to customers		2,930,645,498	411,600,304
Net decrease in placements from banks and other financial institutions		2,506,000	-
Net increase in placements with banks and other financial institutions		929,550,884	1,006,304,533
Payments made for interest, service fee and commission		191,306,204	175,094,282
Cash paid to and on behalf of employees		147,386,391	109,452,946
Cash paid for all types of taxes		52,743,732	21,597,439
Cash paid for other operating activities		<u>89,411,832</u>	<u>101,290,819</u>
Sub-total of cash outflows from operating activities		<u>5,084,166,324</u>	<u>1,825,858,147</u>
Net cash flows from operating activities	39	<u>(288,259,585)</u>	<u>274,983,220</u>

The notes form an integral part of these financial statements.

CREDIT AGRICOLE CIB (CHINA) LIMITED
STATEMENT OF CASH FLOWS (continued)
Year 2019
(Unless otherwise stated, expressed in Renminbi Yuan)

	Note 5	Year 2019	Year 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from maturity of investments		500,268,115	694,875,322
Cash received from investment income		67,032,560	43,450,569
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<u>174,848</u>	<u>-</u>
Sub-total of cash inflows from investing activities		<u>567,475,523</u>	<u>738,325,891</u>
Cash paid for purchase of fixed assets, intangible assets and other long term assets		9,229,107	3,493,950
Cash paid for investment		<u>983,752,002</u>	<u>2,486,840,424</u>
Sub-total of cash outflows from investing activities		<u>992,981,109</u>	<u>2,490,334,374</u>
Net cash flows from investing activities		<u>(425,505,586)</u>	<u>(1,752,008,483)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment absorption		1,600,000,000	-
Cash received from bond issuance		<u>980,263,200</u>	<u>597,863,800</u>
Sub-total of cash inflows from financing activities		<u>2,580,263,200</u>	<u>597,863,800</u>
Cash paid for debt repayment		592,438,000	597,863,800
Cash paid for distribution of dividends, profits or payment of interest		<u>7,562,000</u>	<u>2,136,200</u>
Subtotal of cash outflows from financing activities		<u>600,000,000</u>	<u>600,000,000</u>
Net cash flows from financing activities		<u>1,980,263,200</u>	<u>(2,136,200)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		<u>10,095,823</u>	<u>37,123,098</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,276,593,852	(1,442,038,365)
Add: Cash and cash equivalents at beginning of the year		<u>1,042,266,238</u>	<u>2,484,304,603</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	40	<u><u>2,318,860,090</u></u>	<u><u>1,042,266,238</u></u>

The notes form an integral part of these financial statements.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements
For the year ended 31 December 2019
(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 LIMITED. (hereinafter referred to as "CA-CIB") in the People's Republic of China.

China Banking and Insurance Regulatory Commission (hereinafter referred to as the "CBIRC") approved the application regarding the restructuring into a wholly foreign-owned subsidiary bank in China on 10 June 2008. CBIRC issued "certificate of approval of foreign banks" (Yin Jian Han [2009] No. 126) on June 17, 2009, approving the opening of the Bank.

The bank obtained the license for conducting financial transaction from the CBIRC and its business license from State Administration for Industry and Commerce of the People's Republic of China. With the approval of the CBIRC, the registered capital of the bank was increased by RMB1,600,000,000 on January 31, 2019, and the paid-in capital of the bank was RMB 4,796,000,000 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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

2. Preparation basis of the financial statements (continued)

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 2019 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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(4) Foreign currency transactions (continued)

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.

(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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(5) Financial instruments (continued)

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.

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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(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)

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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(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)

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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(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)

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 2019
(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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(6) Repurchase and reverse repurchase transactions

Securities and bills sold subject to repurchase agreements (“Repos”) continue to be recognised and are recorded as financial investments. The corresponding obligation is included in “Repurchase agreements”. Securities and bills purchased under agreements to re-sell (“Reverse repos”) are not recognised. The receivables are recorded as “Reverse repurchase financial assets”, as appropriate.

The difference between purchase and sale price is recognised as interest expense or interest income in the profit or loss over the life of the agreements using the effective interest method.

(7) 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.

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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(8) 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	3-6years	-	17-33%
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 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(9) 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.

(10) 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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(11) 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 period.

(12) 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 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(12) 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.

(13) 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.

(14) 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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(15) 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.

(16) 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 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(16) 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.

(17) Income tax

Income tax comprises the current income tax and deferred income tax. Except for the income which belongs to the owner's equity and 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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(17) 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 2019
(Unless otherwise stated, expressed in RMB Yuan)

3. Significant accounting policies and estimates (continued)

(17) 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.

(18) 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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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3. Significant accounting policies and estimates (continued)

(19) 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 unpractical.

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.

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Notes to Financial Statements (Continued)
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3. Significant accounting policies and estimates (continued)

(20) 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 is 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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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3. Significant accounting policies and estimates (continued)

(20) 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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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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

	2019-12-31	2018-12-31
Cash on hand	145,555	256,834
Statutory deposit reserve with the central bank - RMB	990,905,689	725,752,932
Statutory deposit reserve with the central bank - FCY	124,042,870	59,962,221
Excess reserve with the central bank	467,720,739	613,024,828
Foreign exchange risk reserve with the central bank	<u>665,647,763</u>	<u>254,939,944</u>
	<u><u>2,248,462,616</u></u>	<u><u>1,653,936,759</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% (2018: 5%) of the balance of customer deposits denominated in foreign currencies, and 11.0%(2018: 12.5%) of the balance of customer deposits denominated in RMB.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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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

	2019-12-31	2018-12-31
Due from domestic banks	59,884,934	112,533,135
Due from foreign banks	<u>236,542,527</u>	<u>103,564,927</u>
Sub-total	<u>296,427,461</u>	<u>216,098,062</u>
Less: Impairment provisions for due from banks (Note 1)	<u>(1,182,713)</u>	<u>(517,827)</u>
Net amount of due from banks	<u><u>295,244,748</u></u>	<u><u>215,580,235</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 CBIRC.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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5. **Notes to financial statements (continued)**

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

	2019-12-31	2018-12-31
Placements with domestic banks	4,183,280,600	2,636,497,200
Placements with overseas banks	<u>874,766,744</u>	<u>-</u>
Sub-total	<u>5,058,047,344</u>	<u>2,636,497,200</u>
Less: Impairment provisions for placements with banks and other financial institutions (Note 1)	<u>(30,664,070)</u>	<u>(14,211,966)</u>
Net amount of placements with banks and other financial institutions	<u><u>5,027,383,274</u></u>	<u><u>2,622,285,234</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 CBIRC, amount to RMB 5,373,833 in 2019 (2018: RMB 1,029,480)

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

	2019-12-31	2018-12-31
<i>Held-for-trading financial assets</i>		
Bond investments:		
Financial bonds issued by Policy Banks	<u>-</u>	<u>268,479,730</u>
	<u><u>-</u></u>	<u><u>268,479,730</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.

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Notes to Financial Statements (Continued)
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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:

2019-12-31

	Notional Amount	Fair Value	
		Assets	Liabilities
Foreign exchange contracts:			
Forwards	10,646,744,485	74,655,990	(91,162,608)
Swaps	242,376,329,629	1,500,219,607	(1,458,935,287)
Options	<u>135,588,421,126</u>	<u>325,683,798</u>	<u>(342,523,695)</u>
Sub-total	<u>388,611,495,240</u>	<u>1,900,559,395</u>	<u>(1,892,621,590)</u>
Provisions for foreign exchange contracts (Note 1)	-	(1,144,331)	-
Net amount of foreign exchange contracts	<u>388,611,495,240</u>	<u>1,899,415,064</u>	<u>(1,892,621,590)</u>
Interest rate contracts			
Swaps	102,497,600,987	79,928,893	(131,863,140)
Cross-currency swaps	<u>2,601,722,661</u>	<u>3,708,406</u>	<u>(35,099,705)</u>
Sub-total	<u>105,099,323,648</u>	<u>83,637,299</u>	<u>(166,962,845)</u>
Provisions for interest rate contracts (Note 1)	-	(15,664)	-
Net amount of interest rate contracts	<u>105,099,323,648</u>	<u>83,621,635</u>	<u>(166,962,845)</u>
Non-deliverable forwards	<u>1,736,094,558</u>	<u>52,519,751</u>	<u>(52,597,005)</u>
Sub-total	<u>1,736,094,558</u>	<u>52,519,751</u>	<u>(52,597,005)</u>
Provisions for non-deliverable forward contracts (Note 1)	-	(55,072)	-
Net amount of non-deliverable forward contracts	<u>1,736,094,558</u>	<u>52,464,679</u>	<u>(52,597,005)</u>
Total	<u>495,446,913,446</u>	<u>2,035,501,378</u>	<u>(2,112,181,440)</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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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):

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	51,329,726,746	178,891,377	(207,515,259)
Sub-total	201,477,045,182	1,846,395,437	(1,924,685,087)
Provisions for foreign exchange contracts (Note 1)	-	(941,250)	-
Net amount of foreign exchange contracts	201,477,045,182	1,845,454,187	(1,924,685,087)
Interest rate contracts			
Swaps	23,815,477,298	42,375,294	(66,835,335)
Cross-currency swaps	2,561,366,746	19,453,697	(25,177,663)
Sub-total	26,376,844,044	61,828,991	(92,012,998)
Provisions for interest rate contracts (Note 1)	-	(172,944)	-
Net amount of interest rate contracts	26,376,844,044	61,656,047	(92,012,998)
Non-deliverable forwards	3,757,985,014	56,067,907	(56,208,630)
Sub-total	3,757,985,014	56,067,907	(56,208,630)
Provisions for non-deliverable forward contracts (Note 1)	-	(34,397)	-
Net amount of non-deliverable forward contracts	3,757,985,014	56,033,510	(56,208,630)
Total	231,611,874,240	1,963,143,744	(2,072,906,715)

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 CBIRC.

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Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(6) Interest receivables

	31-12-2019	31-12-2018
Interest receivables on loans	21,800,488	8,085,011
Interest receivables from banks	12,890,737	32,595,896
Interest receivables on bonds	<u>34,337,356</u>	<u>29,844,151</u>
Sub-total	<u>69,028,581</u>	<u>70,525,058</u>
Less: Impairment provisions for interest receivables (Note 1)	<u>(55,447)</u>	<u>(55,765)</u>
	<u><u>68,973,134</u></u>	<u><u>70,469,293</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 CBIRC.

Note 2: As at 31 December 2019 and 31 December 2018, there isn't any overdue interest receivables exist.

Movements of interest receivables:

	Interest receivables on loans	Interest receivables from banks	Interest receivables on bonds	Total
2019				
Opening balance	<u>8,085,011</u>	<u>32,595,896</u>	<u>29,844,151</u>	<u>70,525,058</u>
Accrued	318,687,690	170,722,818	73,243,600	562,654,108
Received	<u>304,972,213</u>	<u>190,427,977</u>	<u>68,750,395</u>	<u>564,150,585</u>
Closing balance	<u>21,800,488</u>	<u>12,890,737</u>	<u>34,337,356</u>	<u>69,028,581</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(6) Interest receivables (continued)

Movements of interest receivables (continued):

	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>

(7) Loans and advances to customers

7.1 Distribution of loans and advances by corporate

	31-12-2019	31-12-2018
Corporate loans and advances:		
- Loans	6,605,067,530	3,723,324,683
- Trade finance	<u>1,054,551,274</u>	<u>1,005,648,623</u>
Sub-total	<u>7,659,618,804</u>	<u>4,728,973,306</u>
Less: Impairment provisions for loans (Note 1)	<u>(153,304,396)</u>	<u>(118,362,835)</u>
Net value of loans and advances to customers	<u>7,506,314,408</u>	<u>4,610,610,471</u>

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 CBIRC, amount to zero in 2019 (2018: RMB zero).

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Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(7) Loans and advances to customers (continued)

7.2 Distribution of loans and advances to customers by industry

	31-12-2019		31-12-2018	
	Amount	%	Amount	%
Manufacturing	3,843,669,746	50	1,957,895,570	41
Wholesale and retail	2,210,897,454	29	1,366,992,489	29
Leasing and business services	765,138,517	10	687,985,878	15
Telecommunication, software and information technology service	367,559,396	5	408,848,512	9
Real estate	263,467,155	3	191,899,938	4
Agriculture, forestry, animal husbandry and fishery	133,596,320	2	22,133,248	-
Production and supply of electricity, heat, gas and water	52,925,317	1	93,217,671	2
Others	22,364,899	-	-	-
Total amount of loans and advances	7,659,618,804	100	4,728,973,306	100
Impairment provisions for loans	(153,304,396)		(118,362,835)	
Net value of loans and advances	7,506,314,408		4,610,610,471	

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Notes to Financial Statements (Continued)
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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

	31-12-2019		31-12-2018	
	Amount	%	Amount	%
East	4,217,612,298	55	2,219,938,844	47
South	1,443,353,529	19	770,041,583	16
North	794,248,215	10	730,485,379	15
Northwest	510,374,762	7	512,250,000	11
Southwest	694,030,000	9	296,257,500	6
Northeast	-	-	<u>200,000,000</u>	<u>5</u>
Total amount of loans and advances	<u>7,659,618,804</u>	<u>100</u>	<u>4,728,973,306</u>	<u>100</u>
Impairment provisions for loans	<u>(153,304,396)</u>		<u>(118,362,835)</u>	
Net value of loans and advances	<u>7,506,314,408</u>		<u>4,610,610,471</u>	

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

	31-12-2019	31-12-2018
Unsecured loans	2,694,689,983	1,373,646,715
Guaranteed loans	1,524,038,071	1,491,512,061
Secured by mortgages	109,255,417	737,970,326
Secured by pledges	<u>3,331,635,333</u>	<u>1,125,844,204</u>
Total amount of loans and advances	<u>7,659,618,804</u>	<u>4,728,973,306</u>
Impairment provisions for loans	<u>(153,304,396)</u>	<u>(118,362,835)</u>
Net value of loans and advances	<u>7,506,314,408</u>	<u>4,610,610,471</u>

7.5 Overdue loans

As at 31 December 2019 and 31 December 2018, there isn't any overdue loans exist.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(7) Loans and advances to customers (continued)

7.6 Impairment provisions for loans

	Collective	Individual	Total
2019			
Opening balance	<u>118,362,835</u>	-	<u>118,362,835</u>
Charge during the year(Notes 5, 35)	<u>34,941,561</u>	-	<u>34,941,561</u>
Closing balance	<u><u>153,304,396</u></u>	-	<u><u>153,304,396</u></u>
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>

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Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(8) Held-to-maturity investment

	31-12-2019	31-12-2018
Government bonds	-	149,644,880
Financial bonds issued by Policy banks	969,958,975	841,872,987
Financial bonds issued by non-bank financial institutions	<u>210,000,000</u>	<u>210,000,000</u>
Sub-total	<u>1,179,958,975</u>	<u>1,201,517,867</u>
Less: Impairment provisions for held-to-maturity investment (Note 1)	<u>(1,050,000)</u>	<u>(1,050,000)</u>
Net amount of held-to-maturity investment	<u><u>1,178,908,975</u></u>	<u><u>1,200,467,867</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 CBIRC.

(9) Account receivables investments

	31-12-2019	31-12-2018
Asset-based security	<u><u>1,144,373,000</u></u>	<u><u>1,174,168,000</u></u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(10) Fixed assets

	Office equipment and motor vehicles	Computers	Total
Cost:			
At 1 January 2018	<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>
Additions	742,035	5,054,946	5,796,981
Disposals	<u>(146,961)</u>	<u>(217,272)</u>	<u>(364,233)</u>
At 31 December 2019	<u>7,100,298</u>	<u>20,052,761</u>	<u>27,153,059</u>
Accumulated depreciation:			
At 1 January 2018	<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>
Additions	632,371	1,649,609	2,281,980
Disposals	<u>(146,961)</u>	<u>(217,272)</u>	<u>(364,233)</u>
At 31 December 2019	<u>5,711,531</u>	<u>13,946,904</u>	<u>19,658,435</u>
Net book value:			
At 31 December 2019	<u><u>1,388,767</u></u>	<u><u>6,105,857</u></u>	<u><u>7,494,624</u></u>
At 31 December 2018	<u><u>1,279,103</u></u>	<u><u>2,700,520</u></u>	<u><u>3,979,623</u></u>
At 1 January 2018	<u><u>1,615,788</u></u>	<u><u>2,217,570</u></u>	<u><u>3,833,358</u></u>

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Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(11) Intangible assets

	31-12-2019	31-12-2018
Software		
Cost:		
Opening balance	14,609,606	14,472,848
Additions	<u>741,804</u>	<u>136,758</u>
Closing balance	<u>15,351,410</u>	<u>14,609,606</u>
Accumulated amortisation:		
Opening balance	13,640,296	12,241,756
Additions	<u>738,969</u>	<u>1,398,540</u>
Closing balance	<u>14,379,265</u>	<u>13,640,296</u>
Net carrying amount:		
Closing balance	<u><u>972,145</u></u>	<u><u>969,310</u></u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

5. Notes to financial statements (continued)

(12) Deferred tax assets

2019

Deferred tax assets/ (liabilities)	Opening balance	Credited/ (charged) to income statement	Credited/ (Charged) to equity	Closing balance
Impairment provisions	15,756,453	(649,463)	-	15,106,990
Changes in fair value of derivatives	14,460,589	(4,220,544)	-	10,240,045
Unrealized profit or loss on the financial assets at fair value through profit or loss	(187,681)	187,681	-	-
Accrued expenses	7,411,676	(3,853,210)	-	3,558,466
Accrued liabilities	22,175,453	(22,175,453)	-	-
Deferred revenue	6,404,131	(1,250,418)	-	5,153,713
Intangible assets	<u>151,910</u>	<u>(465,833)</u>	-	<u>(313,923)</u>
Total	<u>66,172,531</u>	<u>(32,427,240)</u>	<u>-</u>	<u>33,745,291</u>

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>151,910</u>
Total	<u>36,159,115</u>	<u>30,141,297</u>	<u>(127,881)</u>	<u>66,172,531</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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5. Notes to financial statements (continued)

(13) Other assets

	Notes	31-12-2019	31-12-2018
Long-term deferred expenses	13.1	6,022,042	6,364,103
Input VAT to be verified		3,024,806	2,899,642
Other receivables	13.2	<u>641,951,117</u>	<u>63,246,671</u>
Sub-total		<u>650,997,965</u>	<u>72,510,416</u>
Less: Impairment provisions for other receivables		<u>-</u>	<u>-</u>
Other assets		<u><u>650,997,965</u></u>	<u><u>72,510,416</u></u>

13.1 Long-term deferred expenses

2019

	Leasehold improvement	Others	Total
Opening balance	5,301,234	1,062,869	6,364,103
Additions	2,690,322	-	2,690,322
Amortisation	<u>(2,541,827)</u>	<u>(490,556)</u>	<u>(3,032,383)</u>
Closing balance	<u><u>5,449,729</u></u>	<u><u>572,313</u></u>	<u><u>6,022,042</u></u>

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>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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5. Notes to financial statements (continued)

(13) Other assets (continued)

13.2 Other receivables

	31-12-2019	31-12-2018
Bond settlement receivables	509,018,885	-
Option Premium receivables	53,536,706	30,941,708
Coverage service fee receivables (Note 11)	29,902,103	-
Fee and commission receivables	18,182,209	12,069,479
Guarantee deposit for business	18,654,791	15,411,677
Fx and derivatives settlement Receivables	7,272,360	19,119
Rental deposits	3,843,682	3,364,370
Others	<u>1,540,381</u>	<u>1,440,318</u>
Total	<u><u>641,951,117</u></u>	<u><u>63,246,671</u></u>

(14) Provisions for impairment losses

2019

	Opening Balance	Accrual/ (Reversal)	Write off	Closing Balance
Impairment provisions for due from banks and other financial institutions	517,827	664,886	-	1,182,713
Impairment provisions for placements with banks and other financial institutions	14,211,966	16,452,104	-	30,664,070
Impairment provisions for loans	118,362,835	34,941,561	-	153,304,396
Impairment provisions for interest receivables	55,765	(318)	-	55,447
Impairment provisions for derivative financial assets	1,148,591	66,476	-	1,215,067
Impairment provisions for held-to-maturity investments	<u>1,050,000</u>	<u>-</u>	<u>-</u>	<u>1,050,000</u>
Total	<u><u>135,346,984</u></u>	<u><u>52,124,709</u></u>	<u><u>-</u></u>	<u><u>187,471,693</u></u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

5. Notes to financial statements (continued)

(14) Provisions for impairment losses (continued)

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	-	1,050,000	-	1,050,000
Total	<u>125,843,959</u>	<u>9,503,025</u>	<u>-</u>	<u>135,346,984</u>

(15) Due to banks and other financial institutions

	31-12-2019	31-12-2018
Due to overseas financial institutions	<u>55,298</u>	<u>39,699</u>

(16) Placements from banks and other financial institutions

	31-12-2019	31-12-2018
Placements from domestic banks	-	300,000,000
Placements from overseas banks	<u>1,209,286,000</u>	<u>911,792,000</u>
	<u>1,209,286,000</u>	<u>1,211,792,000</u>

(17) Customer deposits

	31-12-2019	31-12-2018
Time deposits	9,421,278,847	5,711,166,385
Demand deposits	1,359,329,124	901,541,522
Margin deposits	<u>36,094,388</u>	<u>60,000,000</u>
	<u>10,816,702,359</u>	<u>6,672,707,907</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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5. Notes to financial statements (continued)

(18) Payroll payables

	31-12-2019	31-12-2018
Amount unpaid		
Salary, bonus, subsidy and allowance	34,523,299	39,264,949
Social insurance	266,193	192,750
Labor union expenditure and staff education fee	578	567
Defined contribution plan	2,668,395	2,850,742
Of which:		
Pension fund	399,535	375,203
Unemployment insurance	12,485	9,380
Annuity	<u>2,256,375</u>	<u>2,466,159</u>
Total	<u><u>37,458,465</u></u>	<u><u>42,309,008</u></u>
	31-12-2019	31-12-2018
Amount payable		
Salary, bonus, subsidy and allowance	124,622,348	114,576,489
Social insurance	3,340,814	2,692,266
Housing fund	2,871,456	2,329,011
Labor union expenditure and staff education fee	2,588,719	2,550,850
Defined contribution plan	9,112,511	8,667,145
Of which:		
Pension fund	6,292,285	5,770,891
Unemployment insurance	209,565	169,421
Annuity	<u>2,610,661</u>	<u>2,726,833</u>
Total	<u><u>142,535,848</u></u>	<u><u>130,815,761</u></u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(19) Tax payables

	31-12-2019	31-12-2018
Company income tax payable	19,819,007	43,302,153
Unpaid Value-added tax	8,004,391	4,403,830
Withholding Value-added tax	3,245,784	2,690,572
Withholding individual income tax	2,132,790	1,467,631
Withholding income tax	1,883,167	1,979,324
Others	<u>501,073</u>	<u>129,674</u>
	<u><u>35,586,212</u></u>	<u><u>53,973,184</u></u>

(20) Interest payables

	31-12-2019	31-12-2018
Interest payable to depositors	29,622,704	6,881,453
Interest payable to banks	<u>2,689,285</u>	<u>1,296,553</u>
	<u><u>32,311,989</u></u>	<u><u>8,178,006</u></u>

The movement of interest payables:

	Interest payable to depositors	Interest payable to banks
1-1-2018	<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>
Accrued	138,427,091	42,221,970
Paid	<u>115,685,840</u>	<u>40,829,238</u>
31-12-2019	<u><u>29,622,704</u></u>	<u><u>2,689,285</u></u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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5. Notes to financial statements (continued)

(21) Debt securities issued

	31-12-2019	31-12-2018
Negotiable certificates of deposit	<u>397,920,951</u>	<u>-</u>
	<u><u>397,920,951</u></u>	<u><u>-</u></u>

As at 31 December 2019, the amount of debt securities issued listed below:

Issue date	Period	Issue amount	Opening balance	Actual issue amount	Accrued interest	Amortization or premium	Repay-ment	Ending balance
Issued negotiable certificates of deposit								
2019/1/19	1 month	100,000,000	-	99,759,500	-	240,500	(100,000,000)	-
2019/2/28	1 year	200,000,000	-	193,914,000	-	5,088,295	-	199,002,295
2019/3/5	1 year	200,000,000	-	193,911,200	-	5,007,456	-	198,918,656
2019/3/7	6 months	500,000,000	-	492,678,500	-	7,321,500	(500,000,000)	=

(22) Other liabilities

	Notes	31-12-2019	31-12-2018
Accrued liability		90,162,254	88,701,812
Deferred income		15,013,845	20,076,442
Other payables	22.1	<u>91,357,189</u>	<u>86,685,621</u>
		<u><u>196,533,288</u></u>	<u><u>195,463,875</u></u>

22.1 Other payables

	31-12-2019	31-12-2018
Service fee to parent bank (Note 11)	18,733,488	19,957,942
Guarantee fee to parent bank (Note 11)	11,979,976	10,227,890
Technology maintenance fee to related party (Note 11)	10,835,461	11,641,586
Settlement fund	9,953,225	14,660,932
Temporary receipt of syndicated Credit arrangement fee	9,268,000	-
Option Premium Payable	8,397,215	17,965,970
CEFTS Commission Payable	7,799,298	2,724,371
Professional service fees payable	4,112,662	4,051,944
Others	<u>10,277,864</u>	<u>5,454,986</u>
	<u><u>91,357,189</u></u>	<u><u>86,685,621</u></u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(23) Paid-in capital

	2019		2018	
	RMB equivalent	%	RMB equivalent	%
CA-CIB	4,796,000,000	100%	3,196,000,000	100%

On December 31, 2019 and December 31, 2018, the registered capital and paid-in capital of the Bank amounted to RMB4,796,000,000 and RMB 3,196,000,000.

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.

(24) Other comprehensive income

Accumulated balance of other comprehensive income in the balance sheet:

	1-1-2019	Increase/ (Decrease)	31-12-2019
Fair value changes of available-for-sale financial assets	-	-	-
	1-1-2018	Increase/ (Decrease)	31-12-2018
Fair value changes of available-for-sale financial assets	(383,643)	383,643	-

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(24) Other comprehensive income (continued)

Other comprehensive income in the income statement:

2019	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>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive income	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
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><u>511,524</u></u>	<u><u>(127,881)</u></u>	<u><u>383,643</u></u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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5. Notes to financial statements (continued)

(25) Surplus reserves

2019	Opening balance	Increase	Decrease	Closing balance
surplus reserves	<u>106,183,648</u>	<u>9,493,273</u>	-	<u>115,676,921</u>
2018	Opening balance	Increase	Decrease	Closing balance
surplus reserves	<u>101,300,186</u>	<u>4,883,462</u>	-	<u>106,183,648</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

	2019	2018
Opening balance	189,076,846	189,076,846
Increase	<u>51,153,171</u>	-
Closing balance	<u>240,230,017</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.

The Bank appropriated general reserve amounting to RMB 51,153,171 according to the resolution passed by the Board of Directors on 25 March 2020 and the amount has been up to 1.5% of their gross risk assets at the year end of 2019.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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5. Notes to financial statements (continued)

(27) Retained earnings

	2019	2018
Retained earnings brought forward	171,260,554	127,309,395
Net profit for the year	94,932,737	48,834,621
Less: Appropriation to surplus reserves	(9,493,273)	(4,883,462)
Appropriation to general reserves	<u>(51,153,171)</u>	<u>-</u>
Closing balance of retained earnings	<u><u>205,546,847</u></u>	<u><u>171,260,554</u></u>

The bank has not appropriated any retained earnings to CA-CIB in 2019 and 2018.

(28) Net interest income

	2019	2018
Interest income:		
Loans and advances to customers	300,648,764	228,517,178
Placements with banks and other financial institutions	151,898,931	125,934,112
Due from the central bank	16,066,727	12,541,488
Due from banks and other financial institutions	2,471,830	3,734,895
Bond reverse repurchase	<u>285,330</u>	<u>-</u>
Sub-total	<u><u>471,371,582</u></u>	<u><u>370,727,673</u></u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(28) Net interest income (continued)

	2019	2018
Interest expense:		
Customer deposits	138,427,091	85,482,318
Placements from banks and other financial institutions	24,261,856	35,215,854
Negotiable certificates of deposit	17,657,751	2,136,200
Due to banks and other financial institutions	<u>302,363</u>	<u>99,560</u>
Sub-total	<u>180,649,061</u>	<u>122,933,932</u>
Net interest income	<u>290,722,521</u>	<u>247,793,741</u>

(29) Net fees and commission income

	2019	2018
Fees and commission income:		
Agency brokerage fees	100,174,577	68,396,367
Credit related income	18,593,129	12,604,130
Guarantee related income	12,622,623	10,560,835
Settlement and clearing fees	4,352,700	3,460,089
Others	<u>1,999,850</u>	<u>2,814,172</u>
Sub-total	<u>137,742,879</u>	<u>97,835,593</u>
Fees and commission expense:		
Fee expenses	<u>54,213,293</u>	<u>31,921,998</u>
Sub-total	<u>54,213,293</u>	<u>31,921,998</u>
Net fees and commission income	<u>83,529,586</u>	<u>65,913,595</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(30) Investment income

	2019	2018
Net profit from financial assets investment	22,895,852	14,102,335
Bond interest income	71,525,765	60,741,704
Net realised gain/(loss) on derivatives	<u>(111,114,667)</u>	<u>(79,151,022)</u>
	<u><u>(16,693,050)</u></u>	<u><u>(4,306,983)</u></u>

(31) Loss from changes in fair values

	2019	2018
Derivative financial instruments	16,882,176	(118,891,311)
Financial assets at fair value through profit or loss	<u>(750,727)</u>	<u>929,377</u>
	<u><u>16,131,449</u></u>	<u><u>(117,961,934)</u></u>

(32) Other operating income

	2019	2018
Coverage service income	27,825,191	-
Others	<u>51,809</u>	<u>-</u>
	<u><u>27,877,000</u></u>	<u><u>-</u></u>

(33) Other gain

	2019	2018
Government subsidies associated with income	<u>192,449</u>	<u>-</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(34) Tax and surcharges

	2019	2018
City construction tax	2,893,781	1,228,806
Education surcharge	1,240,192	526,631
Stamp duty	809,303	274,094
Local education surcharge	740,040	289,261
Other tax and surcharges	<u>-</u>	<u>15,671</u>
	<u><u>5,683,316</u></u>	<u><u>2,334,463</u></u>

(35) General and administrative expenses

	2019	2018
Staff costs	142,535,848	130,815,761
Operating expenses	96,640,503	87,593,921
Depreciation	2,281,980	1,821,608
Amortisation expenses for intangible assets	738,969	1,398,540
Amortisation for long-term deferred expenses	<u>3,032,383</u>	<u>2,544,276</u>
	<u><u>245,229,683</u></u>	<u><u>224,174,106</u></u>

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Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(36) Impairment losses

	2019	2018
Impairment losses of due from banks and other financial institutions	664,886	(1,702,093)
Impairment losses of placements with banks and other financial institutions	16,452,104	1,026,662
Impairment losses of loans and advances	34,941,561	10,280,297
Impairment losses of derivative financial assets	66,476	(1,043,148)
Impairment losses of interest receivables	(318)	53,974
Impairment losses of other receivables	-	(162,667)
Impairment losses of held-to-maturity investment	-	<u>1,050,000</u>
	<u>52,124,709</u>	<u>9,503,025</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(37) Other operating expenses

	2019	2018
Impairment losses for letter of guarantee	<u>1,460,442</u>	<u>4,252,083</u>

(38) Income tax expenses

	2019	2018
Current income tax expenses	25,653,784	42,841,971
Deferred income tax expenses	<u>32,427,240</u>	<u>(30,141,297)</u>
	<u>58,081,024</u>	<u>12,700,674</u>

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

	2019	2018
Profit before tax	153,013,761	61,535,295
Tax charge on a tax rate at 25%	38,253,440	15,383,824
Tax-free interest income of government bonds	(2,847,823)	(3,323,231)
Non-deductible items	995,367	540,303
Write of previously recognized deferred income tax	22,475,453	-
Adjustment in respect of current income tax expenses of previous periods	<u>(795,413)</u>	<u>99,778</u>
	<u>58,081,024</u>	<u>12,700,674</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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5. Notes to financial statements (continued)

(39) Cash flows from operating activities

From net profit to cash flows from operating activities:

	2019	2018
Net profit:	94,932,737	48,834,621
Adjusted by:		
Impairment loss	52,124,709	9,503,025
Other operating expense	1,460,442	4,252,083
Interest expense of negotiable certificates of deposit	17,657,751	2,136,200
Depreciation and amortization	6,053,332	5,764,424
Fair value loss/(gains)	(16,131,449)	117,961,934
Gain from disposal of assets	(174,848)	-
Investment income	16,693,050	4,306,983
Decrease in deferred income tax	32,427,240	(30,141,297)
Decrease/(Increase) in operating receivables	(4,634,784,974)	(1,217,866,408)
Increase/(Decrease) in operating payables	<u>4,141,482,425</u>	<u>1,330,231,655</u>
Net cash provided by operating activities	<u>(288,259,585)</u>	<u>274,983,220</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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5. Notes to financial statements (continued)

(40) Cash and cash equivalent

	31-12-2019	31-12-2018
Cash (notes 5, 1)	145,555	256,834
Excess reserves with the central bank (notes 5, 1)	467,720,739	613,024,828
Due from financial institutions with maturity less than three months from acquisition date	258,994,536	179,339,695
Placements with financial institutions with maturity less than three months from acquisition date	1,591,999,260	100,000,000
Held-to-maturity investment with maturity less than three months from acquisition date	-	149,644,881
Closing balance of cash and cash equivalents	<u>2,318,860,090</u>	<u>1,042,266,238</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 2019	31 December 2018
Within 1 year	15,338,462	14,051,219
1 to 2 years	5,194,340	12,744,021
2 to 3 years	2,083,925	3,227,642
After 3 years	<u>1,944,326</u>	<u>446,112</u>
	<u>24,561,053</u>	<u>30,468,994</u>

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Notes to Financial Statements (Continued)
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7. Commitments and Entrusted Business

	31 December 2019	31 December 2018
Credit commitments		
Letter of guarantee	3,149,065,515	3,484,055,912
Letter of credit	249,617,774	387,721,571
Irrevocable loan commitments	<u>444,453,375</u>	<u>499,548,592</u>
	<u>3,843,136,664</u>	<u>4,371,326,075</u>
	31 December 2019	31 December 2018
Entrusted Business		
Entrusted deposits	983,700,000	1,010,000,000
Entrusted loans	<u>983,700,000</u>	<u>1,010,000,000</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)
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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, bond investments and interbank contacts. 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 CBIRC, 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".

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Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

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 cannot 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, financial bonds issued by non-bank financial institutions and asset-based security.

(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 2019
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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.

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Notes to Financial Statements (Continued)
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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

	2019-12-31	2018-12-31
Credit risk exposure of on-balance-sheet items:		
Due from the central bank	2,248,317,061	1,653,679,925
Due from banks and other financial institutions	295,244,748	215,580,235
Placements with banks and other financial institutions	5,027,383,274	2,622,285,234
Financial assets at fair value through profit or loss	-	268,479,730
Derivative financial assets	2,035,501,378	1,963,143,744
Interest receivables	68,973,134	70,469,293
Loans and advances to customers	7,506,314,408	4,610,610,471
Held-to-maturity investment	1,178,908,975	1,200,467,867
Account receivables investments	1,144,373,000	1,174,168,000
Other assets	641,951,117	63,246,671
On-balance-sheet credit risk exposure	20,146,967,095	13,842,131,170
Letter of guarantee	3,149,065,515	3,484,055,912
Letter of credit	249,617,774	387,721,571
Irrevocable loan commitments	444,453,375	499,548,592
Maximum credit risk exposure	23,990,103,759	18,213,457,245

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Notes to Financial Statements (Continued)
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8. Financial instrument and risk management (continued)

(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

2019-12-31

	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total
Due from the central bank	2,248,317,061	-	-	2,248,317,061
Due from banks and other financial institutions	296,427,461	-	-	296,427,461
Placements with banks and other financial institutions	5,058,047,344	-	-	5,058,047,344
Account receivables investments	1,144,373,000	-	-	1,144,373,000
Held-to-maturity investment	1,179,958,975	-	-	1,179,958,975
Derivative financial assets	2,036,716,445	-	-	2,036,716,445
Interest receivables	69,028,581	-	-	69,028,581
Loans and advances to customers	7,659,618,804	-	-	7,659,618,804
Other assets	<u>641,951,117</u>	-	-	<u>641,951,117</u>
Total	<u><u>20,334,438,788</u></u>	<u>-</u>	<u>-</u>	<u><u>20,334,438,788</u></u>

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>63,246,671</u>
Total	<u><u>13,977,478,154</u></u>	<u>-</u>	<u>-</u>	<u><u>13,977,478,154</u></u>

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Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(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

(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:

	2019	2018
Unsecured loans	2,694,689,983	1,373,646,715
Guaranteed loans	1,524,038,071	1,491,512,061
Secured by mortgages	109,255,417	737,970,326
Secured by pledges	<u>3,331,635,333</u>	<u>1,125,844,204</u>
Total	<u><u>7,659,618,804</u></u>	<u><u>4,728,973,306</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 2019 is nil. (31 December 2018: 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 event 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".

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Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(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 is zero (2018: zero)

As at the balance sheet date, the fair value of collateral of impaired loans held by the Bank is zero (2018: 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 the Bank on the expiration day immediately, but still kept in the 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 banks and financial institutions to meet these kinds of withdrawal requirements.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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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 mismatches 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 positions 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.

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Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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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:

	2019-12-31						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							
Due from banks and other financial institutions	467,866,294	23,294,164	8,994,077	633,359,522	-	1,114,948,559	2,248,462,616
Placements with banks and other financial institutions	257,811,823	-	-	-	-	37,432,925	295,244,748
Interest receivables	-	1,258,570,371	400,488,889	2,883,157,133	616,180,700	-	5,158,397,093
Loans and advances to customers	-	27,001,463	16,378,892	14,573,934	11,018,845	-	68,973,134
Account receivables investments	-	1,406,648,286	1,573,444,857	2,127,486,774	2,762,793,937	-	7,870,373,954
Held-to-maturity investment	-	1,969,956	14,255,509	856,564,764	314,250,833	-	1,187,038,062
Other financial assets	20,845	670,315,893	2,423,442	302,423,963	249,270,000	-	1,224,433,298
		535,282,864	20,480,204	37,868,648	16,323,767	51,907,682	641,951,117
Total financial assets	<u>725,699,962</u>	<u>3,922,082,997</u>	<u>2,036,465,970</u>	<u>6,835,431,738</u>	<u>3,969,838,082</u>	<u>1,204,289,166</u>	<u>18,604,874,022</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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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):

	2019-12-31						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	55,298	-	-	-	-	-	55,298
Placements from banks and other financial institutions	-	-	-	-	1,315,489,762	-	1,315,489,762
Customer deposits	1,359,329,124	5,002,181,198	3,945,977,884	525,029,450	-	-	10,832,517,656
Interest payable	-	12,303,122	13,971,309	6,037,558	-	-	32,311,989
Debt securities issued	-	-	400,000,000	-	-	-	400,000,000
Other financial liabilities	-	68,511,039	-	22,846,150	-	-	91,357,189
Total financial liabilities	1,359,384,422	5,082,995,359	4,359,949,193	553,913,158	1,315,489,762	-	12,671,731,894
Net liquidity	(633,685,460)	(1,159,912,362)	(2,323,483,223)	6,281,518,580	2,654,348,320	1,204,289,166	6,023,142,128
Off-balance sheet commitments	221,841,454	142,367,812	439,722,138	658,719,305	2,122,504,439	257,687,516	3,843,136,564

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Notes to Financial Statements (Continued)
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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 assets:							
Cash and due from the central bank	613,284,662	-	-	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	-	313,003,730
Account receivables investments	-	2,806,730	7,428,770	93,067,731	1,136,151,276	-	1,239,454,597
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	15,764,457	63,246,671
Total financial assets	792,632,895	1,220,890,792	1,282,741,904	4,270,732,900	3,946,472,075	62,722,085	12,413,912,801

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Notes to Financial Statements (Continued)
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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
Total financial liabilities	901,559,240	2,637,554,977	3,921,672,140	295,593,847	243,703,358	-	8,000,120,462
Net liquidity	(108,963,345)	(1,416,664,185)	(2,638,930,236)	3,975,139,053	3,702,758,717	837,720,150	4,413,792,239
Off-balance sheet commitments	179,509,803	104,187,255	815,746,645	868,618,337	2,148,359,260	-	4,371,326,075

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Notes to Financial Statements (Continued)
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8. Financial instrument and risk management (continued)

(a) 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:

	2019-12-31						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	-	(8,010,873)	(13,396,107)	(8,778,794)	(21,673,749)	-	(51,937,288)
Cross-currency Swap	-	(855,260)	-	(26,890,019)	(3,658,542)	(77,765)	(31,403,921)
	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)

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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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. The non-transaction portfolio mainly includes the interest rate risk management of a 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 PVo1 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.

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Notes to Financial Statements (Continued)
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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.

2019	RMB	USD RMB equivalent	Others RMB equivalent	Total RMB equivalent
Assets:				
Cash and due from the central bank	1,458,180,843	787,455,754	2,826,019	2,248,462,616
Due from banks and other financial institutions	54,628,604	206,543,180	34,072,964	295,244,748
Placements with banks and other financial institutions	3,789,950,000	1,005,588,081	231,845,193	5,027,383,274
Derivative financial assets	68,729,781,218	(66,973,608,726)	279,328,886	2,035,501,378
Interest receivables	68,264,466	162,402	546,266	68,973,134
Loans and advances to customers	7,502,496,640	-	3,817,768	7,506,314,408
Held-to-maturity investment	1,178,908,975	-	-	1,178,908,975
Account receivables				
investments	1,144,373,000	-	-	1,144,373,000
Other financial assets	<u>586,752,049</u>	<u>7,760,064</u>	<u>47,439,004</u>	<u>641,951,117</u>
Total financial assets	<u><u>84,513,335,795</u></u>	<u><u>(64,966,099,245)</u></u>	<u><u>599,876,100</u></u>	<u><u>20,147,112,650</u></u>
Liabilities:				
Due to banks and other financial institutions	55,298	-	-	55,298
Placements from banks and other financial institutions	1,000,000,000	209,286,000	-	1,209,286,000
Derivative financial liabilities	68,746,471,067	(66,980,550,939)	346,261,312	2,112,181,440
Customer deposits	8,464,121,870	2,119,943,093	232,637,396	10,816,702,359
Interest payables	17,262,102	15,045,491	4,396	32,311,989
Debt securities issued	397,920,951	-	-	397,920,951
Other financial liabilities	<u>39,479,532</u>	<u>92,184,601</u>	<u>49,855,310</u>	<u>181,519,443</u>
Total financial liabilities	<u><u>78,665,310,820</u></u>	<u><u>(64,544,091,754)</u></u>	<u><u>628,758,414</u></u>	<u><u>14,749,977,480</u></u>
Net position	<u><u>5,848,024,975</u></u>	<u><u>(422,007,491)</u></u>	<u><u>(28,882,314)</u></u>	<u><u>5,397,135,170</u></u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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8. Financial instrument and risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

2018

	RMB	USD RMB equivalent	Others RMB equivalent	Total RMB equivalent
Assets:				
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>
Total financial assets	<u>5,971,710,528</u>	<u>8,056,359,943</u>	<u>(185,682,467)</u>	<u>13,842,388,004</u>
Liabilities:				
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>
Total financial liabilities	<u>3,365,407,935</u>	<u>7,142,463,215</u>	<u>(366,859,390)</u>	<u>10,141,011,760</u>
Net position	<u>2,606,302,593</u>	<u>913,896,728</u>	<u>181,176,923</u>	<u>3,701,376,244</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.

	2019	2018
1% appreciation against RMB	(4,508,898)	10,950,737
1% depreciation against RMB	4,508,898	(10,950,737)

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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' behavior 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.

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8. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	31-12-2019					Total
	Within 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	
Financial assets-						
Cash and Due from the central bank	1,458,125,409	-	-	-	-	2,248,462,616
Due from banks and other financial institutions	257,811,823	37,432,925	-	-	-	295,244,748
Placements with banks and other financial institutions	1,258,429,639	398,000,000	2,805,900,000	565,053,635	-	5,027,883,274
Derivative financial assets	-	-	-	-	-	2,035,501,378
Interest receivables	-	-	-	-	-	68,973,134
Loans and advances to customers	1,619,563,813	4,032,731,702	1,786,451,813	67,567,080	-	7,506,314,408
Held-to-maturity investment	669,989,520	-	299,969,455	208,950,000	-	1,178,908,975
Account receivables investments	-	8,073,000	836,300,000	300,000,000	-	1,144,373,000
Other financial assets	18,654,791	-	-	-	-	611,951,117
Total financial assets	5,282,574,995	4,476,237,627	5,728,621,268	1,141,579,715	-	20,147,112,650
Financial liability-						
Due to banks and other financial institutions	55,298	-	-	-	-	55,298
Placements from banks and other financial institutions	-	-	-	1,209,286,000	-	1,209,286,000
Derivative financial liabilities	-	-	-	-	-	2,112,181,440
Customer deposits	6,359,359,297	3,934,249,103	523,093,959	-	-	10,816,702,359
Interest payables	-	-	-	-	-	32,311,989
Debt securities issued	-	397,920,951	-	-	-	397,920,951
Other financial liabilities	-	-	-	-	-	91,357,189
Total financial liabilities	6,359,414,595	4,332,170,054	523,093,959	1,209,286,000	-	14,659,815,226
Net position	(1,076,839,600)	1,144,067,573	5,205,527,309	(67,715,285)	-	5,487,297,424

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Notes to Financial Statements (Continued)
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8. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

	31-12-2018						Total
	Within 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	
Financial assets-							
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	14,925,000	1,479,535,234	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	-	-	-	-	47,834,954	63,246,671
Total financial assets	3,163,395,859	3,777,893,009	2,910,170,235	1,541,327,516	52,555,350	2,397,046,035	13,842,388,004
Financial liability-							
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
Total financial liabilities	3,472,080,304	3,905,667,302	240,896,000	240,896,000	-	2,102,770,342	10,052,309,948
Net position	(308,684,445)	(127,774,293)	2,669,274,235	1,300,431,516	52,555,350	204,275,693	3,790,078,056

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Notes to Financial Statements (Continued)
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8. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

Change in interest rate	2019-12-31		2018-12-31	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
+100 basis points	10,401,578	-	5,986,767	-
-100 basis points	(10,401,578)	-	(5,986,767)	-

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 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets		2,035,501,378		2,035,501,378
		2,035,501,378		2,035,501,378

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
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9. Fair value of financial instruments (continued)

(1) Fair value hierarchy (continued)

31 December 2019 (continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities				
- Derivative financial Liabilities	-	2,112,181,440	-	2,112,181,440
	-	<u>2,112,181,440</u>	-	<u>2,112,181,440</u>

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
	-	<u>2,231,623,474</u>	-	<u>2,231,623,474</u>
Financial liabilities				
- Derivative financial Liabilities	-	2,072,906,715	-	2,072,906,715
	-	<u>2,072,906,715</u>	-	<u>2,072,906,715</u>

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)
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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>2019-12-31</u> fair value	book value	<u>2018-12-31</u> fair value
financial assets:				
Account receivables				
Investments	1,144,373,000	1,146,013,700	1,174,168,000	1,176,187,560
Held-to-maturity investment	1,178,908,975	1,225,400,070	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.

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Notes to Financial Statements (Continued)
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10. Capital Management (continued)

Since January 1st, 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 CBIRC. 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:

	31-12-2019	31-12-2018
Core Tier-one capital	5,360,335,556	3,665,402,819
Paid-in capital	4,796,000,000	3,196,000,000
Qualified capital reserve	2,881,771	2,881,771
Other comprehensive (loss)/income	-	-
Surplus reserves	115,676,921	106,183,648
General reserves	240,230,017	189,076,846
Retained earnings	205,546,847	171,260,554
Core Tier-one capital deductions		
Other intangible assets (exclusive of land use rights) net amount discounting related deferred income tax liability	972,145	969,310
Net core tier-one capital	5,359,363,411	3,664,433,509
Other core tier-one capital	-	-
Net tier-one capital	5,359,363,411	3,664,433,509
Net Tier-two capital		
Surplus provisions for loans impairment	153,304,396	118,362,835
Net capital	5,512,667,807	3,782,796,344
Risk-weighted assets	23,854,810,490	14,476,511,935
Core Tier-one capital adequacy ratio	22.47%	25.31%
Tier-one capital adequacy ratio	22.47%	25.31%
Capital adequacy ratio	23.11%	26.13%

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Notes to Financial Statements (Continued)
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11. Related party transactions

(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 2019 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.

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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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

Names of related parties	Relationship with the Bank
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
CA-CIB Helsinki	Subsidiary/Branch of Parent Bank
CA-CIB Pune	Subsidiary/Branch of Parent Bank
GAC-SOFINCO Automobile Finance Co., Ltd	Joint ownership enterprise of parent bank

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Notes to Financial Statements (Continued)
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11. Related party transactions (continued)

(4) Main transactions between the Bank and related parties

(i) Provide funding

	2019		2018	
	Amount	%	Amount	%
Interest income from financial institutions:				
GAC-SOFINCO Automobile Finance Co., Ltd.	13,554,264	48.83	14,771,273	67.35
CA-CIB Hong Kong	8,631,916	31.09	4,236,454	19.32
CASA SWITZERLAND	3,409,778	12.28	2,264,868	10.33
CA-CIB Luxembourg	2,073,342	7.47	656,336	2.99
CA-CIB	90,170	0.32	-	-
CRÉDIT AGRICOLE S.A.	210	0.01	867	0.01
	<u>27,759,680</u>	<u>100.00</u>	<u>21,929,798</u>	<u>100.00</u>

Interest expenses to financial institutions:

CA-CIB	12,197,419	60.70	8,107,986	56.46
CA-CIB Hong Kong	4,980,424	24.78	6,128,214	42.68
CRÉDIT AGRICOLE S.A.	2,917,657	14.52	123,312	0.86
	<u>20,095,500</u>	<u>100.00</u>	<u>14,359,512</u>	<u>100.00</u>

(ii) Receive service

	2019		2018	
	Amount	%	Amount	%
Service fee to parent bank	19,239,874	33.35	20,309,826	38.83
Technology maintenance expenses to parent bank	14,084,825	24.42	12,674,135	24.23
Guarantee fee to parent bank	11,852,235	20.55	10,227,890	19.55
CA-CIB Hong Kong	8,315,951	14.41	5,787,406	11.06
CA-CIB Singapore	3,605,234	6.25	2,806,321	5.37
Foreign exchange trading fee to group	319,267	0.55	249,776	0.48
CA-CIB SERVICE	273,510	0.47	251,358	0.48
	<u>57,690,896</u>	<u>100.00</u>	<u>52,306,712</u>	<u>100.00</u>

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Notes to Financial Statements (Continued)
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11. Related party transactions (continued)

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

(iii) Investment and provide service

	2019		2018	
	Amount	%	Amount	%
CA-CIB	97,951,076	118.10	56,681,448	17.75
CA-CIB Hong Kong	17,980,717	21.68	13,500,408	4.23
CA-CIB Singapore	1,213,368	1.46	5,172	0.01
GAC-SOFINCO Automobile Finance Co., Ltd.	1,167,361	1.41	2,429,161	0.76
CRÉDIT AGRICOLE S.A.	236,403	0.29	1,241	0.01
CA-CIB New York	89,582	0.11	69,597	0.02
CA-CIB Germany	53,317	0.06	4,701	0.01
CA-CIB Korea	28,165	0.03	46,313	0.01
CA-CIB Poland	14,870	0.02	16,647	0.01
CA-CIB Sweden	11,085	0.01	9,272	0.01
CA-CIB New Delhi	4,599	0.01	2,476	0.01
CA-CIB India	4,586	0.01	4,670	0.01
CA-CIB Bangalore	3,942	0.01	5,112	0.01
CA-CIB Helsinki	1,845	0.01	-	-
CA-CIB Tokyo	1,443	0.01	3,398	0.01
CA-CIB Nantes	991	0.01	5,236	0.01
CA-CIB Algeria	778	0.01	2,193	0.01
CA-CIB Pune	566	0.01	-	-
CA-CIB London	(35,855,721)	(43.25)	246,146,192	77.12
	<u>82,908,973</u>	<u>100.00</u>	<u>318,933,237</u>	<u>100.00</u>

(iv) Other major related party transactions

	2019	2018
Compensation of key management Personnel from CA-CIB	<u>28,049,402</u>	<u>27,350,555</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
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11. Related party transactions (continued)

(5) Balance with related parties

(i) Due from and placements with banks

	31 December 2019		31 December 2018	
	Amount	%	Amount	%
Due from banks				
CRÉDIT AGRICOLE S.A. registered in France	<u>20,020,839</u>	<u>6.78</u>	<u>17,119,560</u>	<u>7.94</u>
	<u>20,020,839</u>	<u>6.78</u>	<u>17,119,560</u>	<u>7.94</u>
Placements with banks				
CA-CIB Hong Kong	525,956,744	10.46	-	-
CA-CIB Luxembourg	348,810,000	6.94	-	-
GAC-SOFINCO Automobile Finance Co., Ltd.	<u>240,000,000</u>	<u>4.77</u>	<u>285,000,000</u>	<u>10.87</u>
	<u>1,114,766,744</u>	<u>22.17</u>	<u>285,000,000</u>	<u>10.87</u>

(ii) Due to and placements from banks

	31 December 2019		31 December 2018	
	Amount	%	Amount	%
Due to banks				
CA-CIB Hong Kong	34,199	61.85	31,215	78.63
CA-CIB	<u>21,099</u>	<u>38.15</u>	<u>8,484</u>	<u>21.37</u>
Total	<u>55,298</u>	<u>100.00</u>	<u>39,699</u>	<u>100.00</u>
Placements from banks				
CRÉDIT AGRICOLE S.A. registered in France	1,000,000,000	82.69	-	-
CA-CIB	209,286,000	17.31	411,792,000	33.98
CA-CIB Hong Kong	-	-	<u>500,000,000</u>	<u>41.26</u>
Total	<u>1,209,286,000</u>	<u>100.00</u>	<u>911,792,000</u>	<u>75.24</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

11. Related party transactions (continued)

(5) Balance with related parties (continued)

(iii) Interest receivables/ payables

	31 December 2019		31 December 2018	
	Amount	%	Amount	%
Interest receivables				
GAC-SOFINCO Automobile Finance Co., Ltd.	293,550	0.43	426,055	0.60
CA-CIB Hong Kong	27,672	0.04	-	-
CA-CIB Luxembourg	15,987	0.02	-	-
CRÉDIT AGRICOLE S.A. registered in France	<u>1</u>	<u>0.01</u>	<u>1</u>	<u>0.01</u>
Total	<u>337,210</u>	<u>0.50</u>	<u>426,056</u>	<u>0.61</u>

	31 December 2019		31 December 2018	
	Amount	%	Amount	%
Interest payables				
CRÉDIT AGRICOLE S.A. registered in France	2,602,570	8.05	-	-
CA-CIB	86,715	0.27	239,108	2.92
CA-CIB Hong Kong	-	-	<u>637,444</u>	<u>7.79</u>
Total	<u>2,689,285</u>	<u>8.32</u>	<u>876,552</u>	<u>10.71</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

11. Related party transactions (continued)

(5) Balance with related parties (continued)

(iv) Other receivables/ payables

	31 December 2019		31 December 2018	
	Amount	%	Amount	%
Other receivables-Fee and commission receivables from related parties:				
CA-CIB	5,965,752	0.91	5,827,015	9.21
CA-CIB London	5,939,678	0.91	1,782,514	2.81
CA-CIB Hong Kong	3,872,178	0.59	3,684,432	5.82
CA-CIB Singapore	1,287,233	0.20	5,215	0.01
CA-CIB New York	56,167	0.01	179,461	0.28
CA-CIB Korea	29,668	0.01	49,171	0.08
CA-CIB Germany	-	-	1,836	0.01
CA-CIB Bangalore	-	-	3,327	0.01
CA-CIB Tokyo	-	-	1,415	0.01
Subtotal	<u>17,150,676</u>	<u>2.63</u>	<u>11,534,386</u>	<u>18.24</u>
Other receivables-reimbursed expenses receivables from related parties:				
CA-CIB	14,635	0.01	260,000	0.41
CA-CIB London	-	-	55,866	0.09
Subtotal	<u>14,635</u>	<u>0.01</u>	<u>315,866</u>	<u>0.50</u>
Coverage service income				
CACIB	<u>29,902,103</u>	<u>4.58</u>	-	-
Subtotal	<u>29,902,103</u>	<u>4.58</u>	-	-
Total	<u>47,067,414</u>	<u>7.22</u>	<u>11,850,252</u>	<u>18.74</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

11. Related party transactions (continued)

(5) Balance with related parties (continued)

(iv) Other receivables/ payables (continued)

Other payables:

	31 December 2019		31 December 2018	
	Amount	%	Amount	%
Unpaid service fee to CA-CIB	18,733,488	20.50	19,957,942	23.02
Unpaid Guarantee fee to CA-CIB	11,979,976	13.11	10,227,890	11.80
Accrued technology maintenance expenses to CA-CIB	7,434,211	8.14	7,724,438	8.91
Accrued technology maintenance expenses to CA-CIB Hong Kong	1,786,757	1.96	2,125,606	2.45
Accrued technology maintenance expenses to CA-CIB Singapore	1,539,577	1.69	1,791,542	2.07
Accrued technology maintenance expenses to CA-CIB India	74,916	0.08	-	-
Option fee payable to London branch	384,933	0.42	-	-
Total	41,933,858	45.90	41,827,418	48.25

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

11. Related party transactions (continued)

(5) Balance with related parties (continued)

(v) Derivative financial instruments

31 December 2019

	Notional amount	%	Fair value	
			Assets	Liabilities
CA-CIB Hong Kong				
Cross currency swap	806,201,661	0.17	1,249,670	(944,919)
	<u>806,201,661</u>	<u>0.17</u>	<u>1,249,670</u>	<u>(944,919)</u>
CA-CIB				
Interest rate swap	31,383,032,493	6.57	605,291	(14,664,496)
FOREX swap	804,254,278	0.17	13,450,350	(1,490,217)
Non-deliverable forward	239,784,798	0.05	4,551,363	(3,138,442)
	<u>32,427,071,569</u>	<u>6.79</u>	<u>18,607,004</u>	<u>(19,293,155)</u>
CA-CIB London				
Non-deliverable forward	609,981,617	0.13	1,810,674	(43,556,101)
	<u>609,981,617</u>	<u>0.13</u>	<u>1,810,674</u>	<u>(43,556,101)</u>

31 December 2018

	Notional amount	%	Fair value	
			Assets	Liabilities
CA-CIB Hong Kong				
Cross currency swap	788,579,960	0.34	5,633,180	(2,310,940)
FOREX swap	757,167,823	0.33	685,285	(621,864)
	<u>1,545,747,783</u>	<u>0.67</u>	<u>6,318,465</u>	<u>(2,932,804)</u>
CA-CIB				
FOREX swap	3,420,611,005	1.48	77,480,667	(23,830,245)
Interest rate swap	3,412,504,395	1.47	23,322,463	(1,079,993)
Non-deliverable forward	195,380,101	0.08	-	(60,567,974)
	<u>7,028,495,501</u>	<u>3.03</u>	<u>100,803,130</u>	<u>(85,478,212)</u>
CA-CIB London				
Non-deliverable forward	1,671,330,997	0.72	6,879,208	(56,166,813)
FOREX swap	884,016	0.01	7,080	-
	<u>1,672,215,013</u>	<u>0.73</u>	<u>6,886,288</u>	<u>(56,166,813)</u>

CREDIT AGRICOLE CIB (CHINA) LIMITED
Notes to Financial Statements (Continued)
For the year ended 31 December 2019
(Unless otherwise stated, expressed in RMB Yuan)

12. Post balance sheet events

Since the outbreak of the novel Coronavirus (“COVID-19”) across the country in January 2020, the prevention and control of the COVID-19 has been going on throughout the country. The COVID-19 has certain impact on the business operations of the Bank as it has affected commercial and economic activities of the country. The Bank will continue to monitor and assess the ongoing development and the related impact on the Banks’s results of operations, and financial condition

13. Segment reporting

The Bank is organized into six segments based on geographical region, which is the 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. The 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 Mar 25th, 2020.

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

CREDIT AGRICOLE CIB (CHINA) LIMITED
APPENDIX

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

	<u>2019</u>
Total profit of current year	153,013,761
Estimated tax adjustments:	
Fair value change of held-for-trading assets	750,727
Non-deductible financial assets provisions	(1,453,255)
Non-deductible portion of business entertainment expense	1,095,305
Unrealized gain from derivative financial instruments	(16,882,176)
Interest income of government bonds	(11,391,292)
Accrued expenses	(8,672,110)
Non-public welfare donations adjustments	150,000
Accrued liabilities	1,460,442
Intangible assets difference between accounting and tax	(1,885,876)
Long-term deferred income	723,791
Non-deductible deposit insurance	639,087
Non-deductible commercial insurance expense	572,000
Penalty	34,634
Non-deductible sponsorship	<u>30,000</u>
Total taxable income after tax adjustment	<u><u>118,185,038</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>2019-12-31</u>	<u>2018-12-31</u>
Cash and due from the central bank	124,042,871	59,962,221
Due from banks and other financial institutions	3,421,418	4,182,445
Placements with banks and other financial institutions	5,032,757,108	2,623,314,714
Due from inter-bank held-to-maturity investment	-	-
Financial assets at fair value through profit or loss	-	268,479,730
Account receivables investments	1,144,373,000	1,174,168,000
Interest receivables	46,607,982	61,959,945
Derivative financial assets	2,704,597	1,798,345
Fixed assets	577,559	965,601
Intangible assets	73,578	89,641
Deferred tax assets	3,265,376	35,692,616
Other assets	<u>511,605,513</u>	<u>4,158,836</u>
TOTAL ASSETS	<u><u>8,049,387,977</u></u>	<u><u>5,436,289,961</u></u>

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

<u>LIABILITIES AND EQUITY</u>	<u>2019-12-31</u>	<u>2018-12-31</u>
LIABILITIES:		
Placements from banks and other financial institutions	1,000,000,000	800,000,000
Due to inter-bank	2,477,727,115	2,085,046,127
Derivative financial liabilities	3,279,153	2,178,159
Interest payables	2,606,965	1,057,444
Interest payable to inter-bank	14,381,384	821,267
Tax payables	20,932,873	44,281,941
Payroll payables	637,482	536,030
Debt securities issued	397,920,951	-
Other liabilities	<u>15,213,654</u>	<u>15,005,009</u>
TOTAL LIABILITIES	<u>3,932,699,577</u>	<u>2,948,925,977</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	4,296,000,000	2,696,000,000
Capital reserve	2,881,771	2,881,771
Surplus reserve	115,676,921	106,183,648
General reserve	240,230,017	189,076,846
Retained earnings	<u>(538,100,309)</u>	<u>(506,778,281)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>4,116,688,400</u>	<u>2,487,363,984</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>8,049,387,977</u></u>	<u><u>5,436,289,961</u></u>

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

	2019	2018
OPERATING INCOME		
Interest income	152,002,360	108,793,550
Inter-bank interest income	78,709,527	57,755,125
Interest expense	(29,706,546)	(22,997,923)
Inter-bank interest expense	(191,840,795)	(126,581,731)
Net interest income	<u>9,164,546</u>	<u>16,969,021</u>
Fee and commission income	4,175,606	4,187,592
Fee and commission expense	(13,224,784)	(10,315,206)
Net fee and commission expense	<u>(9,049,178)</u>	<u>(6,127,614)</u>
Gains/(Loss) from changes in fair value	(945,469)	370,913
Investment income	94,655,103	66,265,269
Foreign exchange loss	(1,009,248)	(28,419,813)
Gain from disposal of assets	117,680	-
Other gain	<u>124,214</u>	<u>-</u>
TOTAL OPERATING INCOME	<u>93,057,648</u>	<u>49,057,776</u>
OPERATING EXPENSE		
Business tax and surcharges	(572,583)	(99,730)
Impairment losses	(12,107,748)	(13,182,486)
General and administrative expense	<u>-</u>	<u>232,908</u>
TOTAL OPERATING EXPENSE	<u>(12,680,331)</u>	<u>(13,049,308)</u>
OPERATING PROFIT	<u>80,377,317</u>	<u>36,008,468</u>
PROFIT BEFORE TAX	<u>80,377,317</u>	<u>36,008,468</u>
Less: Income tax expense	<u>(51,052,901)</u>	<u>(8,820,023)</u>
NET PROFIT	<u>29,324,416</u>	<u>27,188,445</u>

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

<u>Assets</u>	<u>2019-12-31</u>	<u>2018-12-31</u>
Cash and due from the central bank	2,123,918,725	1,593,535,533
Due from banks and other financial institutions	289,905,684	209,908,519
Placements with banks and other financial institutions	(5,373,834)	(1,029,480)
Due from inter-bank held-to-maturity investment	3,006,966,063 (1,050,000)	2,701,331,174 (1,050,000)
Derivative financial assets	2,032,796,781	1,961,345,399
Interest receivables	19,560,104	5,438,820
Interest receivables from inter-bank	43,404,648	4,531,192
Loans and advances to customers	5,595,638,163	2,702,416,095
Fixed assets	5,685,717	2,509,659
Intangible assets	898,567	879,669
Deferred tax assets	15,929,606	15,929,606
Other assets	<u>135,167,951</u>	<u>64,784,897</u>
TOTAL ASSETS	<u><u>13,263,448,175</u></u>	<u><u>9,260,531,083</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>2019-12-31</u>	<u>2018-12-31</u>
LIABILITIES:		
Due to banks and other institutions	55,298	39,699
Placements from banks and other financial institutions	209,286,000	411,792,000
Derivative financial liabilities	2,108,902,287	2,070,728,556
Customers deposit	10,151,865,743	6,022,725,475
Payroll payables	30,246,175	36,358,849
Tax payables	12,374,605	7,772,592
Interest payables	27,329,210	5,857,563
Other liabilities	<u>90,371,640</u>	<u>90,607,455</u>
TOTAL LIABILITIES	<u>12,630,430,958</u>	<u>8,645,882,189</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>533,017,217</u>	<u>514,648,894</u>
TOTAL SHAREHOLDERS' EQUITY	<u>633,017,217</u>	<u>614,648,894</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>13,263,448,175</u>	<u>9,260,531,083</u>

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

	2019	2018
OPERATING INCOME		
Interest income	229,397,787	168,599,205
Inter-bank interest income	334,454,939	250,780,622
Interest expense	(142,016,540)	(95,517,413)
Inter-bank interest expense	(207,641,468)	(177,890,067)
Net interest income	<u>214,194,718</u>	<u>145,972,347</u>
Fee and commission income	106,293,121	81,408,396
Fee and commission expense	(40,442,712)	(21,399,313)
Net fee and commission income	<u>65,850,409</u>	<u>60,009,083</u>
Investment income	(111,348,153)	(70,572,252)
Gain/(Loss) from changes in fair value	17,076,918	(118,332,847)
Foreign exchange gain	57,184,636	140,586,410
Other operating income	27,877,000	-
Gain from disposal of assets	57,168	-
Other gain	<u>67,679</u>	<u>-</u>
TOTAL OPERATING INCOME	<u>270,960,375</u>	<u>157,662,741</u>
OPERATING EXPENSE		
Business tax and surcharges	(4,349,810)	(1,540,679)
General and administrative expense	(192,596,179)	(180,606,480)
Impairment losses	<u>(49,988,681)</u>	<u>18,138,246</u>
TOTAL OPERATING EXPENSE	<u>(246,934,670)</u>	<u>(164,008,913)</u>
OPERATING PROFIT	24,025,705	(6,346,172)
Add: Non-operating income	63,367	90
Less: Non-operating expense	<u>(184,634)</u>	<u>(203,639)</u>
PROFIT BEFORE TAX	23,904,438	(6,549,721)
Less: Income tax expense	<u>(5,536,115)</u>	<u>(2,434,018)</u>
NET PROFIT	<u><u>18,368,323</u></u>	<u><u>(8,983,739)</u></u>

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

<u>Assets</u>	<u>2019-12-31</u>	<u>2018-12-31</u>
Due from banks and other financial institutions	257,268	307,316
Interest receivables	1,927,761	2,269,621
Loans and advances to customers	1,140,217,328	1,068,681,474
Fixed assets	944,735	255,540
Deferred tax assets	13,370,564	13,370,564
Other assets	<u>3,799,497</u>	<u>3,025,052</u>
TOTAL ASSETS	<u><u>1,160,517,153</u></u>	<u><u>1,087,909,567</u></u>
 <u>LIABILITIES AND EQUITY:</u>		
LIABILITIES:		
Customers deposits	277,621,287	202,085,398
Due to inter-bank	603,976,434	641,428,045
Payroll payables	4,792,214	4,306,818
Tax payables	1,532,634	1,048,133
Interest payables	2,304,116	970,377
Interest payable to inter-bank	31,668,073	7,817,555
Other liabilities	<u>90,765,031</u>	<u>89,660,243</u>
TOTAL LIABILITIES	<u>1,012,659,789</u>	<u>947,316,569</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>47,857,364</u>	<u>40,592,998</u>
TOTAL SHAREHOLDERS' EQUITY	<u>147,857,364</u>	<u>140,592,998</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>1,160,517,153</u></u>	<u><u>1,087,909,567</u></u>

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

	2019	2018
OPERATING INCOME		
Interest income	55,700,786	63,046,674
Inter-bank interest income	68,692,915	54,123,819
Interest expense	(4,781,072)	(1,851,284)
Inter-bank interest expense	(92,191,499)	(77,425,895)
Net interest income	<u>27,421,130</u>	<u>37,893,314</u>
Fee and commission income	16,914,701	4,947,005
Fee and commission expense	(517,433)	(36,681)
Net fee and commission income	<u>16,397,268</u>	<u>4,910,324</u>
Foreign exchange (loss)	(503,331)	(1,541,901)
Other gain	<u>19</u>	<u>-</u>
TOTAL OPERATING INCOME	<u>43,315,086</u>	<u>41,261,737</u>
OPERATING EXPENSE		
Business tax and surcharges	(456,927)	(402,987)
General and administrative expense	(37,558,969)	(30,318,108)
Other operating expense	(1,460,442)	(4,252,083)
Impairment losses	<u>4,132,348</u>	<u>(5,446,707)</u>
TOTAL OPERATING EXPENSE	<u>(35,343,990)</u>	<u>(40,419,885)</u>
OPERATING PROFIT	7,971,096	841,852
Add: Non-operating income	1,868	1,509
PROFIT BEFORE TAX	<u>7,972,964</u>	<u>843,361</u>
Less: Income tax expense	<u>(708,598)</u>	<u>(1,055,404)</u>
NET PROFIT	<u><u>7,264,366</u></u>	<u><u>(212,043)</u></u>

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

<u>Assets</u>	<u>2019-12-31</u>	<u>2018-12-31</u>
Cash and due from the central bank	501,020	439,005
Due from banks and other financial institutions	263,071	585,032
Due from inter-bank	273,145,889	174,248,993
Interest receivables	130,818	188,345
Loans and advances to customers	110,446,000	128,813,867
Fixed assets	120,445	139,035
Deferred tax assets	62,981	62,981
Other assets	<u>145,419</u>	<u>145,727</u>
TOTAL ASSETS	<u><u>384,815,643</u></u>	<u><u>304,622,985</u></u>
 <u>LIABILITIES AND EQUITY:</u>		
LIABILITIES:		
Customer deposits	256,574,737	183,253,057
Payroll payables	1,004,146	346,571
Tax payables	240,733	261,086
Interest payables	15,172	44,670
Interest payable to inter-bank	973,991	795,918
Other liabilities	<u>111,957</u>	<u>121,311</u>
TOTAL LIABILITIES	<u><u>258,920,736</u></u>	<u><u>184,822,613</u></u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>25,894,907</u>	<u>19,800,372</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>125,894,907</u></u>	<u><u>119,800,372</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>384,815,643</u></u>	<u><u>304,622,985</u></u>

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

	2019	2018
OPERATING INCOME		
Interest income	5,992,671	2,311,479
Inter-bank interest income	26,903,787	33,885,935
Interest expense	(2,318,223)	(936,824)
Inter-bank interest expense	(24,540,006)	(21,798,114)
Net interest income	<u>6,038,229</u>	<u>13,462,476</u>
Fee and commission income	7,268,732	4,750,293
Fee and commission expense	(19,754)	(155,538)
Net fee and commission income	<u>7,248,978</u>	<u>4,594,755</u>
Foreign exchange gain	12,333	(18,025)
Other gain	<u>279</u>	<u>-</u>
TOTAL OPERATING INCOME	<u>13,299,819</u>	<u>18,039,206</u>
OPERATING EXPENSE		
Business tax and surcharges	(89,952)	(56,996)
General and administrative expense	(7,881,255)	(6,287,007)
Impairment losses	<u>1,048,920</u>	<u>(2,782,612)</u>
TOTAL OPERATING EXPENSE	<u>(6,922,287)</u>	<u>(9,126,615)</u>
OPERATING PROFIT	6,377,532	8,912,591
Add: Non-operating income	755	-
PROFIT BEFORE TAX	<u>6,378,287</u>	<u>8,912,591</u>
Less: Income tax expense	<u>(283,752)</u>	<u>(83,095)</u>
NET PROFIT	<u><u>6,094,535</u></u>	<u><u>8,829,496</u></u>

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

<u>Assets</u>	<u>2019-12-31</u>	<u>2018-12-31</u>
Due from banks and other financial institutions	170,611	50,084
Interest receivables	746,338	612,500
Interest receivables from inter-bank	3,188,160	4,416,250
Loans and advances to customers	660,012,917	710,699,035
Fixed assets	101,651	54,894
Deferred tax assets	1,077,727	1,077,727
Other assets	<u>212,331</u>	<u>279,217</u>
TOTAL ASSETS	<u><u>665,509,735</u></u>	<u><u>717,189,707</u></u>
 <u>LIABILITIES AND EQUITY:</u>		
LIABILITIES:		
Customer deposits	126,245,953	256,665,095
Due to inter-bank	304,094,324	255,524,917
Payroll payables	385,575	496,392
Tax payables	476,940	566,035
Interest payables	56,526	247,952
Other liabilities	<u>71,006</u>	<u>69,857</u>
TOTAL LIABILITIES	<u><u>431,330,324</u></u>	<u><u>513,570,248</u></u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>134,179,411</u>	<u>103,619,459</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>234,179,411</u></u>	<u><u>203,619,459</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>665,509,735</u></u>	<u><u>717,189,707</u></u>

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

	2019	2018
OPERATING INCOME		
Interest income	28,274,759	27,972,764
Inter-bank interest income	23,304,582	19,681,362
Interest expense	(960,976)	(1,511,578)
Inter-bank interest expense	(22,052,328)	(22,208,213)
Net interest income	<u>28,566,037</u>	<u>23,934,335</u>
Fee and commission income	1,481,362	1,201,729
Fee and commission expense	(6,720)	(14,884)
Net fee and commission income	<u>1,474,642</u>	<u>1,186,845</u>
Foreign exchange loss	6,686	(23,240)
Other gain	<u>258</u>	<u>-</u>
TOTAL OPERATING INCOME	<u>30,047,623</u>	<u>25,097,940</u>
OPERATING EXPENSE		
Business tax and surcharges	(203,891)	(221,045)
General and administrative Expense	(3,724,372)	(3,894,463)
Impairment losses	<u>4,790,452</u>	<u>(6,229,466)</u>
TOTAL OPERATING EXPENSE	<u>862,189</u>	<u>(10,344,974)</u>
OPERATING PROFIT	<u>30,909,812</u>	<u>14,752,966</u>
PROFIT BEFORE TAX	<u>30,909,812</u>	<u>14,752,966</u>
Less: Income tax expense	<u>(349,860)</u>	<u>(267,694)</u>
NET PROFIT	<u><u>30,559,952</u></u>	<u><u>14,485,272</u></u>

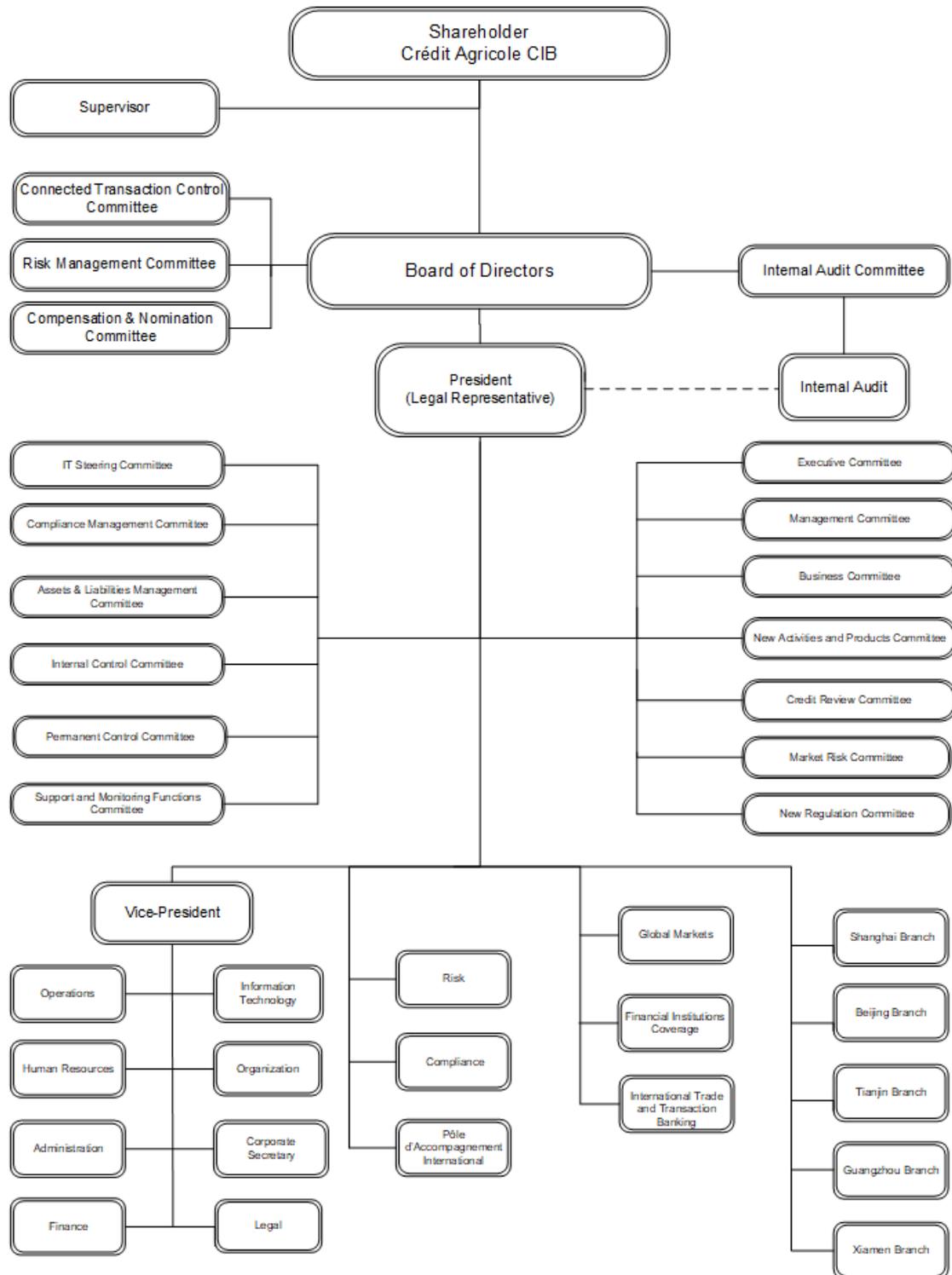
Appendix II
Attachment (6)
CREDIT AGRICOLE CIB (CHINA) LIMITED
Balance sheet of Xiamen Branch
Expressed in RMB Yuan

<u>Assets</u>	<u>2019-12-31</u>	<u>2018-12-31</u>
Due from banks and other financial institutions	1,226,696	546,839
Due from inter-bank	105,685,921	106,418,922
Interest receivables from inter-bank	430,640	487,298
Interest receivables	131	62
Fixed assets	64,517	54,894
Deferred tax assets	39,037	39,037
Other assets	<u>67,254</u>	<u>116,687</u>
TOTAL ASSETS	<u><u>107,514,196</u></u>	<u><u>107,663,739</u></u>
 <u>LIABILITIES AND EQUITY:</u>		
LIABILITIES:		
Customer deposits	4,394,639	7,978,882
Payroll payables	392,873	264,348
Tax payable	28,427	43,397
TOTAL LIABILITIES	<u>4,815,939</u>	<u>8,286,627</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>2,698,257</u>	<u>(622,888)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>102,698,257</u>	<u>99,377,112</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>107,514,196</u></u>	<u><u>107,663,739</u></u>

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

	2019	2018
OPERATING INCOME		
Interest income	3,219	4,001
Inter-bank interest income	8,704,521	11,893,894
Interest expense	(865,704)	(118,910)
Inter-bank interest expense	(2,504,175)	(2,216,737)
Net interest income	<u>5,337,861</u>	<u>9,562,248</u>
Fee and commission income	1,609,357	1,340,578
Fee and commission expense	(1,890)	(376)
Net fee and commission income	<u>1,607,467</u>	<u>1,340,202</u>
Foreign exchange gain/(loss)	<u>4,676</u>	<u>(20,838)</u>
TOTAL OPERATING INCOME	<u>6,950,004</u>	<u>10,881,612</u>
OPERATING EXPENSE		
Business tax and surcharges	(10,153)	(13,026)
General and administrative Expense	<u>(3,468,908)</u>	<u>(3,300,956)</u>
TOTAL OPERATING EXPENSE	<u>(3,479,061)</u>	<u>(3,313,982)</u>
OPERATING PROFIT	<u>3,470,943</u>	<u>7,567,630</u>
PROFIT BEFORE TAX	3,470,943	7,567,630
Less: Income tax expense	<u>(149,798)</u>	<u>(40,440)</u>
NET PROFIT	<u><u>3,321,145</u></u>	<u><u>7,527,190</u></u>

Organization Chart



List of Domestic Operations

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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
CNY / 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 employees.

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