



**Credit Agricole Corporate and Investment Bank (China) Limited**  
**2021 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 2021 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 27<sup>th</sup>, 2022.

The 2021 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 1<sup>st</sup>, 2009 and officially commenced business on August 3<sup>rd</sup>, 2009. Headquartered in Shanghai, CACIB (China) is a wholly-owned subsidiary of Crédit Agricole Corporate and Investment Bank.

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 204 employees offering professional financial services to corporate clients and financial institutions.

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

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.

2021 Full Year Results of Crédit Agricole Group:

Financial year 2021	EUR
Shareholder's equity Group share	126.5 billion
Net income Group share	9,101 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)	AA- (DCR)	AA (high)/ R-1 (high) (COR)
Issuer/LT senior preferred debt	A+	Aa3	A+/AA-	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 date	Feb/2022	Dec/2021	Oct/2021	Sep/2021
Last rating action	LT / ST ratings affirmed; outlook unchanged	LT / ST ratings affirmed; outlook unchanged	LT / ST ratings affirmed; outlook revised from negative to stable	LT / ST ratings affirmed; outlook unchanged

## Parent Bank

Our parent bank, Crédit Agricole CIB, is the Corporate & Investment Banking arm of 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  
CS 70052 – 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



(Photo of China Executive Committee Members\*)

CACIB (China) achieved good results in 2021, with a total operating income of CNY540.5 million (over 6.6% increase as compared with 2020) and net profit of CNY152 million (around 13% increase as compared with 2020). Commercial activities with our large corporate, financial institutions and local multinational clients were very strong driven by the good performance of our capital market and financing products.

As our Group is one of the leading banks in green and sustainable finance, CACIB (China) is also contributing to a more sustainable and resilient world: we continue to accompany our clients in their energy transition and decarbonisation pathways.

In 2021, we have grown our footprint on capital market activities, thanks to a broader and diversified product offering and a good momentum with our clients.

We have also closed several landmark transactions on global commodity finance activities, international trade finance business and on the asset-backed securities market thanks to several junior underwriter and investor mandates.

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\* Middle: Nicolas VIX (President & Senior Country Officer). From left to right: André TCHOURBASSOFF (Vice-President & Chief Operating Officer), Catherine JING (Chief Risk Officer), Wendy ZHU (Head of Global Market Division), Didier HONG (Head of Large Local Corporate & Head of Shanghai Branch)

CACIB (China) has also enlarged its product offering for international trade and cash management activities notably with the e-draft offer in addition to the top-up e-commerce service solutions.

In line with our Medium Term Plan (“MTP”), CACIB has grown its resources to match its ambitions: in 2021, Crédit Agricole S.A. successfully issued the third and fourth senior preferred bond issuance with a 3-year tenor. Proceeds are used locally to support the real economy in China and fund our growing corporate loan portfolio. In addition, our Bank has also increased by CNY1.5 billion its local equity, in order to grow our local capabilities for both capital markets and financing activities.

Hiring has been very active in 2021, mostly focused on coverage, capital market and financing activities, highlighting our growing ambitions in China. We are continuing to hire more staff locally in 2022 and keep enlarging our local products offering.

We are on track to deliver our 2022 MTP objectives and our existing strategy focused on 4 pillars is well established:

- active on boarding of new large corporate clients, leader in their sectors and deepening our relationship with our clients;
- supporting our financial institution clients in the opening of the Chinese financial markets;
- accompanying our growing multinational clientele in China; and
- keep growing our green and sustainable footprint with innovative solutions for our clients

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.

### **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 Financial Institutions.

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.

CACIB (China) 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: Credit Agricole Italia, 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, cash pooling, overdraft & e-commerce, etc.), cross-border RMB services and e-draft solutions.

### 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), investment products and underwriting business.

### 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.

## Green Banking

### Our Global approach

In 2019 the Crédit Agricole Group put together its new “2022 Ambitions” project with a view to establishing its social utility as an essential component of its activities, business lines and processes.

This strategic plan is three-dimensional, comprising a Client Project, a Human Project and a Societal Project.

The Crédit Agricole CIB’s strategy fully embraces this approach. The Bank has entered into stringent societal commitments which cover three priority areas: the fight against climate change, preservation of biodiversity and respect for human rights. For several years now, these issues have been tackled by a three-part initiative:

- to reduce its direct environmental footprint;
- to measure and reduce environmental and social risks related to its financing activity (notably based on the Equator Principles, the CSR sector policies, and the introduction of CSR scoring of corporate clients);
- to increase the positive impacts of its business through Sustainable Banking.

In addition to controlling the Bank’s direct environmental footprint, Crédit Agricole CIB seeks through this initiative to tackle societal objectives and help its clients overcome their social, environmental and solidarity related challenges.

### Assess and Manage the Risks Inherent in Environmental and Social Impacts of Our Financing

Crédit Agricole CIB has developed a system to assess and manage the risks arising from the environmental and social impacts relating to both transactions and clients, by factoring in the main sustainable development issues, i.e. combating climate change, biodiversity protection and respect for human rights.

Within this Climate Finance Strategy, CACIB and CACIB (China) are implementing the following actions to address its carbon and environmental footprint:

- Environment, Social and Governance (“ESG”) risk analysis: systematically evaluate ESG risks and gradually include ESG risks in credit analysis
- Dedicated Sector Policies have been developed for sectors with the highest potential ESG impacts: weapons, energy (including oil and gas, shale gas, coal-fired power plants hydroelectric and nuclear power), mining and metals, transport (sea, land and air), transport infrastructure, real estate, forestry and palm oil.

Credit Agricole CIB is committed to reduce its direct carbon footprint as well as “indirect” carbon footprint, notably by measuring the carbon footprint of our portfolios and map the indirect carbon emissions related to loans and investments by sector and geographic location.

Taking social and environmental responsibility into account is a major requirement for CACIB. It notably includes:

- the management of the credit and reputational risks related to the environmental and social impacts of the Bank’s loans and investments and the enunciation of specific policies
- the reduction of the Bank’s ecological footprint
- promoting a socially responsible behavior

- the legibility of action performed
- watch and the search for new opportunities to develop the Bank's activity.

## **Our Organization & Governance**

A new Environmental, Social and Governance ("ESG") Committee has been implemented by the Bank to monitor the Green strategy and the initiatives taken, as well as to follow up the regulatory texts and to monitor the green target. A detailed ESG policy has also been established to define the governance, the organization and the processes related to the ESG matters and more specifically the processes on green finance within the Bank.

The primary responsibility concerning the analysis and management of the environmental and social risks linked to the Bank's loans and investments lies with the business lines concerned under the procedures in force. These aspects are taken into account in the business lines' strategies.

At the several different stages of a loan or investment, the different parties concerned by the client relationship or, as the case may be, the transaction assess the environmental and social aspects of the contemplated loan or investment based on information available each time.

This analysis aims at measuring the credit and reputational risks incurred by the Bank relative to these aspects.



## Human Resources

As at the end of 2021, the Bank has 204 employees. The staff composition by age and education background is as follows:

Category	Detailed distribution	Number of employees	% of total
Age	Below 30	48	24%
	Between 31 and 40	93	45%
	Between 41 and 50	49	24%
	Above 51	14	7%
Educational Background	Holders of a Master's degree and above	96	47%
	Bachelor degree holders	88	43%
	Others	20	10%

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	17%	19%
From Supervisor to deputy Manager	12%	31%
Below Supervisor	6%	15%

## 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 more than 4,000 hours of training in 2021 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 2021 the Bank has paid a total of CNY36,686,893 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 2021.

## Corporate Social Responsibilities

In 2021, 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 2020, our bank has donated a total of 25,000 trees planted in Inner Mongolia and 40,000 shrubs planted in Ningxia by Roots & Shoots in an effort to offset its carbon footprint. In 2021, another 10,000 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 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 to 2024, 6 school years in total, with a total sponsorship amount of CNY159,200. "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 2<sup>nd</sup> 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”), Permanent Control Committee (“PCC”), Assets and Liabilities Management Committee (“ALCO”), Compliance Management Committee, IT Steering Committee, Credit Review Committee (“CRC”), Market Risk Committee (“MRC”), New Activities and Products Committee, the New Regulation Committee, Special Asset Committee and so on under the Senior Management;
- In 2020, China Executive Committee is established to oversee bank’s daily operations. Members include President, Vice-President, CRO, Head of Large Local Corporate and Head of Global Market Division.

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

All these committees have been held as per Terms of Reference (“TOR”) with clear agenda and minutes. Committees’ TORs are adequately reviewed on a regular basis.

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. CACIB (China) is responsible for the supervision and control of risks of all branches in China through centralized risk management.

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

risk, market risk, operational risk and compliance risk. In 2021, there is no breach of Tolerance level of risk indicators.

The comprehensive risk management framework of our bank covers all risks aspects. The risk management department, as an independent functional department, is responsible for reporting the main risks and related matters of the bank to the risk management committee, the board of directors and the supervisors on a regular basis, and timely reporting the violation of the risk limit. The Board and senior management provide effective oversight of the overall risk management framework, regularly review relevant risk management reports, and approve risk policies and limits to ensure that they are consistent with risk appetite.

### Country Risk

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

### Credit Risk

In 2021, due to continuous COVID-19 impact, China economy experienced slowdown, while the default rate in real estate market was high during the year under the government's tightening control over the sector. Given resurgence of COVID-19 and geopolitical tension, our bank will continue to pay attention to risk control in relevant sectors. In 2021, the quality of bank's credit portfolio 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, sector leading private-owned entities and multi-national corporates' subsidiaries in China.

Client requests are proposed by front office coverage bankers and product lines. 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 by RPC China in June 201. Following that, several rounds of reviews of selected clients and sectors are conducted in

response to rising SOE bond defaults, new regulatory changes (on education, high tech sectors, etc.) and power shortage in 4Q2021. 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 2021, 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 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 back-testing and stress scenarios to 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 is held on a monthly basis and if necessary on an ad-hoc basis. This committee reports to RMC directly.

The market risk management has been continuously maintained in a cautious manner despite the increase of trading volume. The upgrade of profit and loss reporting information system has improved report accuracy and analysis capacity. The market risk exposure is well under control, and market risk management framework is continuously enhanced.

## Operational Risk

Operational risk is managed under “three lines of defence” mechanism within the Bank. In 2021, operational risk is mainly controlled through following activities:

- Operational Risk Manager (“ORM”) organizes ICC and PCC on regular basis to report all operational risk related issues including operational risk incidents and action plans to the senior management.
- ORM conducts regular inspections and ad-hoc checks independently to assess the effectiveness of controls for corresponding processes and systems, including:
  - block leave control
  - GMD staff access control to dealing room/ Windows Session
  - Anti-fraud rolling inspection
  - PBOC credit information inquiry system inspection.
  - Monitor the implementation of control plans required by HO
  - All inspection results are reported in ICC.
- The bank attaches great importance to outsourcing risk management. Outsourcing activity managers continuously monitor outsourcing activities according to internal and external requirements, including but not limited to the vendor qualification, financial status, service quality, and business continuity plans of the outsourcing business. The outsourcing activity managers regularly review the outsourcing activities and the contracts thereof, and issue annual evaluation reports on outsourcing/IT outsourcing activities. ORM perform second level of control on outsourcing activities reports and submit to Internal control committee.
- In 2021, ORM launched and coordinated the annual exercise of forward-looking risk and control self-assessment involving all business lines and support functions. The assessment identified major potential risks in all main business processes of each department. According to the evaluation results of the key risk indicators, corresponding key control measures are identified and implemented. The analysis is based on seven categories of operational risks (internal fraud, external fraud, information technology system events, loss of physical assets, employment system and work site safety, customer products and business activities, execution delivery and process management), and estimates the operational risks and their effects according to the actual operation of the process and in consideration of the historical situations of internal and external (potential) operational risks. The final assessment was reviewed by the Internal Control Committee and the Risk Management Committee in 4Q before submitting to BOD.

Overall, the bank carried out operational risk management prudently and continuously improved the management practice according to internal and regulatory requirement.

## 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.

### Liquidity Risk Management Governance Structure

The BOD of CACIB (China) undertakes the ultimate responsibility for ensuring that the liquidity risk of the Bank is properly identified and managed. The BOD authorizes RMC to perform its partial duties. ALCO of CACIB (China) is responsible for ensuring compliance with the principles required by local regulation and the shareholder of the bank:

- to review and comment on liquidity management policies and procedures;
- to review and comment on tolerance for liquidity risk, including limits of liquidity gaps;
- to review and comment on liquidity reports, including the liquidity management indicators and liquidity gap analysis; and
- to review test and comment on contingency funding plan for liquidity crises.

### 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.

### Identification, Measurement and Monitoring of Liquidity Risk

The Bank sets series of indicators to monitor daily liquidity condition. The colors of the early warning indicators reflect the level of the indicators. At the same time, Contingency Funding Plan (CFP) has been established as planned responses to liquidity deterioration based on CBIRC liquidity guideline and group liquidity management policy.

### **Stress Testing**

Testing of three liquidity stress scenarios (global stress, systemic and idiosyncratic) is performed on daily basis and presented in daily Early Warning Indicator (EWI) report to management.

### **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.

### **Liquidity Risk Management Indicator**

CACIB (China) closely monitors regulatory liquidity ratios:

- Daily liquidity ratio was properly controlled above 25% during 2021. As of December 31<sup>st</sup>, 2021, CACIB (China)'s liquidity ratio reached 101.52%.
- The average loan-to-deposit ratio was 83.06% during December 2021.
- 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 31<sup>st</sup>, 2021, CACIB (China)'s HQLAAR reached 246.61%.
- Liquidity matching ratio ("LMR")'s minimum requirement is  $\geq 100\%$ . As of December 31<sup>st</sup>, 2021, CACIB (China)'s LMR reached 157.36%.

### **Liability quality management system and the status of liability quality**

The liquidity management system of CACIB (China) covers liability quality management. In 2021, the balance of deposits was relatively stable and increase gradually. CACIB (China) has been strengthening the management of financing channels, actively maintained the relationship with major financing counterparties, and dispersed the resources of borrowing from financial institutions. CACIB has been fully supporting the development of our bank in China. When CACIB (China) needs funding, the head office will provide short-term and medium and long-term liquidity support, so as to gradually reduce the dependence on structured deposits, effectively improve the structure of asset liability maturity allocation, and improve the ability to resist liquidity risk.

### **Provision**

As of December 31<sup>st</sup>, 2021, CACIB (China) adopts the prudent provision strategy. The loan loss provision made in accordance with the "Accounting

Standards for Business Enterprises” meets the minimal requirement of the “Guidance on Provisioning for Loan Losses”, “Notice on adjustment of regulatory requirement for provisioning for Loan Losses” and “CBIRC shanghai notices to CACIB (China) on regulatory requirement for provisioning for Loan Losses in 2021” which require the standard loan provision rate shall be 1.5% and the standard provision coverage rate shall be 120%. As of December 31<sup>st</sup>, 2021, CACIB (China) has no non-performing loan, the provision coverage rate was N/A, and standard loan provision rate was 2.01%.

## 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 2021, the system of permanent controls and control of legal risks continued to be strengthened.

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

At December 31<sup>st</sup>, 2021, any legal risks that could have a negative impact on the Bank assets were covered by adequate provisions based on the information available to general management.

## Compliance Risk

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

### Management of compliance risks

Compliance business line oversees compliance with policies and regulations applicable to the Bank’s activities. The Compliance function aims at

strengthening the confidence of stakeholders involved (customers, employees, investors, regulators, suppliers) in respect of these rules and their implementation.

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

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

Compliance has two main missions:

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

# Corporate Information

## Shareholder

Crédit Agricole Corporate and Investment Bank

## Registered Name

In Chinese: 东方汇理银行（中国）有限公司

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

## Registered Address

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

Telephone: 86 21 38566888

Facsimile: 86 21 38566922

SWIFT – CRLYCNSH

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

## Registration Date

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

## Authority of Registration

Shanghai Administration of Industry and Commerce

## Unified Social Credit Code

91310000691565587J

## Financial Institution License Serial Number

B1022H131000001

## Registered Capital

Renminbi 6,296,000,000

## 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 submitted an application of increasing its capital by Renminbi 1,500,000,000 to CBIRC in 2021. Upon the approval from CBIRC, the Bank completed its capital increase from Renminbi 4,796,000,000 to Renminbi 6,296,000,000 on December 20<sup>th</sup>, 2021.

# Directors, Supervisor and Senior Management

## 1. Composition

<b>Supervisor</b>
BÉLORGEY, Olivier

<b>Board of Directors</b>	
ROY, Michel	Chairman, Non-executive Director
VIX, Nicolas	Vice-Chairman, Executive Director
TCHOURBASSOFF, André	Executive Director
HONG, Didier	Executive Director
BALAÏ, Jean- François	Non-executive Director
COMBE-GUILLEMET, Hélène	Non-executive Director
BLANCHARD, Dominique	Non-executive Director
PROUTIÈRE, Laurent	Non-executive Director
WU, Zhi Ge	Independent Non-executive Director
CHAN, Wen-Yueh (Dennis)	Independent Non-executive Director

<b>Senior Management</b>	
VIX, Nicolas	President (Legal Representative), Senior Country Officer
TCHOURBASSOFF, André	Vice-President, Chief Operating Officer
JING, Catherine	Chief Risk Officer
CAO, Lilian <sup>1</sup>	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

<sup>1</sup> Subject to CBIRC approval

LI, Davy	Head of Tianjin Branch
HSIEH, Henry	Head of Xiamen Branch

## 2. Working Experience and Other Positions held by Directors and Supervisor<sup>1</sup>

### a. Directors

 <p><b>ROY, Michel</b></p>	<p><b>Professional experience:</b></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><b>Education:</b></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>
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 <p><b>VIX, Nicolas</b></p>	<p><b>Professional experience:</b></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><b>Education:</b></p> <p>Nicolas Vix holds degrees in engineering (Ecole Centrale), economy &amp; finance (IEP).</p>
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<sup>1</sup> Only including Directors and Supervisor whose post-taking qualification has been approved



**TCHOURBASSOFF,**  
**André**

**Professional experience:**

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

**Education:**

André Tchourbassoff 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.



**BALAÿ,**  
**Jean-François**

**Professional experience:**

Jean-François Balaÿ has been appointed Deputy Chief Executive Officer of CACIB on January 1<sup>st</sup>, 2021.

Jean-François Balaÿ started his career at Credit Lyonnais (now LCL) in 1989 where he held several managerial positions in the corporate banking markets in London, Paris and Asia. From 2001 to 2006, Jean-François was Head of Origination and Structuring for Europe within LCL and then Crédit Agricole CIB Credit syndication activity. In 2006, he became Deputy Head of the EMEA team and, in 2009, Head of the Global Loan Syndication Group. In 2012, he was appointed Head of Debt Optimisation & Distribution. In 2016, he was appointed Head of Risks and Permanent Control. He became in July 2018 Deputy General Manager supervising Structured Finance, Debt Optimisation and Distribution, Distressed Assets and International Trade & Transaction Banking.

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 holds a Master Degree in Business Administration at ESSEC Business School.



**PROUTIÈRE,**  
*Laurent*

**Professional experience:**

Laurent PROUTIÈRE has been appointed as Regional Head of International Trade and Transaction Banking for Asia-Pacific in December 2020. Laurent began his career in 1998 working for the Equity Brokerage Division of Société Générale in Japan before joining Crédit Agricole group in 2002. Laurent worked to different teams in the Group, he worked for the Group's Credit Derivatives teams in 2007 in London, and the Asia Loan Syndication team in 2012 in Hong Kong.

Laurent PROUTIÈRE was appointed Non-executive Director of CACIB (China) in June 2021.

**Education:**

Laurent PROUTIÈRE holds the MBA in INSEAD and the MS in Finance Operations Management in University of Lyon 2.



**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. He is also an Independent Non-executive Director of Wanbang Digital and Energy Co., Ltd. and a Partner of Chengdu Puluogesi Business Management Consulting Firm.

**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.



**CHAN,  
Wen-Yueh**

**Professional Experience:**

Mr. CHAN has spent 14 years working in China Before relocating back to his hometown Taipei. In 2014, he was appointed CEO of Fubon Bank (China). In 2018, he was promoted to Vice Chairman after the bank transited into a fully local-managed platform. Prior to the CEO post, Dennis was the Senior VP covering strategic planning and served as a Board Directors for both Fubon Bank (Hong Kong) and Xiamen Commercial Bank.

Mr. CHAN was appointed Independent Non-Executive Director of CACIB (China) in June 2021. He is also an Independent Non-executive Director of Acer Medical Inc.

**Education:**

Mr. CHAN holds the MBA in Georgetown University and the Bachelor of Business Administration.

## b. Supervisor



**BÉLORGEY,**  
**Olivier**

### **Professional experience:**

Olivier BÉlorgey is appointed Deputy Chief Executive Officer of CACIB on January 1<sup>st</sup>, 2021.

Olivier BÉlorgey started his career in capital markets at Crédit Lyonnais in 1991. In 1995, he joined the Finance division's ALM unit, where he oversaw interest rate risk. In 1999, he joined the retail banking network as Head of Individuals and Professionals before being appointed to the Human Resources division as Head of HR policy in 2001. In 2004, he became Head of Management Control at Crédit Agricole CIB (formerly Calyon). In 2007, Olivier was appointed Head of ALM at Crédit Agricole CIB and in 2009 his responsibilities were extended to include credit portfolio management. In 2011, he was appointed Head of Financial Management at Crédit Agricole S.A., becoming Finance Director of Crédit Agricole CIB in 2017. Olivier also took over the supervision of the Procurement in September 2020.

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 2021, the Board of Directors held four ordinary meetings, on March 24<sup>th</sup>, June 23<sup>rd</sup>, September 23<sup>rd</sup> and December 22<sup>nd</sup> respectively. In addition, the Board of Directors held one ad-hoc meeting on July 12<sup>th</sup>. During the meetings, the Board of Directors reviews and approves various matters, including the corporate governance, risk control, compliance management, development strategy, capital increase, policies and procedures, budget and financial statements of the Bank, etc. In addition, five 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 2021, the following changes have taken place in the composition of the Board of Directors:

- Mr. Francois MARTIN tendered his resignation as Non- Executive Director on March 25<sup>th</sup>, 2021.
- Mr. Dennis CHAN has been appointed by the Shareholder as an Independent Non-Executive Director, and the post-taking qualification was approved by CBIRC on June 8<sup>th</sup>, 2021.
- Mr. Laurent PROUTIERE has been appointed by the Shareholder as a Non- Executive Director, and the post-taking qualification was approved by CBIRC on June 24<sup>th</sup>, 2021.

### **Shareholder's Meeting**

Not applicable

### **Specialized Committees under the Board of Directors**

In 2021, 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 two (2) Independent Non-Executive Directors, Mr. WU Zhi Ge and Mr. CHAN Wen-Yueh. It is in compliance with the requirement of a quorum specified in the Bank's Articles of Association. In 2021, the Shareholder has nominated Mr. CHAN Wen-Yueh to be a second Independent Non-Executive Director of the Bank.

Mr. WU serves as the chairman of the Internal Audit Committee, the Connected Transaction Control Committee and the Compensation and Nomination Committee. He also serves as the permanent member of the Risk Management Committee.

Mr. CHAN serves as the permanent member of the Internal Audit Committee, the Connected Transaction Control Committee and the Risk Management Committee.

The post-taking qualification of the Bank's Independent Non-Executive Director is fully complied with requirements set forth in the *Corporate Governance Guidelines for Banking and Insurance Institutions* 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 and Mr. CHAN as the Independent Non-Executive Directors of the Bank.

In 2021, Mr. WU attended 5 meetings of the Board, 4 meetings of the Internal Audit Committee, 4 meetings of the Connected Transaction Control Committee, 4 meetings of the Risk Management Committee and 1 meeting of the Compensation and Nomination Committee. Mr. CHAN attended 3 meetings of the Board, 2 meetings of the Internal Audit Committee, 2 meetings of the Connected Transaction Control Committee and 2 meetings of the Risk Management Committee. With extensive professional knowledge and practical experience, they fully discharge their duties and responsibilities through expressing objective and impartial opinions as well as providing valuable and constructive suggestions to the Bank.

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

No different opinions were raised by the Independent Non-Executive Directors on the resolutions of the Board of Directors and the specialized committees under the Board of Directors of the Bank in 2021.

## 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.

In 2021, the Supervisor was in attendance of 5 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 31<sup>st</sup>, 2021 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 2021, the Board of Directors resolved to re-appoint Ernst & Young Hua Ming LLP ("Ernst & Young") as the Bank's Public Accountants for the year 2021.

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 2021**

**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.

## CREDIT AGRICOLE CIB (CHINA) LIMITED

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## **Auditors' Report**

Ernst & Young Hua Ming (2022) 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 2021, 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 2021 and the Bank's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

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

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

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

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

In preparing the financial statements, the management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

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

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

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

Ernst & Young Hua Ming (2022) 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 for 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.

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

**Auditors' Report (continued)**

Ernst & Young Hua Ming (2022) 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, including the disclosures, structure and content of the financial statements, 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.

Zhou, Mingjun

Ernst & Young Hua Ming LLP,  
Shanghai Branch

Chinese Certified Public Accountant

Jiang, Bei

Shanghai, the People's Republic of China

Chinese Certified Public Accountant

Apr 18<sup>th</sup>, 2022

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

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**BALANCE SHEET**  
**31 December 2021**  
**(Unless otherwise stated, expressed in Renminbi Yuan)**

<b><u>ASSETS:</u></b>	<b><u>Note 5</u></b>	<b><u>2021-12-31</u></b>	<b><u>2020-12-31</u></b>
Cash and due from the central bank	1	1,334,257,495	2,177,460,581
Due from banks and other financial institutions	2	734,454,230	800,139,356
Placements with banks and other financial institutions	3	9,427,806,014	7,809,716,752
Financial assets at fair value through profit or loss	4	-	1,531,808,660
Derivative financial assets	5	3,189,066,212	6,381,221,990
Loans and advances to customers	6	9,792,520,100	8,942,740,422
Held-to-maturity investments	7	-	1,707,699,514
Account receivables investments	8	-	2,899,148,000
Financial investments:			
Financial assets held-for-trading	9	1,064,492,609	-
Debt instruments	10	6,042,586,409	-
Fixed assets	11	5,719,978	6,813,107
Right-of-use assets	12	52,193,299	-
Intangible assets	13	2,671,181	3,367,765
Deferred tax assets	14	36,755,385	77,319,822
Other assets	15	<u>113,436,063</u>	<u>174,094,005</u>
<b>TOTAL ASSETS</b>		<b><u>31,795,958,975</u></b>	<b><u>32,511,529,974</u></b>

*The accompanying notes to financial statements form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**BALANCE SHEET (continued)**  
**31 December 2021**  
**(Unless otherwise stated, expressed in Renminbi Yuan)**

<b><u>LIABILITIES:</u></b>	<b><u>Note 5</u></b>	<b><u>2021-12-31</u></b>	<b><u>2020-12-31</u></b>
Due to banks and other financial institutions	16	105,113,224	1,000,408,901
Placements from banks and other financial institutions	17	7,742,306,385	8,204,369,915
Derivative financial liabilities	5	3,160,942,447	6,303,911,565
Customer deposits	18	12,623,345,753	10,152,111,108
Payroll payables	19	62,015,606	47,676,845
Tax payables	20	28,586,241	59,002,996
Lease liabilities		54,572,725	-
Debt securities issued	21	684,773,080	797,498,511
Accrued liabilities	22	1,711,480	84,329,533
Other liabilities	23	<u>204,238,612</u>	<u>470,606,402</u>
<b>TOTAL LIABILITIES</b>		<b><u>24,667,605,553</u></b>	<b><u>27,119,915,776</u></b>
 <b><u>SHAREHOLDERS' EQUITY:</u></b>			
Paid-in capital	24	6,296,000,000	4,796,000,000
Capital reserve	25	65,429,072	2,881,771
Surplus reserve	26	144,281,114	129,082,128
General reserve	27	367,414,758	325,618,086
Retained earnings	28	<u>255,228,478</u>	<u>138,032,213</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>7,128,353,422</u></b>	<b><u>5,391,614,198</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>31,795,958,975</u></b>	<b><u>32,511,529,974</u></b>

The financial statements have been signed by:

President

Vice President

Chief Financial Officer  
(Subject to regulatory approval)

*The accompanying notes to financial statements form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**INCOME STATEMENT**  
**Year 2021**  
**(Unless otherwise stated, expressed in Renminbi Yuan)**

	<u>Note 5</u>	<u>Year 2021</u>	<u>Year 2020</u>
<b>OPERATING INCOME</b>			
Interest income	29	805,922,604	495,737,639
Interest expense	29	<u>(484,949,109)</u>	<u>(254,826,716)</u>
Net interest income		320,973,495	240,910,923
Fee and commission income	30	124,772,109	167,221,626
Fee and commission expense	30	<u>(52,922,866)</u>	<u>(50,122,677)</u>
Net Fee and commission income		71,849,243	117,098,949
Investment income	31	(58,407,855)	(13,817,943)
Gains/(Losses) from changes in fair value	32	183,144,531	(165,370,179)
Foreign exchange gain		(9,795,635)	302,784,055
Other operating income	33	32,736,975	25,243,707
Gain from disposal of assets		<u>-</u>	<u>68,641</u>
<b>TOTAL OPERATING INCOME</b>		<u>540,500,754</u>	<u>506,918,153</u>
<b>OPERATING EXPENSE</b>			
Tax and surcharges		(4,663,689)	(4,011,589)
General and administrative expenses	34	(330,011,472)	(294,145,305)
Credit impairment losses	35	(21,290,842)	-
Impairment losses	36	-	(43,390,814)
Other operating expenses		<u>-</u>	<u>5,832,721</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>(355,966,003)</u>	<u>(335,714,987)</u>
<b>OPERATING PROFIT</b>		184,534,751	171,203,166
Non-operating income		172,018	3,686
Non-operating expenses		<u>(298,346)</u>	<u>(316,764)</u>
<b>PROFIT BEFORE TAX</b>		184,408,423	170,890,088
Less: Income tax expenses	37	<u>(32,418,559)</u>	<u>(36,838,023)</u>
<b>NET PROFIT</b>		<u>151,989,864</u>	<u>134,052,065</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>151,989,864</u>	<u>134,052,065</u>

*The accompanying notes to financial statements form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**Year 2021**  
**(Unless otherwise stated, expressed in Renminbi Yuan)**

	Paid-in Capital	Capital Reserve	Surplus Reserve	General Reserve	Retained Earnings	Total
1. Balance as at 31 December 2020	4,796,000,000	2,881,771	129,082,128	325,618,086	138,032,213	5,391,614,198
Changes in accounting policies- Impact of adopting IFRS9	-	-	-	-	22,202,059	22,202,059
2. Balance as at 1 January 2021	4,796,000,000	2,881,771	129,082,128	325,618,086	160,234,272	5,413,816,257
3. Movements during the year	1,500,000,000	62,547,301	15,198,986	41,796,672	94,994,206	1,714,537,165
(1) Total comprehensive income	-	-	-	-	151,989,864	151,989,864
(2) Capital invested by owner	1,500,000,000	62,547,301	-	-	-	1,562,547,301
1. Capital injection	1,500,000,000	-	-	-	-	1,500,000,000
2. Debt waived	-	62,547,301	-	-	-	62,547,301
(3) Profit distribution	-	-	15,198,986	41,796,672	(56,995,658)	-
1. Appropriation to surplus reserve	-	-	15,198,986	-	(15,198,986)	-
2. Appropriation to general reserve	-	-	-	41,796,672	(41,796,672)	-
4. Balance as at 31 December 2021	6,296,000,000	65,429,072	144,281,114	367,414,758	255,228,478	7,128,353,422

The accompanying notes to financial statements form an integral part of these financial statements.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (continued)**  
**Year 2020**  
**(Unless otherwise stated, expressed in Renminbi Yuan)**

	Paid-in Capital	Capital Reserve	Surplus Reserve	General Reserve	Retained Earnings	Total
1. Balance as at 1 January 2020	4,796,000,000	2,881,771	115,676,921	240,230,017	205,546,847	5,360,335,556
2. Movements during the year	-	-	13,405,207	85,388,069	(67,514,634)	31,278,642
(1) Total comprehensive income	-	-	-	-	134,052,065	134,052,065
(2) Profit distribution	-	-	13,405,207	85,388,069	(201,566,699)	(102,773,423)
1. Appropriation to surplus reserve	-	-	13,405,207	-	(13,405,207)	-
2. Appropriation to general reserve	-	-	-	85,388,069	(85,388,069)	-
3. Distribution to Shareholder	-	-	-	-	(102,773,423)	(102,773,423)
3. Balance as at 31 December 2020	4,796,000,000	2,881,771	129,082,128	325,618,086	138,032,213	5,391,614,198

*The accompanying notes to financial statements form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**Year 2021**  
**(Unless otherwise stated, expressed in Renminbi Yuan)**

	<u>Note 5</u>	<u>Year 2021</u>	<u>Year 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net increase in customer deposits and due to banks and other financial institutions		1,569,082,165	335,762,352
Net decrease due from the central bank		697,650,717	-
Net decrease in due from banks and other financial institutions		48,722,880	-
Net decrease in placements with banks and other financial institutions		3,184,089,570	-
Net decrease in financial assets held-for-trading		505,499,236	-
Cash received from interest, service fee and commission		762,882,989	714,562,265
Net increase in placements from banks and other financial institutions		-	6,995,083,915
Cash received from other operating activities		<u>178,094,380</u>	<u>477,446,677</u>
Sub-total of cash inflows from operating activities		<u>6,946,021,937</u>	<u>8,522,855,209</u>
Net increase in due from banks and other financial institutions		-	508,554,095
Net increase due from the central bank		-	20,132,827
Net increase in loans and advances to customers		846,798,430	1,465,680,802
Net decrease in placements from banks and other financial institutions		600,583,099	-
Net increase in placements with banks and other financial institutions		-	2,980,482,146
Payments made for interest, service fee and commission		435,680,487	297,668,058
Cash paid to and on behalf of employees		165,754,566	147,675,936
Cash paid for all types of taxes		89,006,882	59,835,207
Cash paid for other operating activities		<u>257,886,024</u>	<u>131,810,219</u>
Sub-total of cash outflows from operating activities		<u>2,395,709,488</u>	<u>5,611,839,290</u>
Net cash inflows from operating activities	38	<u>4,550,312,449</u>	<u>2,911,015,919</u>

*The accompanying notes to financial statements form an integral part of these financial statements*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**STATEMENT OF CASH FLOWS (continued)**  
**Year 2021**  
**(Unless otherwise stated, expressed in Renminbi Yuan)**

	<u>Note 5</u>	<u>Year 2021</u>	<u>Year 2020</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Cash received from maturity of investments		5,127,033,021	65,395,956,270
Cash received from investment income		181,698,487	103,378,659
Net cash received from disposal of fixed asset: intangible assets and other long-term assets		<u>-</u>	<u>68,641</u>
Sub-total of cash inflows from investing activities		<u>5,308,731,508</u>	<u>65,499,403,570</u>
Cash paid for purchase of fixed assets, intangible assets and other long term assets		9,876,385	8,451,517
Cash paid for investment		<u>6,551,593,049</u>	<u>68,888,958,044</u>
Sub-total of cash outflows from investing activities		<u>6,561,469,434</u>	<u>68,897,409,561</u>
Net cash outflows from investing activities		<u>(1,252,737,926)</u>	<u>(3,398,005,991)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from investment		1,500,000,000	-
Cash received from bond issuance		<u>682,656,900</u>	<u>778,926,800</u>
Sub-total of cash inflows from financing activities		<u>2,182,656,900</u>	<u>778,926,800</u>
Cash paid for debt repayment		778,926,800	387,825,200
Cash paid for attributable dividends		-	102,773,423
Cash paid for payment of interest		26,791,650	12,174,802
Other cash paid relating to financing activities		<u>11,893,365</u>	<u>-</u>
Subtotal of cash outflows from financing activities		<u>817,611,815</u>	<u>502,773,425</u>
Net cash inflows from financing activities		<u>1,365,045,085</u>	<u>276,153,375</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		<u>(85,643,363)</u>	<u>(69,477,598)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,576,976,245	(280,314,295)
Add: Cash and cash equivalents at beginning of the year		<u>2,038,545,795</u>	<u>2,318,860,090</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	39	<u><u>6,615,522,040</u></u>	<u><u>2,038,545,795</u></u>

*The accompanying notes to financial statements form an integral part of these financial statements.*

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 December 2021**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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**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 17 June 2009, approving the opening of the Bank.

The registered capital of the Bank was RMB3,000,000,000. 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 RMB196,000,000, RMB1,600,000,000 and RMB 1,500,000,000 in 2014, 2019 and 2021 respectively, and the paid-in capital of the bank was RMB6,296,000,000 after the capital injection.

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

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

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

Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the bank as at 31 December 2021, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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**3. Significant accounting policies and estimates**

The financial statements of the Bank are prepared based on 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 and presentation 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 the Bank's cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

**(4) Foreign currency transactions**

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

Foreign currency transactions are translated using the exchange rates ruling at the transaction date. Subsequent to initial recognition, monetary assets and liabilities denominated in foreign currencies are translated at the applicable exchange rates ruling at the balance sheet date. 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.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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

**(5) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognised 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 primarily derecognised (i.e., removed from the Bank's balance sheet) 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 financial asset, and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Purchases or sales of financial assets are recognised and derecognised, as applicable, using trade date accounting. Purchase or sale of financial assets represents a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. The trade date is the date that the Bank committed to purchase or sell a financial asset.

Classification and measurement of financial assets

The Bank's financial assets are classified at initial recognition according to the Bank's corporate business model for managing financial assets and the contractual cash flow characteristics of the financial assets: financial assets at fair value through profit or loss, financial assets at amortized cost, and financial assets at fair value through other comprehensive income. All the related financial assets affected are reclassified when, and only when, the Bank changes the business model for managing the financial assets.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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

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

Classification and measurement of financial assets (continued)

Financial assets are measured at fair value on initial recognition, but accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or do not take into account financing components of less than one year are initially measured at transaction price.

For financial assets at fair value through profit or loss, the related transaction costs are charged directly to current profit or loss, and for other categories of financial assets related transaction costs are charged to their initial recognition amounts.

Subsequent measurement of financial assets are based on their classification:

*Debt instruments at amortized cost*

Financial assets are classified as financial assets carried at amortized cost if both of the following conditions are met: the business model for managing the financial asset is to collect the contractual cash flows; and the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. Interest income is recognized on such financial assets using the effective interest method, with any gain or loss arising from derecognition, modification or impairment charged to current profit or loss.

*Debt instruments at fair value through other comprehensive income*

Financial assets are classified into Financial assets at fair value through other comprehensive income when both of the following conditions are satisfied: The business model is to collect both the contractual cash flows and cash flows arising from the sale of assets; the cash flows on specific date are solely payments of principal and interest on the principal amount outstanding according to the agreement of the financial assets. Their interest income is recognized using the effective interest rate method. A gain or loss arising from a change in the fair value is recognized as other comprehensive income, except for interest income, credit impairment losses and foreign exchange gains or losses, which are recognized in profit or loss. The gain or loss recognized in other comprehensive income will be reversed and recognized in profit or loss when the financial assets are derecognized.

*Financial assets at fair value through profit or loss*

Financial assets other than financial assets at amortized cost and financial assets at fair value through other comprehensive income as described above are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement and all changes in fair value are recognized in profit or loss for the current period.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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

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

Classification and measurement of financial liabilities

The Bank's financial liabilities are classified at initial recognition as: financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss, while for other financial liabilities, the related transaction costs are recognized in their initial recognition amount.

Subsequent measurement of financial liabilities is based on their classification:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities held for trading (including derivative instruments that are financial liabilities) are subsequently measured at fair value, with all changes in fair value recognized in profit or loss. For financial liabilities designated as at fair value through profit or loss, they are subsequently measured at fair value, with changes in fair value recognized in profit or loss, except for those arising from changes in the Bank's own credit risk, which are recognized in other comprehensive income; if the inclusion of changes in fair value arising from changes in the Bank's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, the Bank recognizes all changes in fair value (including the amount of the effect of changes in its own credit risk) in profit or loss for the current period.

*Other financial liabilities*

For such financial liabilities, the effective interest method is applied and the subsequent measurement is made at amortized cost.

Impairment of financial instruments

The Bank impairs financial assets measured at amortised cost, loan commitments and financial guarantee contracts on the basis of expected credit losses ("ECL") and recognises a loss allowance.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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

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

Impairment of financial instruments (continued)

For receivables without significant financing components, the Bank applies a simplified measurement approach and measures the loss allowance at an amount equal to the ECL over the life of the asset.

Other than the financial assets, loan commitments and financial guarantee contracts are subject to the simplified approach, the Bank assesses at each balance sheet date whether there has been a significant increase in credit risk since initial recognition and, if there has been no significant increase in credit risk since initial recognition, the financial instruments are included in Stage I, the Bank measures the allowance for losses at an amount equal to the ECL over the next 12 months and calculates interest income based on the carrying amount and effective interest rate. If the credit risk has increased significantly since initial recognition, but no credit impairment has occurred, the financial instruments are included in Stage II, the Bank measures the allowance for losses at an amount equivalent to the ECL over the lifetime of the financial instruments, and calculates the interest income based on the carrying balance and the effective interest rate. If credit impairment occurs after initial recognition, the financial instruments are included in Stage III, the Bank measures the provision for loss at an amount equivalent to the ECL over the lifetime of the financial instruments, and calculates interest income at amortized cost and the effective interest rate.

At each balance sheet date, the Bank assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. The Bank compares the risk of a default occurring of a single financial instrument or a group of financial instruments with similar credit risk characteristics as at the balance sheet date with the risk of a default as at the date of initial recognition, to determine changes in the risk of a default occurring of the financial instrument in the expected lifetime. For financial instruments with only low credit risk at the balance sheet date, the Bank assumes that the credit risk has not increased significantly since initial recognition.

For disclosures such as the Bank's assumptions about the measurement of ECL. Refers to Note 8.1.

A financial asset becomes credit impaired when one or more events occur that have an adverse effect on the expected future cash flows of the financial asset.

When the Bank no longer has a reasonable expectation of recovering all or part of the contractual cash flows from a financial asset, the Bank writes down the carrying amount of the financial asset directly.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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

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

Offsetting of 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 recognised amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial guarantee contract

Financial guarantee contracts are those contracts that require issuer to pay a specified amount to the contract holder who has suffered a loss if a specified debtor is unable to pay its debt when due in accordance with the terms of the debt instruments. Financial guarantee contracts are measured at fair value on initial recognition, except for financial guarantee contracts designated as financial liabilities at fair value through profit or loss, which are subsequently measured at the higher of (i) the ECL determined at the balance sheet date and (ii) the amount initially recognised less accumulated amortization determined in accordance with the revenue recognition standards.

Derivative financial instruments

The Bank uses derivative financial instruments. Derivative financial instruments are initially measured at fair value at the date the derivative transaction contract is entered into and are subsequently measured at their fair value. A derivative financial instrument with a positive fair value is recognised as an asset and a negative fair value is recognised as a liability.

Gains or losses arising from changes in the fair value of derivatives are taken directly to current profit or loss, except when they relate to hedge accounting.

Transfer of financial assets

A financial asset is derecognised when the Bank has transferred substantially all the risks and rewards of the financial asset to the transferee. A financial asset is not derecognised when the Bank retains substantially all the risks and rewards of the financial asset.

When the Bank has neither transferred nor retained substantially all the risks and rewards of the financial asset, it is treated as follows (i) If control over the financial asset is relinquished, the financial asset is derecognised and the resulting assets and liabilities are recognised, (ii) if control over the financial asset is not relinquished, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset and the related liabilities are recognised accordingly.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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

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

Transfer of financial assets (continued)

Continuing involvement in a transferred financial asset is recognized to the extent of the lower of the carrying amount of the financial asset or the amount of the financial guarantee. The amount of the financial guarantee is the maximum amount of the consideration received that will be required to be repaid.

**(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) Fixed assets**

The fixed assets can be recognised only when the economic benefits related to fixed assets are likely to flow into the Bank, and the cost of fixed assets can be measured reliably. Subsequent expenditure can be recognised as the cost of fixed assets when the recognition criteria set above is met, and the replaced carrying amount shall be derecognised. Otherwise, such expenditure is to be charged to the profit or loss in the period when it is 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.

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

**(7) Fixed assets (continued)**

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

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

**(8) Intangible assets**

The intangible assets can be recognised 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 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.

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

**(9) 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.

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 recognised as an impairment loss and recognised in the income statement for the current period. A provision for impairment loss of the asset is made accordingly.

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

**(10) 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.

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 recognised in the cost of corresponding assets or the income statement of the current period as incurred.

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

**(11) 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 recognised as a provision but is disclosed in the notes to the financial statements.

**(12) Accrued liabilities**

An obligation related to a contingency is recognised as accrued liabilities 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 liabilities are 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 the accrued liabilities 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)**  
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**3. Significant accounting policies and estimates (continued)**

**(13) Revenue from contracts with customers**

The Bank recognises revenue when it has fulfilled its performance obligations under the contract, that is, when the customer obtains control of the relevant goods or services. The acquisition of control of the relevant goods or services is defined as the ability to dominate the use of the goods or the provision of the services and to derive substantially all the economic benefits therefrom.

Interest income and expense

“Interest income” and “Interest expense” item in the income statement represent interest income and expense arising from financial assets measured at amortised cost and financial liabilities measured at amortised cost, etc. recognised under the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the accounting periods. The effective interest rate is the rate used to discount the estimated future cash flows of a financial asset or financial liability through its expected life to the carrying amount of the financial asset or the amortised cost of the financial liability. In determining the effective interest rate, the Bank estimates the expected cash flows considering all contractual terms of the financial asset or financial liability but does not take into account ECL. Fees, transaction costs and premiums or discounts paid or received by the Bank that are an integral part of the effective interest rate are taken into account in determining the effective interest rate.

For financial assets acquired or originated with credit impairment, the Bank determines interest income from initial recognition based on the amortised cost of the financial assets and the credit-adjusted effective interest rate. The credit-adjusted effective interest rate is the rate that discounts the estimated future cash flows through the expected life of an acquired or originated financial asset that is credit impaired to the amortised cost of that financial asset.

For financial assets acquired or originated that are not credit impaired but become credit impaired in a subsequent period, the Bank determines interest income in the subsequent period based on the amortised cost of the financial asset and the effective interest rate.

Fee and commission income

The Bank receives fees and commissions for the provision of various services to customers. The fees and commissions charged for services rendered within a certain period are recognized in accordance with the progress of performance within the respective period, while other fees and commissions are recognized upon completion of the relevant transactions.

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

**(14) Government subsidies**

Government subsidies will be recognised 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. (i) 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. (ii) 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. (iii) Government subsidies associated with assets shall set off the book value of related assets or be recognized as deferred expenditures. (iv) 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, scraped 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.

**(15) 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 recognised 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, 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 recognised as assets or liabilities where the tax base can be determined according to the relevant tax regulations.

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

**(15) Income tax (continued)**

Deferred income tax liabilities are recognised 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;

Deferred income tax assets are recognised 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

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.

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. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow the deferred tax asset to be recovered.

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

**(15) Income tax (continued)**

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.

**(16) Leases**

Identification of leases

At the contract inception date, the Bank assesses whether a contract is a lease or contains a lease if one of the parties to the contract cedes the right to control the use of one or more of the identified assets for a specified period of time in exchange for consideration. To determine whether a contract cedes the right to control the use of an identified asset for a period of time, the Bank assesses whether the customer under the contract is entitled to substantially all of the economic benefits arising from the use of the identified asset during the period of use and has the right to dominate the use of the identified asset during that period of use.

Identification of separate lease components

For a contract that contains multiple separate lease components, the Bank separates the components of the contract and accounts for each separate lease component. The right to use an identified asset is a separate lease component if both:

- (i) the lessee can benefit from the use of the asset alone or in conjunction with other resources that are readily available,
- (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

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

**(16) Leases (continued)**

Separating lease components and non-lease components

Where a contract contains both lease and non-lease components, the Bank, as lessor and lessee, accounts for the lease and non-lease components by splitting them.

Assessment of the lease term

The lease term is the non-cancellable period of a lease for which the Bank has the right to use an underlying asset. If the Bank has an option to extend the lease, that is, the Bank has the right to extend the lease, and is reasonably certain to exercise that option, the lease term also includes periods covered by an option to extend the lease. If the Bank has an option to terminate the lease, that is, the Bank has the right to terminate the lease, but is reasonably certain not to exercise that option, the lease term includes periods covered by an option to terminate the lease. The Bank reassesses whether it is reasonably certain to exercise an extension option, purchase option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in the circumstances that is within the control of the Bank and affects whether the Bank is reasonably certain to exercise an option not previously included in its determination of the lease term.

As lessee

*Right-of-use assets*

The right-of-use assets of the Bank mainly include property.

At the commencement date of the lease, the Bank recognises a right-of-use assets. The cost of the right-of-use assets comprises: (i) the amount of the initial measurement of the lease liabilities; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Bank. If the Bank is reasonably certain that the ownership of the underlying asset will be transferred to the Bank at the end of the lease term, the Bank depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the bank depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

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

**(16) Leases (continued)**

As lessee (continued)

*Right-of-use assets (continued)*

The Bank remeasures the lease liabilities at the present value of the changed lease payments and adjusts the carrying amount of the right-of-use assets accordingly, when the carrying amount of the right-of-use assets is reduced to zero, and there is a further reduction in the measurement of the lease liabilities, the Bank recognises the remaining amount of the remeasurement in profit or loss.

*Lease liabilities*

At the commencement date of the lease, the Bank measures the lease liabilities at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. In calculating the present value of the lease payments, the Bank uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the lessee's incremental borrowing interest rate is used as the discount rate. The Bank calculates the interest expenses of the lease liabilities in each period during the lease term using the constant periodic rate of interest, and recognises such interest expenses in profit or loss, except those in the costs of the related asset as required. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related asset as required.

After the commencement date of the lease, if there is a change on actual fixed payment, expected payable of guaranteed residual value, the index or rate used to calculate the lease payment, purchase option, the assessment of option to extend the lease, option to terminate the lease or actual option exercise situation, the bank will recalculate the lease liabilities at the present value of the lease payments based changes occurred.

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

**(16) Leases (continued)**

As lessee (continued)

*Lease modifications*

Lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term.

The Bank accounts for a lease modification as a separate lease if both:

- (i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (ii) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Bank remeasures the lease liabilities by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the lessee's interest rate implicit in the lease for the remaining lease period as the discount rate; if the interest rate implicit in the lease during the remaining lease period cannot be determined, the bank's incremental borrowing interest rate on the effective date of the modification is adopted as the discount rate.

Regarding the impact of the above-mentioned lease liability adjustment, the Bank performs accounting treatment in the following situations:

- (i) If the lease change causes the scope of the lease to be narrowed or the lease term is shortened, the Bank reduces the book value of the right-of-use assets to reflect the partial or complete termination of the lease, and the relevant gains or losses related to the partial or complete termination of the lease are included in the current period profit and loss;
- (ii) For other lease changes, the Bank will adjust the book value of the right-of-use assets accordingly.

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

**(16) Leases (continued)**

As lessee (continued)

*Short-term leases and leases of low-value assets*

The Bank does not recognise the right-of-use assets and lease liabilities for short-term leases (leases with a lease term not exceeding 12 months) and low-value assets. The Bank recognises lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease term.

**(17) Fair value measurement**

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 assumes 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 using the assumption that market participants would use when pricing the asset or liability, if 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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**3. Significant accounting policies and estimates (continued)**

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

The preparation of financial statements requires management to make judgments and estimates. These judgments and estimates will affect the reported amounts of income, expenses, assets and liabilities and their disclosures, as well as the disclosure of contingent liabilities on the balance sheet date. However, the results resulting from the uncertainty of these estimates may cause significant adjustments to the carrying amounts of assets or liabilities that will be affected in the future.

*Business model*

Financial assets are initially classified based on the Bank's business model for managing the financial assets. The Bank judges the business model, with the consideration of enterprise evaluation, the reporting mode to key management, related risk and corresponding risk management method of financial assets performance, and the reward system of related business personnel. The Bank analyses and judges the reason, timing, frequency and value of selling financial assets before maturity date when judging whether the business model is to collect contractual cash flows or not.

*Characteristics of the contractual cash flows*

The classification of a financial asset at initial recognition depends on the contractual cash flow characteristics of the financial asset and requires a judgement as to whether the contractual cash flows are solely payments of principal and interest based on the principal outstanding, whether there is a significant difference between the time value of money and the benchmark cash flows when including a correction to the time value of money, whether the fair value of the early repayment feature is very small for financial assets that include an early repayment feature, etc. The fair value of the early repayment feature is very small, etc.

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

**(18) Significant accounting judgment and estimates (continued)**

*Impairment of financial instruments*

The Bank uses the expected credit loss model to evaluate the impairment of financial instruments. Applying the expected credit loss model need to make significant judgment and estimates with consideration of all reasonable information with proper basis, including the forward-looking information. When making those judgment and estimates, the Bank deduces the expected changes of obligor's credit risk with consideration of the historical repayment data combined with the economic policy, macroeconomic indicators, industry risk and etc. Different estimates may affect the impairment provision. The provision for impairment may not equal amount of impairment losses in the future.

*Deferred income tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**(19) Changes in accounting policies and accounting estimates**

New financial instrument standards

MOF issued the revised standards of The Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments, The Accounting Standards for Business Enterprises No.23 - Transfers of Financial Assets, and The Accounting Standards for Business Enterprises No.37 – Presentation of Financial Instruments (collectively referred to as “new financial instrument standard”) in 2017. The Bank has early adopted those revised accounting standards since 1 January 2021. To link up with the previous version of the standard, the comparative amounts is not adjusted and the difference on the first implementation date between the revised accounting standard and the prior accounting standard is retrospectively adjusted on the opening retained earnings.

New financial instrument standard modifies the classification and measurement methods of financial assets and establishes three categories for measurement: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. An entity needs to classify financial assets with consideration of its business model and the contractual cash flow characteristics of financial assets.

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

**(19) Changes in accounting policies and accounting estimates (continued)**

New financial instrument standard (continued)

New financial instrument standard requires that the measurement of impairment of a financial asset be changed from "incurred loss model" to "expected credit loss model" and this way of measurement applies to financial assets at amortised cost, financial assets at fair value through other comprehensive income, and loan commitments and financial guarantee contracts.

A comparison of the results of the classification and measurement of financial assets at the date of first-time implementation in accordance with the provisions of the revised pre- and post-standard on recognition and measurement of financial instruments is as follows:

	Original financial instrument standard		New financial instrument standard	
	Measurement category	Book value	Measurement category	Book value
Cash and due from the Central Bank	Amortised cost	2,177,460,581	Amortised cost	2,177,460,581
Due from banks and other financial institutions	Amortised cost	800,139,356	Amortised cost	800,139,356
Placements with banks and other financial institutions	Amortised cost	7,809,716,752	Amortised cost	7,841,400,756
Financial assets at fair value through profit or loss	Fair value through profit or loss	1,531,808,660	Not applicable	-
Derivative financial assets	Fair value through profit or loss	6,381,221,990	Fair value through profit or loss	6,381,221,990
Loans and advances to customers	Amortised cost	8,942,740,422	Amortised cost	8,942,740,422
Held to maturity investments	Amortised cost	1,707,699,514	Not applicable	-
Account receivables	Amortised cost	2,899,148,000	Not applicable	-
Investment in financial instruments - financial assets held-for-trading	Not applicable	-	Fair value through profit or loss	1,531,808,660
Investment in financial instruments - Debt instruments	Not applicable	-	Amortised cost	4,606,000,619
Other assets	Amortised cost	174,094,005	Amortised cost	174,094,005

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

**(19) Changes in accounting policies and accounting estimates (continued)**

New financial instrument standard (continued)

On the first implementation date, the adjustments of the carrying amount of financial instrument in accordance with new financial instrument standards are listed below.

	Carrying amount listed in accordance with original financial instrument standard 2020/12/31	Reclassification	Remeasurement	Carrying amount listed in accordance with new financial instrument standard 2021/1/1
Placements with banks and other financial institutions	7,809,716,752	-	31,684,004	7,841,400,756
Financial assets at fair value through profit or loss	1,531,808,660	(1,531,808,660)	-	-
Transfer to: Investment in financial instruments - financial assets held-for-trading		(1,531,808,660)		
Held to maturity investments	1,707,699,514	(1,707,699,514)	-	-
Transfer to: Debt instruments		(1,707,699,514)		
Account receivables investments	2,899,148,000	(2,899,148,000)	-	-
Transfer to: Debt instruments		(2,899,148,000)		
Investment in financial instruments - financial assets held-for-trading	-	1,531,808,660	-	1,531,808,660
Transferred from: Financial assets at fair value through profit or loss		1,531,808,660		
Investment in financial instruments - Debt instruments	-	4,606,847,514	(846,895)	4,606,000,619
Transferred from: Held to maturity investments		1,707,699,514		
Transferred from: Account receivables investments		2,899,148,000		
Accrued liabilities	(84,329,533)	-	(1,234,363)	(85,563,896)
Deferred tax assets	77,319,822	-	(7,400,687)	69,919,135
	<u>13,941,363,215</u>	<u>-</u>	<u>22,202,059</u>	<u>13,963,565,274</u>

Note: The Bank lists the impairment provision for financial guarantee contracts and loan commitments in the "accrued liabilities", and the cumulative effect of re-measurement of impairment losses related to credit commitments is included in the opening retained earnings.

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

**(19) Changes in accounting policies and accounting estimates (continued)**

New financial instrument standard (continued)

At the date of initial implementation, the amount of the previous provision for impairment of financial assets as at 31 December 2020 was adjusted to a new reconciliation of the provision for losses classified and measured in accordance with the provisions of the revised financial instruments standards.

	Impairment loss in accordance with original financial instrument standard/ Provisions in accordance with the contingency standard	Remeasurement	Impairment loss in accordance with new financial instrument standard/ Provisions in accordance with the contingency standard
Due from banks and other financial institutions	1,232,643	-	1,232,643
Placements with banks and other financial institutions	43,242,861	(31,684,004)	11,558,857
Loans and advances to customers	182,559,184	-	182,559,184
Held to maturity investments / debt instruments	1,050,000	846,895	1,896,895
Other assets	238,892	-	238,892
Financial guarantee contracts and loan commitments	-	1,234,363	1,234,363
Derivative financial assets	2,481,262	-	2,481,262
	<u>230,804,842</u>	<u>(29,602,746)</u>	<u>201,202,096</u>

New revenue standard

In 2017, the MOF issued the revised standard of The Accounting Standards for Business Enterprises No.14 – revenue (hereinafter referred to as “new revenue standard”).

New revenue standard builds a new revenue recognition model for standardizing the recognition of revenue from contracts with customers. According to new revenue standard, the revenue recognition method should reflect the goods transfer mode or service provision mode to customers, the revenue amount should reflect the expected consideration amount collected from goods transfer or service to customers. Meanwhile, new revenue standard standardizes the judgment and estimates which are necessary for each step of revenue recognition. The standard is not applicable for the revenue from financial instruments, thus the adoption of new revenue standard has no significant impact on the financial statement.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**3. Significant accounting policies and estimates (continued)**

**(19) Changes in accounting policies and accounting estimates (continued)**

New lease standard

In 2018, the MOF issued revised Accounting Standard for Business Enterprises No. 21 – Leases (the “New Leases Standard”). The New Leases Standard introduces a single model similar to the current accounting treatment of finance leases, requiring the lessee to recognise right-of-use assets and lease liabilities for all the leases, except for short-term leases and leases of low-value assets, and recognise depreciation and interest expense, respectively. The Bank has accounted for leases under the revised leases standard since 1 January 2021. To link up with the previous version of the standard, the comparative amounts is not adjusted and the difference on the first implementation date between the revised accounting standard and the prior accounting standard is retrospectively adjusted on the opening retained earnings:

- (i) for leases previously classified as finance leases, the Bank recognised the right-of-use assets and the lease liabilities at the carrying amount of the lease assets and lease liabilities under the original standards applicable on the first implementation date;
- (ii) for leases previously classified as operating leases, the Bank recognised lease liabilities based on the present value of the remaining lease payments discounted at the incremental borrowing rate on first implementation date, and measured right-of-use assets based on the amount equal to the lease liabilities, adjusted by any related prepaid amount;
- (iii) the Bank applied Note 3.(9) to perform impairment test for right-of-use assets and to account for the impairment loss identified.

For operating leases of low-value assets, the Bank applied a simplified approach instead of recognising the right-of-use assets and lease liabilities.

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

**(19) Changes in accounting policies and accounting estimates (continued)**

New lease standard (continued)

For the unpaid part of minimum lease payments for significant operating leases as at 31 December 2020, the Bank adjusted the differences between the present value of the remaining lease payments discounted at the incremental borrowing rate and the lease liabilities recognised in the balance sheet as at 1 January 2021 as following:

Minimum lease payments for significant operating leases as at 31 December 2020	25,148,276
Less: Lease payments with simplified processing	7,104,609
Less: The effect of incremental borrowing rate as at 1 January 2021	<u>1,214,590</u>
Present value of operating lease payments on 1 January 2021	16,829,077
Add: Finance lease payables as at 31 December 2020	-
Lease liabilities as at 1 January 2021	<u><u>16,829,077</u></u>

At 1 January 2021, the total amount of right-of-use assets recognized by the Bank was RMB16,829,077, and the total amount of lease liabilities was RMB16,829,077. The impact on retained earnings at the beginning of the year was nil.

In addition, after initial application, the cash payments for the principal and interest of the lease liabilities are classified within financing activities, and the payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liabilities are classified within operating activities.

Interest rate benchmark reform

Accounting Standard for Business Enterprises Interpretation No.14 issued by MOF in January 2021, enunciate the accounting treatment and disclosure standard for changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies, and for the changes in the basis for determining the future lease payments by which the lease liability is recognized as a result of interest rate benchmark reform (“IBOR reform”).

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

**(19) Changes in accounting policies and accounting estimates (continued)**

Interest rate benchmark reform (continued)

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Bank applies the practical expedient to account for these changes by updating the effective interest rate. In the case of financial assets or financial liabilities facing other changes at the same time, the Bank will first account for the changes caused by the interest rate benchmark reform in accordance with the above regulations, and then evaluate whether other changes have led to substantive changes.

The Bank adopt above amendments effective from 1 January 2021. And there is no significant impact by applying above amendments.

Change in presentation of financial statements

According to Notice on Revising the Format of the Financial Enterprise Financial Statements of 2018 (Cai Kuai [2018] No.36), the Bank shall attribute the interest income accrued by using effective interest rate method to the carrying amount of corresponding financial instruments instead of solely presenting in the "interest receivable" item or "interest payable" item. The "interest receivable" item and "interest payable" item only reflect the uncollected interest receivable or unpaid interest payable of matured financial instruments on financial reporting date, and are merged into "other assets" item and "other liabilities" item. The Bank merges the "interest receivable" item and "interest payable" item into "other assets" item and "other liabilities" item in the comparison period without retroactively adjusting the interest of financial instruments to the carrying amount of corresponding financial instruments. These changes in accounting policies have no impact on the Bank's net income and shareholder's equity.

According to the new financial instrument standard, the interest income arising from financial assets measured at amortised cost recognised under the effective interest method shall be presented in the "Interest income" item. In 2020, such interest income was presented in the "Investment income" item.

"Net increase in financial assets held for trading" item is added as an item of cash flows from operating activities of cash flow statements, it reflects the net received and paid cash flows from operating activities for purchasing or selling financial assets held for trading. This item was presented in cash flows from investing activities in 2020.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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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**

	31-12-2021	31-12-2020
Cash on hand	156,655	97,974
Statutory deposit reserve with the central bank - RMB	961,831,622	1,034,404,786
Statutory deposit reserve with the central bank - FCY	141,246,810	71,983,944
Excess reserve with the central bank	230,487,975	376,633,458
Foreign exchange risk reserve with the central bank	-	694,340,419
Interest receivable	534,433	-
<b>Total</b>	<b><u>1,334,257,495</u></b>	<b><u>2,177,460,581</u></b>

**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 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 9% (2020: 5%) of the balance of customer deposits denominated in foreign currencies, and 8% (2020: 10.5%) of the balance of customer deposits denominated in RMB.

The Bank places foreign exchange risk reserve with the PBOC monthly in accordance with relevant regulations since October 2015. The ratio of foreign exchange risk reserve was adjusted to zero since 12 October 2020, which was previously calculated based on 20% of the nominal value of all forward RMB sale derivative contracts.

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

	31-12-2021	31-12-2020
Due from domestic financial institutions	525,695,742	554,843,366
Due from overseas banks	<u>209,807,526</u>	<u>246,528,633</u>
Sub-total	<u>735,503,268</u>	<u>801,371,999</u>
Less: Credit loss provision (Note i)	<u>(1,049,038)</u>	<u>(1,232,643)</u>
Net amount of due from banks and other financial institutions	<u>734,454,230</u>	<u>800,139,356</u>

Note i: Credit loss provision represented the provision for impairment measured according to 12-month ECL. As at 31 December 2021, the Bank classified all due from banks and other financial institutions into Stage I, and measured the impairment losses based on ECL in the next 12 months.

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

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

	31-12-2021	31-12-2020
Placements with domestic banks	7,343,451,248	7,709,837,008
Placements with overseas banks	2,065,554,700	143,122,605
Interest receivable	<u>32,958,610</u>	<u>-</u>
Sub-total	9,441,964,558	7,852,959,613
Less: Credit loss provision (Note i)	<u>(14,158,544)</u>	<u>(43,242,861)</u>
Net amount of placements with banks and other financial institutions	<u>9,427,806,014</u>	<u>7,809,716,752</u>

Note i: Credit loss provision represented the provision for impairment measured according to 12-month ECL. As at 31 December 2021, the Bank classified all placements with banks and other financial institutions into Stage I, and measured the impairment losses based on ECL in the next 12 months.

**(4) Financial assets at fair value through profit or loss (*applicable for 2020 only*)**

	31-12-2020
Held-for-trading financial assets	
Debt instruments:	
Government bonds	1,340,783,110
Financial bonds issued by policy banks	<u>191,025,550</u>
Net amount of held-for-trading financial assets	<u>1,531,808,660</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.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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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 notional amount and fair value of the Bank's derivative instruments are as follows:

31-12-2021

	Notional Amount	Fair Value	
		Assets	Liabilities
Foreign exchange contracts			
Forwards	16,164,913,527	131,607,058	(173,629,394)
Swaps	249,135,278,839	1,617,781,952	(1,502,693,203)
Options	245,974,456,314	945,919,585	(609,318,726)
Cross-currency swaps	2,969,872,734	38,221,645	(20,814,667)
Sub-total	514,244,521,414	2,733,530,240	(2,306,455,990)
Less: Credit loss provision	-	(3,123,133)	-
Net amount of foreign exchange contracts	514,244,521,414	2,730,407,107	(2,306,455,990)
Interest rate swaps	89,668,667,402	439,692,842	(435,971,960)
Sub-total	89,668,667,402	439,692,842	(435,971,960)
Less: Credit loss provision	-	(101,205)	-
Net amount of interest rate contracts	89,668,667,402	439,591,637	(435,971,960)
Other contracts			
Non-deliverable forwards	3,007,510,770	15,678,937	(15,717,559)
Others	1,720,159,716	3,460,032	(402,796,938)
Sub-total	4,727,670,486	19,138,969	(418,514,497)
Less: Credit loss provision	-	(71,501)	-
Net amount of other contracts	4,727,670,486	19,067,468	(418,514,497)
Total	608,640,859,302	3,189,066,212	(3,160,942,447)

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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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):

31-12-2020

	Notional Amount	Fair Value	
		Assets	Liabilities
Foreign exchange contracts			
Forwards	26,044,840,592	353,119,930	(624,257,100)
Swaps	254,378,518,403	4,591,026,287	(4,646,693,274)
Options	105,863,366,114	960,237,942	(615,212,879)
Cross-currency swaps	2,189,735,064	109,465,618	(14,386,249)
Sub-total	<u>388,476,460,173</u>	<u>6,013,849,777</u>	<u>(5,900,549,502)</u>
Less: Provisions	-	(2,414,158)	-
Net amount of foreign exchange contracts	<u>388,476,460,173</u>	<u>6,011,435,619</u>	<u>(5,900,549,502)</u>
Interest rate swaps	<u>109,808,225,507</u>	<u>324,619,584</u>	<u>(358,097,356)</u>
Sub-total	<u>109,808,225,507</u>	<u>324,619,584</u>	<u>(358,097,356)</u>
Less: Provisions	-	(513)	-
Net amount of interest rate contracts	<u>109,808,225,507</u>	<u>324,619,071</u>	<u>(358,097,356)</u>
Non-deliverable forwards	<u>2,004,686,314</u>	<u>45,233,891</u>	<u>(45,264,707)</u>
Less: Provisions	-	(66,591)	-
Net amount of non-deliverable forward contracts	<u>2,004,686,314</u>	<u>45,167,300</u>	<u>(45,264,707)</u>
Total	<u>500,289,371,994</u>	<u>6,381,221,990</u>	<u>(6,303,911,565)</u>

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

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

(6.1) Distribution of loans and advances by corporate

	31-12-2021	31-12-2020
Corporate loans and advances		
- Loans	8,139,837,197	8,265,919,006
- Trade financing loan	1,822,303,292	859,380,600
- Bills discounted	<u>9,957,547</u>	<u>-</u>
Sub-total	<u>9,972,098,036</u>	<u>9,125,299,606</u>
Interest receivable	<u>21,515,834</u>	<u>-</u>
Total	<u>9,993,613,870</u>	<u>9,125,299,606</u>
Less: Credit loss provision	<u>(201,093,770)</u>	<u>(182,559,184)</u>
Net value of loans and advances to customers	<u>9,792,520,100</u>	<u>8,942,740,422</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

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

**(6.2) Distribution of loans and advances to customers by industry**

	31-12-2021		31-12-2020	
	Amount	%	Amount	%
Manufacturing	5,632,822,298	56	4,058,800,336	44
Wholesale and retail	2,526,777,117	25	2,560,309,650	28
Finance	1,201,563,566	12	700,824,337	8
Real estate	323,827,313	3	880,089,579	10
Transport, storage and communications	138,652,500	1	-	-
Leasing and business services	59,957,547	1	422,518,666	5
Agriculture, forestry, animal husbandry and fishery service	39,550,195	1	-	-
Scientific research and technical service	28,000,000	1	15,496,108	-
Telecommunication, software and information technology	<u>20,947,500</u>	-	<u>487,260,930</u>	5
Sub-total	<u>9,972,098,036</u>	<u>100</u>	<u>9,125,299,606</u>	<u>100</u>
Interest receivable	<u>21,515,834</u>		-	
Total	<u>9,993,613,870</u>		<u>9,125,299,606</u>	
Less: Credit loss provision	<u>(201,093,770)</u>		<u>(182,559,184)</u>	
Net value of loans and advances	<u>9,792,520,100</u>		<u>8,942,740,422</u>	

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

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

(6.3) Distribution of loans and advances to customers by geographical region

	31-12-2021		31-12-2020	
	Amount	%	Amount	%
East	6,680,484,654	67	4,894,838,633	54
South	1,665,901,284	17	1,192,201,859	13
North	766,094,387	8	2,306,512,507	25
Southwest	701,303,426	7	289,203,750	3
Northwest	<u>158,314,285</u>	<u>1</u>	<u>442,542,857</u>	<u>5</u>
Total amount of loans and advances	<u>9,972,098,036</u>	<u>100</u>	<u>9,125,299,606</u>	<u>100</u>
Interest receivable	<u>21,515,834</u>		<u>-</u>	
Less: Credit loss provision	<u>(201,093,770)</u>		<u>(182,559,184)</u>	
Net value of loans and advances	<u>9,792,520,100</u>		<u>8,942,740,422</u>	

(6.4) Loans and advances to customers by type of collateral or guarantee

	31-12-2021	31-12-2020
Unsecured loans	5,164,557,909	3,079,062,404
Guaranteed loans	2,760,360,306	2,662,581,404
Secured by pledges	2,009,679,821	2,426,668,232
Secured by mortgages	<u>37,500,000</u>	<u>956,987,566</u>
Total amount of loans and advances	<u>9,972,098,036</u>	<u>9,125,299,606</u>
Interest receivable	<u>21,515,834</u>	<u>-</u>
Less: Credit loss provision	<u>(201,093,770)</u>	<u>(182,559,184)</u>
Net value of loans and advances	<u>9,792,520,100</u>	<u>8,942,740,422</u>

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

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

(6.5) Overdue loans

The Bank has no overdue loan as at 31 December 2021 and 31 December 2020.

(6.6) Credit loss provision

	2021			Total
	Stage I	Stage II	Stage III	
	Expected credit impairment (next 12 months)	Expected credit impairment (entire duration)	Incurred credit impairment (entire duration)	
Opening balance	182,559,184	-	-	182,559,184
Amount on Opening balance				
Transfer to Stage II	(3,960,885)	3,960,885	-	-
Transfer to Stage III	-	-	-	-
Transfer back to Stage II	-	-	-	-
Transfer back to Stage I	-	-	-	-
Charge during the year	<u>17,846,086</u>	<u>688,500</u>	-	<u>18,534,586</u>
Closing balance	<u><u>196,444,385</u></u>	<u><u>4,649,385</u></u>	<u><u>-</u></u>	<u><u>201,093,770</u></u>

Note i: The Bank classified loans and advances to customers into Stage I and Stage II, measured the impairment losses based on ECL in the next 12 months and the entire duration respectively.

	2020		
	Collective	Individual	Total
Balance as at			
1 January 2020	<u>153,304,396</u>	-	<u>153,304,396</u>
Charge during the year	<u>29,254,788</u>	-	<u>29,254,788</u>
Balance as at			
31 December 2020	<u><u>182,559,184</u></u>	<u><u>-</u></u>	<u><u>182,559,184</u></u>

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

**(7) Held-to-maturity investments (*applicable for 2020 only*)**

	31-12-2020
Government bonds	998,936,169
Financial bonds issued by policy banks	499,813,345
Financial bonds issued by other financial institutions	<u>210,000,000</u>
Sub-total	<u>1,708,749,514</u>
Less: Impairment provisions for held-to-maturity investments	<u>(1,050,000)</u>
Net amount of held-to-maturity investments	<u><u>1,707,699,514</u></u>

**(8) Account receivables investments (*applicable for 2020 only*)**

	31-12-2020
Asset-based security	<u>2,899,148,000</u>

**(9) Financial investments: Financial assets held-for-trading (*applicable for 2021 only*)**

	31-12-2021
Government bonds	<u>1,064,492,609</u>

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

**(10) Financial investments: Debt instruments (*applicable for 2021 only*)**

	31-12-2021
Government bonds	1,711,094,648
Financial bonds issued by other financial institutions	<u>210,000,000</u>
Asset-based security	<u>4,086,900,500</u>
Sub-total	<u>6,007,995,148</u>
Interest receivable	<u>36,483,698</u>
Less: Credit loss provision (Note i)	<u>(1,892,437)</u>
Total	<u><u>6,042,586,409</u></u>

Note i: As of 31 December 2021, the Bank classified all financial investments: debt instruments into Stage I and measured the impairment losses based on ECL in the next 12 months.

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

**(11) Fixed assets**

	Office equipment	Computers	Total
Cost:			
At 1 January 2020	7,100,298	20,052,761	27,153,059
Additions	283,641	2,577,318	2,860,959
Disposals	<u>(711,250)</u>	<u>(1,953,370)</u>	<u>(2,664,620)</u>
At 31 December 2020 and 1 January 2021	<u>6,672,689</u>	<u>20,676,709</u>	<u>27,349,398</u>
Additions	769,767	1,882,623	2,652,390
Disposals	<u>(1,093,633)</u>	<u>-</u>	<u>(1,093,633)</u>
At 31 December 2021	<u>6,348,823</u>	<u>22,559,332</u>	<u>28,908,155</u>
Accumulated depreciation:			
At 1 January 2020	5,711,531	13,946,904	19,658,435
Additions	736,013	2,806,463	3,542,476
Disposals	<u>(711,250)</u>	<u>(1,953,370)</u>	<u>(2,664,620)</u>
At 31 December 2020 and 1 January 2021	<u>5,736,294</u>	<u>14,799,997</u>	<u>20,536,291</u>
Additions	470,167	3,275,352	3,745,519
Disposals	<u>(1,093,633)</u>	<u>-</u>	<u>(1,093,633)</u>
At 31 December 2021	<u>5,112,828</u>	<u>18,075,349</u>	<u>23,188,177</u>
Net book value:			
At 31 December 2021	<u>1,235,995</u>	<u>4,483,983</u>	<u>5,719,978</u>
At 31 December 2020	<u>936,395</u>	<u>5,876,712</u>	<u>6,813,107</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(12) Right-of-use assets (*applicable for 2021 only*)**

	Properties
Cost:	
Balance as at 1 January 2021	16,829,077
Additions	47,574,331
Disposals	<u>(2,261,505)</u>
Balance as at 31 December 2021	<u><u>62,141,903</u></u>
Accumulated depreciation:	
Balance as at 1 January 2021	-
Accrual	12,210,109
Reversal	<u>(2,261,505)</u>
Balance as at 31 December 2021	<u><u>9,948,604</u></u>
Net book value:	
Balance as at 31 December 2021	<u><u>52,193,299</u></u>
Balance as at 1 January 2021	<u><u>16,829,077</u></u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(13) Intangible assets**

	Software	Projects under construction	Total
Cost:			
At 1 January 2020	15,351,410	-	15,351,410
Additions	1,148,260	1,914,811	3,063,071
Transfer in	<u>(13,860)</u>	<u>-</u>	<u>(13,860)</u>
At 31 December 2020 and 1 January 2021	<u>16,485,810</u>	<u>1,914,811</u>	<u>18,400,621</u>
Additions	563,863	-	563,863
Transfer in	1,914,811	-	1,914,811
Transfer out	<u>-</u>	<u>(1,914,811)</u>	<u>(1,914,811)</u>
At 31 December 2021	<u>18,964,484</u>	<u>-</u>	<u>18,964,484</u>
Accumulated amortisation:			
At 1 January 2020	14,379,265	-	14,379,265
Additions	667,451	-	667,451
Transfer in	<u>(13,860)</u>	<u>-</u>	<u>(13,860)</u>
At 31 December 2020 and 1 January 2021	<u>15,032,856</u>	<u>-</u>	<u>15,032,856</u>
Additions	1,260,447	-	1,260,447
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>16,293,303</u>	<u>-</u>	<u>16,293,303</u>
Net book value			
At 31 December 2021	<u><u>2,671,181</u></u>	<u><u>-</u></u>	<u><u>2,671,181</u></u>
At 31 December 2020	<u><u>1,452,954</u></u>	<u><u>1,914,811</u></u>	<u><u>3,367,765</u></u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(14) Deferred tax assets**

2021

Deferred tax assets	31-12-2020	Impact of adopting IFRS9	1-1-2021	Credited/(Charged) to profit or loss	31-12-2021
Credit impairment and provisions	15,283,563	(7,400,687)	7,882,876	3,199,461	11,082,337
Amortization expenses for intangible assets	(749,873)	-	(749,873)	1,254,927	505,054
Changes in fair value of derivatives	54,229,111	-	54,229,111	(49,407,983)	4,821,128
Changes in fair value of financial investments - financial assets held-for-trading	(2,646,521)	-	(2,646,521)	3,621,850	975,329
Accrued expenses	3,603,039	-	3,603,039	15,768,498	19,371,537
Deferred income	7,600,503	-	7,600,503	(7,600,503)	-
<b>Total</b>	<b>77,319,822</b>	<b>(7,400,687)</b>	<b>69,919,135</b>	<b>(33,163,750)</b>	<b>36,755,385</b>

2020

Deferred tax assets	1-1-2020	Credited/(Charged) to profit or loss	31-12-2020
Allowance for impairment losses	15,106,990	176,573	15,283,563
Amortization expenses for intangible assets	(313,923)	(435,950)	(749,873)
Changes in fair value of derivatives	10,240,045	43,989,066	54,229,111
Changes in fair value of financial assets at fair value through profit or loss	-	(2,646,521)	(2,646,521)
Accrued expenses	3,558,466	44,573	3,603,039
Deferred income	5,153,713	2,446,790	7,600,503
<b>Total</b>	<b>33,745,291</b>	<b>43,574,531</b>	<b>77,319,822</b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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

**(15) Other assets**

	Notes	31-12-2021	31-12-2020
Other receivables	(15.1)	67,382,949	91,896,476
Prepaid corporate income tax		33,362,254	-
Operating lease improvements		9,186,531	4,878,593
Interest receivable		-	75,736,694
Others		<u>3,683,947</u>	<u>1,821,134</u>
Sub-total		<u>113,615,681</u>	<u>174,332,897</u>
Less: Credit loss provision		<u>(179,618)</u>	<u>(238,892)</u>
Total		<u>113,436,063</u>	<u>174,094,005</u>

**(15.1) Other receivables**

	31-12-2021	31-12-2020
Fee and commission receivables	31,040,542	20,691,283
Option Premium receivables	16,912,526	27,503,751
Business support service receivables	-	27,244,875
Others	<u>19,429,881</u>	<u>16,456,567</u>
Total	<u>67,382,949</u>	<u>91,896,476</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

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

	31-12-2021	31-12-2020
Due to overseas financial institutions	101,365,431	1,000,398,695
Due to domestic financial institutions	<u>3,747,793</u>	<u>10,206</u>
<b>Total</b>	<b><u>105,113,224</u></b>	<b><u>1,000,408,901</u></b>

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

	31-12-2021	31-12-2020
Placements from overseas banks	7,603,786,816	7,643,228,515
Placements from domestic banks	-	561,141,400
Interest payable	<u>138,519,569</u>	<u>-</u>
<b>Total</b>	<b><u>7,742,306,385</u></b>	<b><u>8,204,369,915</u></b>

**(18) Customer deposits**

	31-12-2021	31-12-2020
Time deposits	10,707,023,558	7,412,954,552
Demand deposits	1,909,024,234	2,667,594,214
Margin deposits	441,158	71,562,342
Interest payable	<u>6,856,803</u>	<u>-</u>
<b>Total</b>	<b><u>12,623,345,753</u></b>	<b><u>10,152,111,108</u></b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(19) Payroll payables**

	31-12-2021	31-12-2020
Amount unpaid		
Salary, bonus, subsidy and allowance	59,012,278	44,774,606
Social insurance	2,316,446	2,901,646
Labor union expenditure and staff education fee	599	593
Defined contribution plan	686,283	-
Of which:		
Pension fund	663,386	-
Unemployment insurance	<u>22,897</u>	<u>-</u>
Total	<u>62,015,606</u>	<u>47,676,845</u>
	31-12-2021	31-12-2020
Staff costs (Note 34)		
Salary, bonus, subsidy and allowance	181,890,071	155,526,629
Housing fund	3,960,856	3,462,367
Social insurance	6,857,182	5,829,840
Labor union expenditure and staff education fee	3,535,016	3,111,947
Defined contribution plan	8,521,482	1,122,721
Of which:		
Pension fund	8,248,473	1,076,717
Unemployment insurance	<u>273,009</u>	<u>46,004</u>
Total	<u>204,764,607</u>	<u>169,053,504</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(20) Tax payables**

	31-12-2021	31-12-2020
Corporate income tax payable	-	43,846,300
Unpaid Value-added tax	8,337,209	6,405,046
Others	<u>20,249,032</u>	<u>8,751,650</u>
<b>Total</b>	<b><u>28,586,241</u></b>	<b><u>59,002,996</u></b>

**(21) Debt securities issued**

	31-12-2021	31-12-2020
Negotiable certificates of deposit	<u>684,773,080</u>	<u>797,498,511</u>

**(22) Accrued liabilities**

As of December 31, 2021, all the Bank's accrued liabilities are credit impairment losses of off-balance-sheet assets, and the movements are as follows:

	2021			Total
	Stage I	Stage II	Stage III	
	Expected credit impairment (next 12 months)	Expected credit impairment (entire duration)	Incurred credit impairment (entire duration)	
Opening balance	1,227,067	7,296	84,329,533	85,563,896
Amount on Opening balance				
Transfer to Stage II	-	-	-	-
Transfer to Stage III	-	-	-	-
Transfer back to Stage II	-	-	-	-
Transfer back to Stage I	-	-	-	-
Charge during the year	512,056	(7,296)	(933,131)	(428,371)
Write-off during the year	-	-	(83,396,402)	(83,396,402)
Exchange losses	<u>(27,643)</u>	-	-	<u>(27,643)</u>
<b>Closing balance</b>	<b><u>1,711,480</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,711,480</u></b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(23) Other liabilities**

	Notes	31-12-2021	31-12-2020
Other payables	(23.1)	194,696,351	396,921,275
Deferred income		9,542,261	28,392,473
Interest payable		<u>-</u>	<u>45,292,654</u>
Total		<u>204,238,612</u>	<u>470,606,402</u>

(23.1) Other payables

	31-12-2021	31-12-2020
Refundable deposit	79,688,759	58,243,960
Payable to related parties	64,875,765	133,944,460
Option Premium Payable	16,025,122	8,418,221
Unsettled Bond Payable	-	150,283,186
Others	<u>34,106,705</u>	<u>46,031,448</u>
Total	<u>194,696,351</u>	<u>396,921,275</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(24) Paid-in capital**

	<u>2021</u>		<u>2020</u>	
	RMB equivalent	%	RMB equivalent	%
CA-CIB	<u>6,296,000,000</u>	<u>100</u>	<u>4,796,000,000</u>	<u>100</u>

On December 31, 2021 and December 31, 2020, the registered capital and paid-in capital of the Bank amounted to RMB6,296,000,000 and RMB4,796,000,000.

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 (2021) Yan Zi No 61114184\_B01.

**(25) Capital reserve**

2021	Opening balance	Additions	Closing balance
Debt waived	-	62,547,301	62,547,301
Other capital reserve	<u>2,881,771</u>	-	<u>2,881,771</u>
Total	<u>2,881,771</u>	<u>62,547,301</u>	<u>65,429,072</u>
2020	Opening balance	Additions	Closing balance
Other capital reserve	<u>2,881,771</u>	-	<u>2,881,771</u>

In 2021, CA-CIB Hong Kong Branch waived the Bank's debt of RMB83,396,402, and the balance of RMB62,547,301 after deducting corporate income tax of RMB20,849,101 was included in the capital reserve.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(26) Surplus reserve**

2021

	Opening balance	Increase	Decrease	Closing balance
surplus reserve	<u>129,082,128</u>	<u>15,198,986</u>	<u>-</u>	<u>144,281,114</u>

2020

	Opening balance	Increase	Decrease	Closing balance
surplus reserve	<u>115,676,921</u>	<u>13,405,207</u>	<u>-</u>	<u>129,082,128</u>

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

**(27) General reserve**

	2021	2020
Opening balance	325,618,086	240,230,017
Increase	<u>41,796,672</u>	<u>85,388,069</u>
Closing balance	<u>367,414,758</u>	<u>325,618,086</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 RMB41,796,672 and the amount has been up to 1.5% of their gross risk assets at the year end of 2021.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(28) Retained earnings**

	2021	2020
Retained earnings brought forward	138,032,213	205,546,847
The adjustments of		
opening retained earnings	22,202,059	-
Net profit for the year	151,989,864	134,052,065
Less: Appropriation to surplus reserve	(15,198,986)	(13,405,207)
Appropriation to general reserve	(41,796,672)	(85,388,069)
Distribution to shareholder	-	(102,773,423)
	<u>255,228,478</u>	<u>138,032,213</u>
Closing balance of retained earnings	<u>255,228,478</u>	<u>138,032,213</u>

**(29) Net interest income**

	2021	2020
Interest income:		
Loans and advances to customers	381,760,399	332,364,515
Placements with banks and		
other financial institutions	222,061,237	144,852,102
Financial investments	181,698,487	-
Due from the central bank	18,162,320	15,618,518
Due from banks and other		
financial institutions	1,939,595	2,643,813
Reverse repurchase agreements	<u>300,566</u>	<u>258,691</u>
Sub-total	<u>805,922,604</u>	<u>495,737,639</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(29) Net interest income (continued)**

	2021	2020
Interest expense:		
Placements from banks and other financial institutions	285,183,781	82,329,373
Customer deposits	156,414,932	133,337,072
Due to banks and other financial institutions	22,192,276	15,560,898
Negotiable certificates of deposit	10,336,119	20,650,761
Repurchase agreements	8,759,319	2,948,612
Lease liabilities	<u>2,062,682</u>	<u>-</u>
Sub-total	<u>484,949,109</u>	<u>254,826,716</u>
Net interest income	<u>320,973,495</u>	<u>240,910,923</u>

**(30) Net fees and commission income**

	2021	2020
Fees and commission income:		
Agency brokerage fees	98,112,960	118,705,332
Risk-taking related income	11,839,706	15,968,402
Intermediate business of payment and settlement related income	5,302,506	3,396,709
Credit related income	5,176,341	26,394,714
Others	<u>4,340,596</u>	<u>2,756,469</u>
Sub-total	<u>124,772,109</u>	<u>167,221,626</u>
Fees and commission expense	<u>52,922,866</u>	<u>50,122,677</u>
Net fees and commission income	<u><u>71,849,243</u></u>	<u><u>117,098,949</u></u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(31) Investment income**

	2021	2020
Investment income of financial assets held-for-trading	52,670,585	-
Net profit from financial assets investment	-	20,213,593
Bond interest income	-	81,952,654
Net realised loss on derivatives	<u>(111,078,440)</u>	<u>(115,984,190)</u>
Total	<u>(58,407,855)</u>	<u>(13,817,943)</u>

**(32) Gains / (losses) from changes in fair values**

	2021	2020
Gains / (losses) on derivative financial instruments	197,631,931	(175,956,262)
Losses on financial assets held-for-trading	(14,487,400)	-
Gains on financial assets at fair value through profit or loss	<u>-</u>	<u>10,586,083</u>
Total	<u>183,144,531</u>	<u>(165,370,179)</u>

**(33) Other operating income**

	2021	2020
Business support service income		
- offshore	32,671,903	25,198,186
- onshore	<u>65,072</u>	<u>45,521</u>
Total	<u>32,736,975</u>	<u>25,243,707</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(34) General and administrative expenses**

	2021	2020
Staff costs	204,764,607	169,053,504
Operating expenses	105,596,835	117,292,698
Depreciation and amortization of assets	<u>19,650,030</u>	<u>7,799,103</u>
<b>Total</b>	<b><u>330,011,472</u></b>	<b><u>294,145,305</u></b>

**(35) Credit impairment losses / (reverses) (applicable for 2021 only)**

	2021
Loans and advances to customers	18,534,586
Placements with banks and other financial institutions	2,672,620
Derivative financial assets	814,577
Other receivables	(59,274)
Due from banks and other financial institutions	(183,605)
Debt instruments	(59,691)
Loan commitments and guarantees	<u>(428,371)</u>
<b>Total</b>	<b><u>21,290,842</u></b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(36) Impairment losses (*applicable for 2020 only*)**

	2020
Loans and advances to customers	29,254,788
Placements with banks and other financial institutions	12,578,791
Derivative financial assets	1,266,195
Other receivables	238,892
Due from banks and other financial institutions	49,930
Interest receivable	<u>2,218</u>
 Total	 <u>43,390,814</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(37) Income tax expenses**

	2021	2020
Current income tax expenses	(745,191)	80,412,554
Deferred income tax expenses	<u>33,163,750</u>	<u>(43,574,531)</u>
Total	<u>32,418,559</u>	<u>36,838,023</u>

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

	2021	2020
Profit before tax	184,408,423	170,890,088
Tax charge on a tax rate at 25%	46,102,106	42,722,522
Tax-free interest income of government bonds	(9,686,628)	(4,984,939)
Non-deductible items	705,290	(869,578)
Deferred income tax adjustments for previous years	6,106,784	-
Adjustment in respect of current income tax expenses of previous periods	<u>(10,808,993)</u>	<u>(29,982)</u>
Total	<u>32,418,559</u>	<u>36,838,023</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**5. Notes to financial statements (continued)**

**(38) Cash flows from operating activities**

From net profit to cash flows from operating activities:

	2021	2020
Net profit:	151,989,864	134,052,065
Adjusted by:		
Impairment loss	-	43,390,814
Credit impairment losses	21,290,842	-
Other operating expense	-	(5,832,721)
Interest expense of negotiable certificates of deposit and lease liabilities	12,398,801	20,650,761
Depreciation and amortization	19,650,030	7,799,103
(Gains)/losses from changes in fair value	(183,144,531)	165,370,179
Gain from disposal of assets	-	(68,641)
Investment (income)/loss	(70,620,047)	13,817,943
Decrease/(increase) in deferred income tax	33,163,750	(43,574,531)
Decrease /(increase) in operating receivables	3,511,812,301	(4,969,802,170)
Increase in operating payables	<u>1,053,771,439</u>	<u>7,545,213,117</u>
Net cash inflows from operating activities	<u><u>4,550,312,449</u></u>	<u><u>2,911,015,919</u></u>

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

**(39) Cash and cash equivalent**

	31-12-2021	31-12-2020
Cash (Note 5.1)	156,655	97,974
Excess reserves with the central bank (Note 5.1)	230,487,975	376,633,458
Due from financial institutions with maturity less than three months from acquisition date	238,239,129	255,384,979
Placements with financial institutions with maturity less than three months from acquisition date	<u>6,146,638,281</u>	<u>1,406,429,384</u>
Closing balance of cash and cash equivalents	<u><u>6,615,522,040</u></u>	<u><u>2,038,545,795</u></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:

	31-12-2021	31-12-2020
Within 1 year	1,374,470	8,603,677
1 to 2 years	368,220	4,874,038
2 to 3 years	44,900	3,932,777
After 3 years	<u>-</u>	<u>7,737,784</u>
Total	<u><u>1,787,590</u></u>	<u><u>25,148,276</u></u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
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**7. Commitments and Entrusted Business**

	31-12-2021	31-12-2020
<b>Credit commitments</b>		
Guarantees	3,113,594,406	3,524,437,867
Letters of credit	508,861,350	37,949,889
Loan commitments	275,776,398	445,399,446
Bank acceptances	<u>44,129,128</u>	<u>-</u>
<b>Total</b>	<u><u>3,942,361,282</u></u>	<u><u>4,007,787,202</u></u>
	31-12-2021	31-12-2020
<b>Entrusted Business</b>		
Entrusted deposits	1,906,041,917	2,327,718,176
Entrusted loans	<u>1,906,041,917</u>	<u>2,327,718,176</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, market risk and liquidity 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**

**(a) Credit risk management**

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.

Credit risk concentration refers to the situation whereby there is a concentration of customers in the same business activities, geographical location, or industry sector with similar economic characteristics such that their repayment ability would be affected by the same economic fluctuations. Credit risk concentration reflects the sensitivity of the Bank's performance to such customer concentration.

Management cautiously monitors its exposure on credit risk. The Credit Administration & Monitoring is responsible for the overall credit risk of the bank and regularly communicates and coordinates 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.

The risk from financial guarantee and loan commitments is similar with that from loans and advances to customers. Hence, the Bank adopts the same policies and procedures for managing credit contingencies which cover application, follow-up monitoring and collateral requirements, etc.

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

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

**Credit risk (continued)**

**(a) Credit risk management (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.

**ECL management**

Depending on whether the credit risk has significantly increased and whether the asset is credit-impaired, the Bank measures the impairment provision for different assets with ECL of 12 months or lifetime, respectively. The key parameters of expected credit loss measurement include probability of default(PD), loss given default(LGD) and exposure at default(EAD). The Bank takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the models for estimating PD, LGD and EAD.

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

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

**Credit risk (continued)**

(a) Credit risk management (continued)

ECL management (continued)

Relative definitions are listed as below:

- (i) The probability of default refers to the possibility that the debtor will not be able to fulfil its obligation of repayment in the next 12 months or the whole remaining lifetime. The Bank's PD is adjusted based on the internal rating default rate and forward-looking information to reflect the default probability of the debtor under the current macroeconomic environment.
- (ii) The loss given default refers to the Bank's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The loss given default is the percentage of risk exposure loss when default occurs, calculated on the basis of the next 12 months or the entire duration.
- (iii) The exposure at default is the amount that the Bank should be reimbursed in the next 12 months or throughout the remaining lifetime when the default occurs.

The assessment of significant increases in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Bank identifies the key macroeconomic indicators that affect the credit risk and ECL of various industries and business types.

The impact of these economic indicators on probability of default and loss given default varies according to different types of industries and business types. In this process, the Bank applies macro data and expert judgment to predict these economic indicators every year, and determines the impact of these economic indicators on probability of default (PD) and loss on default (LGD) through regression analysis.

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

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

**Credit risk (continued)**

(b) Maximum credit risk exposure without consideration of any collateral and credit risk mitigation

	31-12-2021	31-12-2020
Credit risk exposure of on-balance-sheet items:		
Due from the central bank	1,334,100,840	2,177,362,607
Due from banks and other financial institutions	734,454,230	800,139,356
Placements with banks and other financial institutions	9,427,806,014	7,809,716,752
Financial assets at fair value through profit or loss	-	1,531,808,660
Derivative financial assets	3,189,066,212	6,381,221,990
Interest receivable	-	75,736,694
Loans and advances to customers	9,792,520,100	8,942,740,422
Financial assets held-for-trading	1,064,492,609	-
Debt instruments	6,042,586,409	-
Held-to-maturity investments	-	1,707,699,514
Account receivables investments	-	2,899,148,000
Other assets	<u>67,203,331</u>	<u>91,657,584</u>
 On-balance-sheet credit risk exposure	 <u>31,652,229,745</u>	 <u>32,417,231,579</u>
 Guarantees	 3,113,594,406	 3,524,437,867
Letter of credit	508,861,350	37,949,889
Loan commitments	275,776,398	445,399,446
Bank acceptances	<u>44,129,128</u>	<u>-</u>
 Maximum credit risk exposure	 <u>35,594,591,027</u>	 <u>36,425,018,781</u>

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.

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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) Credit quality**

The credit quality analysis of the Bank's major financial assets (without deducting loss provision) is as follows:

31-12-2021

	Stage I	Stage II	Stage III	Total
Due from the central bank	1,334,100,840	-	-	1,334,100,840
Due from banks and other financial institutions	735,503,268	-	-	735,503,268
Placements with banks and other financial institutions	9,441,964,558	-	-	9,441,964,558
Loans and advances to customers	9,760,019,547	233,594,323	-	9,993,613,870
Debt instruments	6,044,478,846	-	-	6,044,478,846
Derivative financial assets	3,192,362,051	-	-	3,192,362,051
Other financial assets	67,382,949	-	-	67,382,949
<b>Total</b>	<b>30,575,812,059</b>	<b>233,594,323</b>	<b>-</b>	<b>30,809,406,382</b>
Financial guarantee contracts	3,666,584,884	-	-	3,666,584,884
Loan commitments	275,776,398	-	-	275,776,398

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

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

**Credit risk (continued)**

**(c) Credit quality (continued)**

31-12-2020

	Neither overdue nor impaired	Overdue but not impaired	Impaired	Total
Due from the central bank	2,177,362,607	-	-	2,177,362,607
Due from banks and other financial institutions	801,371,999	-	-	801,371,999
Placements with banks and other financial institutions	7,852,959,613	-	-	7,852,959,613
Account receivables				
investments	2,899,148,000	-	-	2,899,148,000
Held-to-maturity investments	1,708,749,514	-	-	1,708,749,514
Derivative financial assets	6,383,703,252	-	-	6,383,703,252
Interest receivable	75,794,359	-	-	75,794,359
Financial assets at fair value through profit or loss	1,531,808,660	-	-	1,531,808,660
Loans and advances				
to customers	9,125,299,606	-	-	9,125,299,606
Other assets	91,896,476	-	-	91,896,476
<b>Total</b>	<b>32,648,094,086</b>	<b>-</b>	<b>-</b>	<b>32,648,094,086</b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2021**  
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**8. Financial instrument and risk management (continued)**

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

**Credit risk (continued)**

(d) 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:

	2021	2020
Unsecured loans	5,170,047,339	3,079,062,404
Guaranteed loans	2,760,421,931	2,662,581,404
Secured by pledges	2,017,991,842	2,426,668,232
Secured by mortgages	<u>45,152,758</u>	<u>956,987,566</u>
<b>Total</b>	<u><b>9,993,613,870</b></u>	<u><b>9,125,299,606</b></u>

(ii) Restructured loans and advances

Restructured 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 restructured loans as at 31 December 2021 is nil (31 December 2020: Nil).

(iii) Impaired loans and advances

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

As at 31 December 2021 and 31 December 2020, the Bank does not hold impaired loan.

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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**

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.

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 varies 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.

**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)**

**(a) Cash flows of financial assets and liabilities**

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

	Overdue / On demand	31-12-2021						Total
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years above	undated	
Financial assets:								
Cash and due from the central bank	230,644,630	-	-	-	-	-	1,103,612,865	1,334,257,495
Due from banks and other financial institutions	260,670,090	-	-	-	-	-	473,784,140	734,454,230
Placements with banks and other financial institutions	-	5,242,280,205	2,869,078,860	1,123,135,123	203,147,612	-	-	9,437,641,800
Derivative financial assets	3,189,066,212	-	-	-	-	-	-	3,189,066,212
Loans and advances to customers	-	3,032,611,793	2,488,933,585	2,956,266,542	1,560,202,138	-	-	10,038,014,058
Financial assets held-for-trading	-	-	-	341,095,764	598,041,128	218,428,717	-	1,157,565,609
Debt instruments	-	259,171,006	424,428,147	3,054,178,685	2,487,446,339	-	-	6,225,224,177
Other financial assets	3,581,433	48,361,087	1,062,806	5,796,118	1,622,833	-	6,759,054	67,203,331
<b>Total financial assets</b>	<b>3,683,962,365</b>	<b>8,582,424,091</b>	<b>5,783,523,398</b>	<b>7,480,472,232</b>	<b>4,850,460,050</b>	<b>218,428,717</b>	<b>1,584,156,059</b>	<b>32,183,426,912</b>

**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)**

**(a) Cash flows of financial assets and liabilities (continued)**

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

	Overdue / On demand	31-12-2021						Total
		Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years above	undated	
Financial liabilities:								
Due to banks and other financial institutions	105,113,224	-	-	-	-	-	-	105,113,224
Placements from banks and other financial institutions	-	905,257,084	1,205,417,500	1,538,758,771	4,305,066,111	-	-	7,954,499,466
Derivative financial liabilities	3,160,942,447	-	-	-	-	-	-	3,160,942,447
Customer deposits	1,909,465,392	10,386,312,928	244,894,602	899,671,718	34,945,981	-	-	13,475,290,621
Debt securities issued	-	-	119,488,555	565,284,525	-	-	-	684,773,080
Other financial liabilities	-	167,098,357	-	27,597,994	-	-	-	194,696,351
<b>Total financial liabilities</b>	<b>5,175,521,063</b>	<b>11,458,658,369</b>	<b>1,569,800,657</b>	<b>3,031,313,008</b>	<b>4,340,012,092</b>	<b>-</b>	<b>-</b>	<b>25,575,315,189</b>
<b>Net liquidity</b>	<b>(1,491,558,698)</b>	<b>(2,876,244,278)</b>	<b>4,213,722,741</b>	<b>4,449,159,224</b>	<b>510,447,958</b>	<b>218,428,717</b>	<b>1,584,156,059</b>	<b>6,608,111,723</b>
Off-balance sheet commitments	52,869,811	249,011,483	596,329,047	1,097,299,103	1,944,408,444	2,443,394	-	3,942,361,282

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
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**8. Financial instrument and risk management (continued)**

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

**Liquidity risk (continued)**

**(a) Cash flows of financial assets and liabilities (continued)**

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

	31-12-2020							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years above	undated	
Financial assets:								
Cash and due from the central bank	376,731,432	59,708,027	49,569,850	585,062,542	-	-	1,106,388,730	2,177,460,581
Due from banks and other financial institutions	254,452,336	-	-	-	-	-	545,687,020	800,139,356
Placements with banks and other financial institutions	-	1,106,624,092	715,697,808	5,910,726,503	203,887,351	-	-	7,936,935,754
Derivative financial assets	6,381,221,990	-	-	-	-	-	-	6,381,221,990
Financial assets at fair value through profit or loss	-	-	-	744,792,500	781,542,310	109,625,850	-	1,635,960,660
Interest receivable	-	25,164,080	17,733,185	21,848,087	10,991,342	-	-	75,736,694
Loans and advances to customers	-	1,761,593,831	2,330,502,420	1,725,068,413	3,684,341,682	-	-	9,401,506,346
Account receivables investments	-	7,703,212	15,406,424	557,500,260	2,431,580,281	-	-	3,012,190,177
Held-to-maturity investments	-	500,336,728	-	1,006,967,581	238,260,247	-	-	1,745,564,556
Other financial assets	1,700,571	56,738,714	5,475,515	17,831,743	3,029,405	-	6,881,636	91,657,584
<b>Total financial assets</b>	<b>7,014,106,329</b>	<b>3,517,868,684</b>	<b>3,134,385,202</b>	<b>10,569,797,629</b>	<b>7,253,632,618</b>	<b>109,625,850</b>	<b>1,658,957,386</b>	<b>33,258,373,698</b>

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

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

**Liquidity risk (continued)**

**(a) Cash flows of financial assets and liabilities (continued)**

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

	31-12-2020							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years above	undated	
Financial liabilities:								
Due to banks and other financial institutions	408,901	-	-	1,020,100,278	-	-	-	1,020,509,179
Placements from banks and other financial institutions	-	444,520	970,869,047	4,298,061,373	3,203,192,333	-	-	8,472,567,273
Derivative financial liabilities	6,303,911,565	-	-	-	-	-	-	6,303,911,565
Customer deposits	2,739,156,556	3,847,442,169	2,759,318,587	818,833,342	-	-	-	10,164,750,654
Interest payable	-	9,033,083	4,152,328	32,107,243	-	-	-	45,292,654
Debt securities issued	-	500,000,000	300,000,000	-	-	-	-	800,000,000
Other financial liabilities	-	369,252,270	-	27,669,005	-	-	-	396,921,275
<b>Total financial liabilities</b>	<b>9,043,477,022</b>	<b>4,726,172,042</b>	<b>4,034,339,962</b>	<b>6,196,771,241</b>	<b>3,203,192,333</b>	<b>-</b>	<b>-</b>	<b>27,203,952,600</b>
<b>Net liquidity</b>	<b>(2,029,370,693)</b>	<b>(1,208,303,358)</b>	<b>(999,954,760)</b>	<b>4,373,026,388</b>	<b>4,050,440,285</b>	<b>109,625,650</b>	<b>1,658,957,386</b>	<b>6,054,421,098</b>
<b>Off-balance sheet commitments</b>	<b>168,932,403</b>	<b>99,028,149</b>	<b>616,172,627</b>	<b>871,864,418</b>	<b>2,169,346,213</b>	<b>82,443,392</b>	<b>-</b>	<b>4,007,787,202</b>

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

**(1) Financial 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 Bank's independent 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 technique

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 the Bank used other than VaR, mainly PV01 and foreign exchange positions, over warning, the nominal amount of the principal and maturity date.

Foreign exchange risk

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

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

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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)**

**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.

31-12-2021

	RMB	USD RMB equivalent	Others RMB equivalent	Total RMB equivalent
<b>Assets:</b>				
Cash and due from the central bank	1,192,470,452	141,103,851	683,192	1,334,257,495
Due from banks and other financial institutions	77,991,794	483,385,748	173,076,688	734,454,230
Placements with banks and other financial institutions	6,989,708,105	1,734,104,962	703,992,947	9,427,806,014
Derivative financial assets	76,570,669,558	(71,320,162,282)	(2,061,441,064)	3,189,066,212
Loans and advances to customers	8,916,210,480	875,583,352	726,268	9,792,520,100
Financial assets held-for-trading	1,064,492,609	-	-	1,064,492,609
Debt instruments	6,042,586,409	-	-	6,042,586,409
Other financial assets	<u>30,758,552</u>	<u>5,107,056</u>	<u>31,337,723</u>	<u>67,203,331</u>
<b>Total financial assets</b>	<u><b>100,884,887,959</b></u>	<u><b>(68,080,877,313)</b></u>	<u><b>(1,151,624,246)</b></u>	<u><b>31,652,386,400</b></u>
<b>Liabilities:</b>				
Due to banks and other financial institutions	105,113,224	-	-	105,113,224
Placements from banks and other financial institutions	7,738,509,681	-	3,796,704	7,742,306,385
Derivative financial liabilities	71,247,319,570	(66,137,171,752)	(1,949,205,371)	3,160,942,447
Customer deposits	10,918,143,344	945,144,563	760,057,846	12,623,345,753
Debt securities issued	684,773,080	-	-	684,773,080
Other financial liabilities	<u>126,550,969</u>	<u>26,949,349</u>	<u>41,196,033</u>	<u>194,696,351</u>
<b>Total financial liabilities</b>	<u><b>90,820,409,868</b></u>	<u><b>(65,165,077,840)</b></u>	<u><b>(1,144,154,788)</b></u>	<u><b>24,511,177,240</b></u>
<b>Net position</b>	<u><b>10,064,478,091</b></u>	<u><b>(2,915,799,473)</b></u>	<u><b>(7,469,458)</b></u>	<u><b>7,141,209,160</b></u>

**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)**

**Market risk (continued)**

Foreign exchange risk (continued)

31-12-2020

	RMB	USD RMB equivalent	Others RMB equivalent	Total RMB equivalent
<b>Assets:</b>				
Cash and due from the central bank	1,410,575,820	765,680,460	1,204,301	2,177,460,581
Due from banks and other financial institutions	34,000,795	692,728,756	73,409,805	800,139,356
Placements with banks and other financial institutions	4,908,842,197	2,888,313,072	12,561,483	7,809,716,752
Financial assets at fair value through profit or loss	1,531,808,660	-	-	1,531,808,660
Derivative financial assets	119,633,357,121	(114,942,406,559)	1,690,271,428	6,381,221,990
Interest receivable	70,376,878	4,869,442	490,374	75,736,694
Loans and advances to customers	8,614,570,228	323,471,696	4,698,498	8,942,740,422
Held-to-maturity investments	1,707,699,514	-	-	1,707,699,514
Account receivables investments	2,899,148,000	-	-	2,899,148,000
Other financial assets	<u>41,137,594</u>	<u>2,873,249</u>	<u>47,646,741</u>	<u>91,657,584</u>
<b>Total financial assets</b>	<b><u>140,851,516,807</u></b>	<b><u>(110,264,469,884)</u></b>	<b><u>1,830,282,630</u></b>	<b><u>32,417,329,553</u></b>
<b>Liabilities:</b>				
Due to banks and other financial institutions	1,000,408,901	-	-	1,000,408,901
Placements from banks and other financial institutions	5,700,000,000	1,605,125,400	899,244,515	8,204,369,915
Derivative financial liabilities	120,038,926,679	(114,355,354,720)	620,339,606	6,303,911,565
Customer deposits	8,664,084,268	1,156,582,108	331,444,732	10,152,111,108
Interest payables	39,407,612	5,885,038	4	45,292,654
Debt securities issued	797,498,511	-	-	797,498,511
Other financial liabilities	<u>236,959,498</u>	<u>177,765,846</u>	<u>66,525,464</u>	<u>481,250,808</u>
<b>Total financial liabilities</b>	<b><u>136,477,285,469</u></b>	<b><u>(111,409,996,328)</u></b>	<b><u>1,917,554,321</u></b>	<b><u>26,984,843,462</u></b>
<b>Net position</b>	<b><u>4,374,231,338</u></b>	<b><u>1,145,526,444</u></b>	<b><u>(87,271,691)</u></b>	<b><u>5,432,486,091</u></b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
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**For the year ended 31 December 2020**  
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**8. Financial instrument and risk management (continued)**

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

**Market risk (continued)**

Foreign exchange risk (continued)

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.

	2021	2020
1% appreciation against RMB	29,232,689	10,582,548
1% depreciation against RMB	(29,232,689)	(10,582,548)

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

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

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

Interest rate risk

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

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

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
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**For the year ended 31 December 2020**  
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**8. Financial instrument and risk management (continued)**

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

**Market risk (continued)**

**Interest rate risk (continued)**

	31-12-2021					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	1,191,862,304	-	-	-	-	1,334,257,495
Due from banks and other financial institutions	260,670,090	473,784,140	-	-	-	734,454,230
Placements with banks and other financial institutions	5,215,828,618	2,860,088,412	1,119,365,869	199,564,563	-	9,427,806,014
Derivative financial assets	-	-	-	-	-	32,958,552
Loans and advances to customers	21,515,834	3,014,110,771	2,432,311,461	2,863,092,019	1,461,490,015	3,189,066,212
Financial assets held-for-trading	-	-	312,433,764	560,031,128	192,027,717	1,064,492,609
Debt instruments	239,937,220	394,987,240	2,952,040,793	2,419,137,458	-	6,042,586,409
Other financial assets	5,888,189	-	-	-	-	61,315,142
<b>Total financial assets</b>	<b>6,935,702,255</b>	<b>6,742,970,563</b>	<b>6,816,151,887</b>	<b>6,041,825,168</b>	<b>1,653,517,732</b>	<b>3,462,218,795</b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
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**8. Financial instrument and risk management (continued)**

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

**Market risk (continued)**

**Interest rate risk (continued)**

	31-12-2021					Total
	Within 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	
Financial liability:						
Due to banks and other financial institutions	105,113,224	-	-	-	-	105,113,224
Placements from banks and other financial institutions	925,650,649	1,230,436,500	1,511,902,054	4,074,317,182	-	7,742,306,385
Derivative financial liabilities	-	-	-	-	-	3,160,942,447
Customer deposits	11,445,524,792	244,915,245	899,224,484	33,681,232	-	12,623,345,753
Debt securities issued	-	-	119,488,555	565,284,525	-	684,773,080
Other financial liabilities	-	-	-	-	-	194,696,351
<b>Total financial liabilities</b>	<b>12,476,288,665</b>	<b>1,475,351,745</b>	<b>2,530,615,093</b>	<b>4,673,282,939</b>	<b>-</b>	<b>3,355,638,798</b>
<b>Net position</b>	<b>(5,540,586,410)</b>	<b>5,267,618,818</b>	<b>4,285,536,794</b>	<b>1,368,542,229</b>	<b>1,653,517,732</b>	<b>106,579,997</b>
						<b>7,141,209,160</b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2020**  
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**8. Financial instrument and risk management (continued)**

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

**Market risk (continued)**

**Interest rate risk (continued)**

	31-12-2020						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	1,410,567,505	-	-	-	-	-	2,177,460,581
Due from banks and other financial institutions	254,452,336	545,687,020	-	-	-	-	800,139,356
Placements with banks and other financial institutions	1,106,056,479	713,476,470	5,801,133,803	189,050,000	-	-	7,809,716,752
Financial assets at fair value through profit or loss	-	-	705,949,500	724,880,310	100,978,850	-	1,531,808,660
Derivative financial assets	-	-	-	-	-	6,381,221,990	6,381,221,990
Interest receivable	-	-	-	-	-	75,736,694	75,736,694
Loans and advances to customers	-	1,753,353,155	2,266,245,675	1,573,652,942	3,349,488,650	-	8,942,740,422
Held-to-maturity investments	500,059,331	-	998,690,183	208,950,000	-	-	1,707,699,514
Account receivables investments	-	-	493,998,000	2,405,150,000	-	-	2,899,148,000
Other financial assets	-	-	-	-	-	91,657,584	91,657,584
<b>Total financial assets</b>	<b>3,271,135,651</b>	<b>3,012,516,645</b>	<b>10,266,017,161</b>	<b>5,101,683,252</b>	<b>3,450,467,500</b>	<b>7,315,509,344</b>	<b>32,417,329,553</b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2020**  
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**8. Financial instrument and risk management (continued)**

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

**Market risk (continued)**

**Interest rate risk (continued)**

	31-12-2020					Total
	Within 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	
Financial liability:						
Due to banks and other financial institutions	408,901	-	1,000,000,000	-	-	1,000,408,901
Placements from banks and other financial institutions	444,515	970,416,400	4,233,509,000	3,000,000,000	-	8,204,369,915
Derivative financial liabilities	-	-	-	-	6,303,911,565	6,303,911,565
Customer deposits	6,585,589,770	2,753,782,338	812,739,000	-	-	10,152,111,108
Interest payables	-	-	-	-	45,292,654	45,292,654
Debt securities issued	499,380,594	298,117,917	-	-	-	797,498,511
Other financial liabilities	2,877,954	-	-	-	394,043,321	396,921,275
<b>Total financial liabilities</b>	<b>7,088,701,734</b>	<b>4,022,316,655</b>	<b>6,046,248,000</b>	<b>3,000,000,000</b>	<b>-</b>	<b>26,900,513,929</b>
<b>Net position</b>	<b>(3,817,566,083)</b>	<b>(1,009,800,010)</b>	<b>4,219,769,161</b>	<b>2,101,683,252</b>	<b>3,450,467,500</b>	<b>5,516,815,624</b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2020**  
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**8. Financial instrument and risk management (continued)**

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

**Market risk (continued)**

Interest rate risk (continued)

Change in interest rate	31-12-2021		31-12-2020	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
+100 basis points	7,180,352	-	(29,175,874)	-
-100 basis points	(7,180,352)	-	29,175,874	-

**9. Fair value of financial instruments**

**(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.

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.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
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**9. Fair value of financial instruments (continued)**

**(1) Fair value hierarchy (continued)**

31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
- Derivative financial assets	-	3,189,066,212	-	3,189,066,212
- Financial investments: financial assets held-for trading	<u>1,064,492,609</u>	-	-	<u>1,064,492,609</u>
<b>Total</b>	<u><u>1,064,492,609</u></u>	<u><u>3,189,066,212</u></u>	<u><u>-</u></u>	<u><u>4,253,558,821</u></u>
Financial liabilities				
- Derivative financial Liabilities	-	<u>3,160,942,447</u>	-	<u>3,160,942,447</u>
<b>Total</b>	<u><u>-</u></u>	<u><u>3,160,942,447</u></u>	<u><u>-</u></u>	<u><u>3,160,942,447</u></u>

31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
- Derivative financial assets	-	6,381,221,990	-	6,381,221,990
- Financial assets at fair value through profit and loss	<u>1,531,808,660</u>	-	-	<u>1,531,808,660</u>
<b>Total</b>	<u><u>1,531,808,660</u></u>	<u><u>6,381,221,990</u></u>	<u><u>-</u></u>	<u><u>7,913,030,650</u></u>
Financial liabilities				
- Derivative financial liabilities	-	<u>6,303,911,565</u>	-	<u>6,303,911,565</u>
<b>Total</b>	<u><u>-</u></u>	<u><u>6,303,911,565</u></u>	<u><u>-</u></u>	<u><u>6,303,911,565</u></u>

The Bank has no financial instruments for which the fair value hierarchy are categorized in Level 3. There is no transfer in or out from Level 3 for current year.

**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**

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, 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.

- (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.

- (iv) Debt instruments

The fair value of debt instruments is the discounted value of the cash flow expected to be received in the future according to the current market interest rate, and its fair value is approximate to its carrying value.

## **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.

Since January 1<sup>st</sup>, 2013, the Bank has calculated and disclosed Capital Adequacy Ratio in accordance with "Capital Rules for Commercial Banks (Provisional)" and other regulatory requirements issued by the 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.

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
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**10. Capital Management (continued)**

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:

	31-12-2021	31-12-2020
<b>Core Tier-one capital</b>		
Paid-in capital	6,296,000,000	4,796,000,000
Qualified capital reserve	65,429,072	2,881,771
Surplus reserve	144,281,114	129,082,128
General reserve	367,414,758	325,618,086
Retained earnings	<u>255,228,478</u>	<u>138,032,213</u>
<b>Core Tier-one capital</b>	<u>7,128,353,422</u>	<u>5,391,614,198</u>
<b>Core Tier-one capital deduction</b>		
Intangible assets	2,671,181	3,367,765
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	<u>1,189</u>	<u>-</u>
Net core tier-one capital	<u>7,125,681,052</u>	<u>5,388,246,433</u>
Other core tier-one capital	<u>-</u>	<u>-</u>
Net tier-one capital	<u>7,125,681,052</u>	<u>5,388,246,433</u>
<b>Tier-two capital</b>		
<b>Net Tier-two capital</b>		
Surplus provisions for loans impairment	<u>200,662,589</u>	<u>182,507,184</u>
<b>Net capital</b>	<u>7,326,343,641</u>	<u>5,570,753,617</u>
<b>Risk-weighted assets</b>	<u>27,881,549,246</u>	<u>28,953,823,515</u>
<b>Core Tier-one capital adequacy ratio</b>	25.56%	18.61%
<b>Tier-one capital adequacy ratio</b>	25.56%	18.61%
<b>Capital adequacy ratio</b>	<u>26.28%</u>	<u>19.24%</u>

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

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

The following parties constitute the related parties of an enterprise :

- (i) Parent of the Bank;
- (ii) Other enterprises controlled by the same parent of the Bank;
- (iii) Key management personnel of the Bank and close family members of such individuals;
- (iv) Other entities controlled or jointly controlled by the key management personnel or close family members of such individuals;
- (v) Associates or joint ventures of an entity of other members of the same parent of the Bank.

**(2) Transactions between the Bank and the parent company and other related parties**

- (i) Transactions with the parent company of the Bank and other related parties were as follows:

	2021	Percentage	2020	Percentage
	Amount	%	Amount	%
Interest income	15,895,234	1.97	6,209,145	1.25
Interest expense	(297,758,559)	61.40	(95,860,096)	37.62
Fees and commission income	105,811,711	84.80	128,826,358	77.04
Fees and commission expense	(17,643,882)	33.34	(15,873,549)	31.67
Investment income and gains from changes in fair value	64,046,610	51.35	(162,982,568)	90.96
Other operating income	32,736,975	100.00	25,243,707	100.00
General and administrative expenses	(61,618,223)	18.67	(63,788,195)	21.69

- (ii) The balances with the parent company of the Bank and other related parties as at the balance sheet date were as follows:

	2021	Percentage	2020	Percentage
	Amount	%	Amount	%
Due from banks and other financial institutions	145,764,957	19.85	53,403,174	6.67
Placements with banks and other financial institutions	2,055,238,341	21.81	141,691,379	1.81
Derivative financial assets	545,743,340	17.11	294,905,952	4.62
Account receivables investments	-	-	426,938,000	14.73
Financial investments:				
Debt instruments	374,147,011	6.19	-	-
Other assets	35,778,715	31.15	54,308,493	31.19
Due to banks and other financial institutions	3,025,552	2.89	1,000,408,901	100.00
Placements from banks and other financial institutions	7,603,786,816	98.22	7,643,228,515	93.16
Derivative financial liabilities	29,565,737	0.94	60,045,447	0.95
Other liabilities	64,875,765	31.76	133,944,460	28.46

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
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**11. Related party transactions (continued)**

**(2) Transactions between the Bank and the parent company and other related parties (continued)**

(iii) The notional amount of derivative instruments with the parent company and other related parties as at balance sheet date was as follows:

	2021	Percentage	2020	Percentage
	Amount	%	Amount	%
Interest rate derivatives	2,649,175,701	2.95	2,186,151,183	1.95
Exchange rate derivatives	5,629,732,962	1.09	10,959,557,119	9.79
Other derivatives	2,365,882,190	50.04	993,375,133	0.89

(iv) There was no irrevocable loan commitment granted to other related parties as at balance sheet date of 2021 and 2020.

(v) Related-party transactions are at arm's length with no preferential treatments, comparing to transaction with third parties.

**(3) 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>
CA-CIB	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.

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

**(4) Other related parties**

Names of related parties	Relationship with the Bank
CA-CIB Singapore	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 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/Branch of Parent Bank
CASA SWITZERLAND	Subsidiary/Branch 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 Dubai	Subsidiary/Branch of Parent Bank
CA-CIB Shenzhen Representative Office	Representative office of the parent bank
GAC-SOFINCO Automobile Finance Co., Ltd	Joint ownership enterprise of the group
CREDIT LYONNAIS	Subsidiary of the group
CREDIT AGRICOLE EGYPT SAE	Subsidiary of the group
CA SRBIJA AD NOVI SA	Subsidiary of the group
CASA LYON	Subsidiary of the group
CASA POITIERS	Subsidiary of the group
CRCA DES SAVOIE	Subsidiary of the group
CRCA GUADELOUPE	Subsidiary of the group
CRCAM CENTRE EST	Subsidiary of the group

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2020**  
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**11. Related party transactions (continued)**

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

(i) Provide funding

	2021		2020	
	Amount	%	Amount	%
Interest income from financial institutions:				
GAC-SOFINCO Automobile Finance Co., Ltd.	12,153,206	76.44	2,674,566	43.06
CA-CIB Hong Kong	3,037,349	19.11	2,376,679	38.28
CASA SWITZERLAND	360,537	2.27	733,926	11.82
CA-CIB	329,573	2.07	-	-
CA-CIB Luxembourg	13,267	0.08	419,655	6.76
CA-CIB Tokyo	1,094	0.01	-	-
CA-CIB Singapore	177	0.01	4,317	0.07
CRÉDIT AGRICOLE S.A.	31	0.01	2	0.01
<b>Total</b>	<b>15,895,234</b>	<b>100.00</b>	<b>6,209,145</b>	<b>100.00</b>

Interest expense to financial institutions:

CA-CIB	256,628,688	86.19	56,848,552	59.30
CRÉDIT AGRICOLE S.A.	37,113,283	12.46	37,532,082	39.15
CA-CIB Hong Kong	2,156,690	0.72	1,417,884	1.48
CA-CIB Luxembourg	1,796,840	0.60	-	-
CASA SWITZERLAND	63,018	0.02	61,352	0.06
GAC-SOFINCO Automobile Finance Co., Ltd	40	0.01	226	0.01
<b>Total</b>	<b>297,758,559</b>	<b>100.00</b>	<b>95,860,096</b>	<b>100.00</b>

(ii) Receive service

	2021		2020	
	Amount	%	Amount	%
Fees and commission expense and general and administrative expenses:				
Service fee to parent bank	21,722,225	27.40	23,054,124	28.93
Guarantee fee to parent bank	17,247,601	21.76	14,013,309	17.59
Technology maintenance expenses to parent bank	16,384,135	20.67	20,443,750	25.66
CA-CIB Hong Kong	13,852,537	17.48	12,336,879	15.49
CA-CIB Singapore	5,388,592	6.80	5,587,432	7.01
CA-CIB London	3,369,719	4.25	1,584,593	1.99
CA-CIB SERVICE	903,093	1.14	795,651	1.00
Foreign exchange trading fee to group	394,203	0.50	1,845,996	2.32
CREDIT LYONNAIS	-	-	10	0.01
<b>Total</b>	<b>79,262,105</b>	<b>100.00</b>	<b>79,661,744</b>	<b>100.00</b>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
For the year ended 31 December 2020  
(Unless otherwise stated, expressed in RMB Yuan)

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

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

(iii) Investment and provide service

	2021		2020	
	Amount	%	Amount	%
Fees and commission income and other operating income:				
CA-CIB	60,731,641	43.78	67,245,331	43.58
CA-CIB London	47,994,802	34.64	54,801,336	35.57
CA-CIB Hong Kong	27,902,279	20.14	30,693,383	19.92
CREDIT AGRICOLE EGYPT SAE	872,537	0.63	-	-
CRÉDIT AGRICOLE S.A.	472,335	0.34	142,358	0.09
CA-CIB Singapore	353,068	0.25	174,757	0.11
CA-CIB New York	195,288	0.14	61,381	0.04
CA-CIB Poland	15,759	0.01	18,317	0.01
CA-CIB Korea	5,718	0.01	18,285	0.01
CRCA DES SAVOIE	3,508	0.01	5,961	0.01
CA-CIB Germany	518	0.01	92,679	0.06
CREDIT LYONNAIS	454	0.01	10,943	0.01
CRCA GUADELOUPE	425	0.01	354	0.01
CASA POITIERS	212	0.01	849	0.01
CA-CIB India	142	0.01	4,157	0.01
GAC-SOFINCO Automobile Finance Co., Ltd.	-	-	783,354	0.51
CA-CIB Sweden	-	-	15,218	0.01
CA SRBIJA AD NOVI SA	-	-	766	0.01
CRCAM CENTRE EST	-	-	212	0.01
CASA LYON	-	-	212	0.01
CA-CIB Dubai	-	-	212	0.01
<b>Total</b>	<b>138,548,686</b>	<b>100.00</b>	<b>154,070,065</b>	<b>100.00</b>

(iv) Other major related party transactions

	2021	2020
Compensation of key management personnel	30,163,693	28,759,416

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2020**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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

**(6) Balance with related parties**

(i) Due from and placements with banks

	<u>31 December 2021</u>		<u>31 December 2020</u>	
	Amount	%	Amount	%
<u>Due from banks</u>				
CRÉDIT AGRICOLE S.A.	145,764,957	100.00	53,403,174	100.00
Total	<u>145,764,957</u>	<u>100.00</u>	<u>53,403,174</u>	<u>100.00</u>
<u>Placements with banks</u>				
CA-CIB Luxembourg	703,992,947	34.25	-	-
CA-CIB Sweden	685,142,286	33.34	-	-
CA-CIB	666,103,108	32.41	-	-
CA-CIB Hong Kong	-	-	141,691,379	100.00
Total	<u>2,055,238,341</u>	<u>100.00</u>	<u>141,691,379</u>	<u>100.00</u>

(ii) Due to and placements from banks

	<u>31 December 2021</u>		<u>31 December 2020</u>	
	Amount	%	Amount	%
<u>Due to banks</u>				
CRÉDIT AGRICOLE S.A.	2,937,965	97.10	348,654	0.03
CA-CIB Hong Kong	34,724	1.15	34,461	0.01
CA-CIB	42,617	1.41	1,000,015,580	99.95
GAC-SOFINCO Automobile Finance Co., Ltd.	10,246	0.34	10,206	0.01
Total	<u>3,025,552</u>	<u>100.00</u>	<u>1,000,408,901</u>	<u>100</u>
<u>Placements from banks</u>				
CA-CIB	6,600,000,000	86.80	4,895,747,000	64.05
CRÉDIT AGRICOLE S.A.	1,000,000,000	13.15	1,000,000,000	13.08
CA-CIB Hong Kong	3,786,816	0.05	1,747,481,515	22.86
Total	<u>7,603,786,816</u>	<u>100.00</u>	<u>7,643,228,515</u>	<u>100.00</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
**For the year ended 31 December 2020**  
**(Unless otherwise stated, expressed in RMB Yuan)**

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

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

(iii) Asset-based security

	31 December 2021		31 December 2020	
	Amount	%	Amount	%
GAC-SOFINCO Automobile Finance Co., Ltd.	<u>374,147,011</u>	<u>100.00</u>	<u>426,938,000</u>	<u>100.00</u>

(iv) Derivative financial instruments

31 December 2021

	Notional amount	%	Fair value	
			Assets	Liabilities
CA-CIB	7,664,146,126	72.00	70,331,173	(23,542,279)
CA-CIB London	2,485,016,714	23.34	471,608,161	(3,476,609)
CA-CIB Hong Kong	<u>495,628,013</u>	<u>4.66</u>	<u>3,804,006</u>	<u>(2,546,849)</u>
Total	<u>10,644,790,853</u>	<u>100.00</u>	<u>545,743,340</u>	<u>(29,565,737)</u>

31 December 2020

	Notional amount	%	Fair value	
			Assets	Liabilities
CA-CIB	12,110,665,522	85.65	50,765,015	(34,453,157)
CA-CIB London	1,185,859,110	8.39	244,066,898	(24,494,254)
CA-CIB Hong Kong	<u>842,558,804</u>	<u>5.96</u>	<u>74,039</u>	<u>(1,098,036)</u>
Total	<u>14,139,083,436</u>	<u>100.00</u>	<u>294,905,952</u>	<u>(60,045,447)</u>

**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Notes to Financial Statements (Continued)**  
For the year ended 31 December 2020  
(Unless otherwise stated, expressed in RMB Yuan)

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

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

(v) Commitments and Entrusted Business

Guarantees:

	31 December 2021		31 December 2020	
	Amount	%	Amount	%
CA-CIB	1,036,735,930	87.83	1,428,304,656	93.73
CREDIT AGRICOLE EGYPT SAE	110,129,295	9.33	-	-
CA-CIB Germany	28,956,829	2.45	37,932,898	2.49
CRCA DES SAVOIE	2,443,394	0.21	2,443,394	0.16
CA-CIB New York	2,103,981	0.18	51,624,630	3.39
CREDIT LYONNAIS	-	-	2,262,809	0.15
CASA SWITZERLAND	-	-	1,174,482	0.08
Total	<u>1,180,369,429</u>	<u>100.00</u>	<u>1,523,742,869</u>	<u>100.00</u>

**12. Post balance sheet events**

As at the date on which the financial statements are approved, there is no material post balance sheet event that needs to be disclosed or adjusted by the Bank.

**13. Segment reporting**

The Bank is organized into six segments based on geographical region, which is the Head Office Business Department, 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 23<sup>th</sup>, 2022.

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

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

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

<b>Assets</b>	<b>2021-12-31</b>	<b>2020-12-31</b>
Cash and due from the central bank	141,246,810	71,983,944
Due from banks and other financial institutions	13,845,053	3,480,301
Placements with banks and other financial institutions	9,438,133,844	7,813,694,815
Due from inter-bank	-	2,106,923,324
Loans and advances to customers	(17,292,569)	-
Held-to-maturity investments	-	1,708,749,514
Financial assets at fair value through profit or loss	-	191,025,550
Account receivables investments	-	2,899,148,000
Financial investments:		
Debt instruments	6,043,691,642	-
Derivative financial assets	18,182,256	11,502,344
Fixed assets	2,057,866	1,480,710
Intangible assets	73,579	73,578
Deferred tax assets	36,755,385	(6,201,731)
Other assets	34,349,408	51,392,202
<b>TOTAL ASSETS</b>	<b><u>15,711,043,274</u></b>	<b><u>14,853,252,551</u></b>

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

<b>LIABILITIES AND EQUITY</b>	<b>2021-12-31</b>	<b>2020-12-31</b>
<b>LIABILITIES:</b>		
Due to banks and other financial institutions	101,365,431	1,000,010,206
Placements from banks and other financial institutions	7,742,306,385	8,008,622,915
Due to inter-bank	1,330,652,146	677,693,642
Derivative financial liabilities	26,759,940	16,612,005
Interest payable to inter-bank	39,716,658	22,700,321
Tax payables	5,167,111	43,840,423
Accrued liabilities	1,400,339	-
Payroll payables	1,290,263	543,651
Debt securities issued	684,773,080	797,498,511
Other liabilities	<u>18,079,908</u>	<u>198,273,828</u>
<b>TOTAL LIABILITIES</b>	<u><b>9,951,511,261</b></u>	<u><b>10,765,795,502</b></u>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	5,796,000,000	4,296,000,000
Capital reserve	65,429,072	2,881,771
Surplus reserve	144,281,114	129,082,128
General reserve	367,414,758	325,618,086
Retained earnings	<u>(613,592,931)</u>	<u>(666,124,936)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u><b>5,759,532,013</b></u>	<u><b>4,087,457,049</b></u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u><b>15,711,043,274</b></u></u>	<u><u><b>14,853,252,551</b></u></u>

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

	<b>2021</b>	<b>2020</b>
<b>OPERATING INCOME</b>		
Interest income	404,066,873	145,860,447
Inter-bank interest income	157,843,492	94,688,364
Interest expense	(316,048,603)	(115,026,474)
Inter-bank interest expense	(167,095,874)	(141,242,273)
Net interest income/(expense)	<u>78,765,888</u>	<u>(15,719,936)</u>
Fee and commission income	6,361,279	4,200,300
Fee and commission expense	(17,606,153)	(14,729,064)
Net fee and commission expense	<u>(11,244,874)</u>	<u>(10,528,764)</u>
Loss from changes in fair value	(3,942,126)	(4,061,001)
Investment income	(3,166,681)	98,656,080
Foreign exchange loss	(2,731,813)	(8,807,602)
<b>TOTAL OPERATING INCOME</b>	<u>57,680,394</u>	<u>59,538,777</u>
<b>OPERATING EXPENSE</b>		
Business tax and surcharges	(704,377)	(163,684)
Credit impairment losses	(1,495,642)	-
Impairment losses	-	(13,974,562)
General and administrative expense	<u>(4,946,816)</u>	<u>(5,090,354)</u>
<b>TOTAL OPERATING EXPENSE</b>	<u>(20,602,835)</u>	<u>(19,228,600)</u>
<b>OPERATING PROFIT</b>	<u>37,077,559</u>	<u>40,310,177</u>
Add: Non-operating income	44,956	-
Less: Non-operating expense	<u>(33,834)</u>	<u>-</u>
<b>PROFIT BEFORE TAX</b>	37,088,681	40,310,177
Less: Income tax expense	<u>(4,039,078)</u>	<u>(69,541,537)</u>
<b>NET PROFIT</b>	<u>33,049,603</u>	<u>(29,231,360)</u>

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

<u>Assets</u>	<u>2021-12-31</u>	<u>2020-12-31</u>
Cash and due from the central bank	1,192,553,392	2,105,005,898
Due from banks and other financial institutions	718,731,393	795,412,676
Placements with banks and other financial institutions	(10,327,830)	(3,978,063)
Due from inter-bank	-	693,217,035
Held-to-maturity investments	-	(1,050,000)
Financial assets at fair value through profit or loss	-	1,340,783,110
Derivative financial assets	3,170,883,956	6,369,719,646
Interest receivable from inter-bank	35,550,981	26,576,779
Loans and advances to customers	8,577,129,938	7,330,360,035
Financial investments:		
Financial assets held-for-trading	1,064,492,609	-
Debt instruments	(1,105,233)	-
Fixed assets	3,138,255	4,511,471
Right-of-use assets	40,353,420	-
Intangible assets	2,597,602	3,294,187
Deferred tax assets	-	68,971,244
Other assets	<u>75,327,305</u>	<u>114,676,231</u>
<b>TOTAL ASSETS</b>	<b><u>14,869,325,788</u></b>	<b><u>18,847,500,249</u></b>

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

<b><u>LIABILITIES AND EQUITY</u></b>	<b><u>2021-12-31</u></b>	<b><u>2020-12-31</u></b>
<b>LIABILITIES:</b>		
Due to banks and other institutions	3,747,793	398,695
Placements from banks and other financial institutions	-	195,747,000
Derivative financial liabilities	3,134,182,507	6,287,299,560
Due to inter-bank	1,220,290,917	2,441,936,481
Customers deposits	9,598,705,336	8,977,471,653
Payroll payables	47,890,817	39,390,113
Tax payables	21,500,262	13,578,179
Accrued liabilities	250,654	-
Lease liabilities	42,082,759	-
Other liabilities	<u>185,344,155</u>	<u>269,514,023</u>
<b>TOTAL LIABILITIES</b>	<b><u>14,253,995,200</u></b>	<b><u>18,225,335,704</u></b>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>515,330,588</u>	<u>522,164,545</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>615,330,588</u></b>	<b><u>622,164,545</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>14,869,325,788</u></b>	<b><u>18,847,500,249</u></b>

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

	<b>2021</b>	<b>2020</b>
<b>OPERATING INCOME</b>		
Interest income	342,829,607	285,363,671
Inter-bank interest income	229,174,675	223,699,430
Interest expense	(137,662,562)	(124,476,735)
Inter-bank interest expense	(271,286,835)	(201,527,754)
Net interest income	<u>163,054,885</u>	<u>183,058,612</u>
Fee and commission income	114,436,473	118,938,293
Fee and commission expense	(34,806,429)	(35,222,892)
Inter-bank fee and commission expense	(51,324,268)	-
Net fee and commission income	<u>28,305,776</u>	<u>83,715,401</u>
Investment income/(losses)	187,086,657	(112,474,023)
Losses from changes in fair value	(55,241,174)	(161,309,178)
Foreign exchange (losses)/gains	(7,887,701)	309,214,303
Other operating income	<u>32,736,975</u>	<u>25,243,707</u>
<b>TOTAL OPERATING INCOME</b>	<u><b>348,055,418</b></u>	<u><b>327,448,822</b></u>
<b>OPERATING EXPENSE</b>		
Business tax and surcharges	(2,992,685)	(3,141,978)
General and administrative expense	(260,034,392)	(233,229,999)
Credit impairment losses	(15,319,992)	-
Impairment losses	<u>-</u>	<u>(35,571,096)</u>
<b>TOTAL OPERATING EXPENSE</b>	<u><b>(278,347,069)</b></u>	<u><b>(271,943,073)</b></u>
<b>OPERATING PROFIT</b>	<b>69,708,349</b>	<b>55,505,749</b>
Add: Non-operating income	126,288	1
Less: Non-operating expense	<u>(259,882)</u>	<u>(316,764)</u>
<b>PROFIT BEFORE TAX</b>	<b>69,574,755</b>	<b>55,188,986</b>
Less: Income tax expense	<u>(22,592,229)</u>	<u>36,731,763</u>
<b>NET PROFIT</b>	<u><b>46,982,526</b></u>	<u><b>91,920,749</b></u>

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

<u>Assets</u>	<u>2021-12-31</u>	<u>2020-12-31</u>
Due from banks and other financial institutions	566,812	507,223
Due from banks and other financial institutions	2,088,151,724	-
Loans and advances to customers	393,375,743	1,002,881,225
Interest receivable from inter-bank	60,690	-
Fixed assets	324,287	677,101
Right-of-use assets	8,996,381	-
Deferred tax assets	-	13,370,564
Other assets	<u>2,510,630</u>	<u>6,126,857</u>
<b>TOTAL ASSETS</b>	<b><u>2,493,986,267</u></b>	<b><u>1,023,562,970</u></b>
<b>LIABILITIES AND EQUITY:</b>		
<b>LIABILITIES:</b>		
Customers deposits	2,286,235,445	508,192,464
Due to inter-bank	-	257,646,985
Payroll payables	10,239,523	5,281,404
Tax payables	840,439	1,038,531
Accrued liabilities	60,487	84,329,533
Lease liabilities	9,401,762	-
Interest payable to inter-bank	-	4,641,146
Other liabilities	<u>658,817</u>	<u>1,806,591</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,307,436,473</u></b>	<b><u>862,936,654</u></b>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>86,549,794</u>	<u>60,626,316</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>186,549,794</u></b>	<b><u>160,626,316</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>2,493,986,267</u></b>	<b><u>1,023,562,970</u></b>

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

	<b>2021</b>	<b>2020</b>
<b>OPERATING INCOME</b>		
Interest income	38,511,679	39,475,381
Inter-bank interest income	73,895,633	55,253,976
Interest expense	(24,815,244)	(6,497,139)
Inter-bank interest expense	(45,548,175)	(57,696,757)
Net interest income	<u>42,043,893</u>	<u>30,535,461</u>
Fee and commission income	3,687,753	15,117,406
Inter-bank fee and commission income	19,820,947	-
Fee and commission expense	(502,007)	(159,157)
Net fee and commission income	<u>23,006,693</u>	<u>14,958,249</u>
Foreign exchange gains	<u>820,526</u>	<u>2,299,765</u>
<b>TOTAL OPERATING INCOME</b>	<u><b>65,871,112</b></u>	<u><b>47,793,475</b></u>
<b>OPERATING EXPENSE</b>		
Business tax and surcharges	(538,957)	(347,222)
General and administrative expense	(49,281,869)	(40,927,341)
Other operating expense	-	5,832,721
Credit impairment losses	13,752,853	-
Impairment losses	<u>-</u>	<u>2,802,778</u>
<b>TOTAL OPERATING EXPENSE</b>	<u><b>(36,067,973)</b></u>	<u><b>(32,639,064)</b></u>
<b>OPERATING PROFIT</b>	29,803,139	15,154,411
Add: Non-operating income	19	1,733
Less: Non-operating expense	<u>(2,721)</u>	<u>-</u>
<b>PROFIT BEFORE TAX</b>	29,800,437	15,156,144
Less: Income tax expense	<u>(3,409,682)</u>	<u>(2,387,184)</u>
<b>NET PROFIT</b>	<u><u><b>26,390,755</b></u></u>	<u><u><b>12,768,960</b></u></u>

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

<u>Assets</u>	<u>2021-12-31</u>	<u>2020-12-31</u>
Cash and due from the central bank	457,293	470,739
Due from banks and other financial institutions	79,125	400,343
Due from inter-bank	427,873,406	138,886,894
Loans and advances to customers	95,884,815	100,646,000
Fixed assets	164,350	64,585
Right-of-use assets	2,451,415	-
Deferred tax assets	-	62,981
Other assets	<u>1,115,259</u>	<u>1,388,663</u>
<b>TOTAL ASSETS</b>	<b><u>528,025,663</u></b>	<b><u>241,920,205</u></b>
<b>LIABILITIES AND EQUITY:</b>		
<b>LIABILITIES:</b>		
Customer deposits	387,015,213	105,667,510
Payroll payables	1,596,000	1,411,881
Tax payables	223,636	246,909
Lease liabilities	2,684,833	-
Interest payable to inter-bank	85,535	295,340
Other liabilities	<u>90,838</u>	<u>438,102</u>
<b>TOTAL LIABILITIES</b>	<b><u>391,696,055</u></b>	<b><u>108,059,742</u></b>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>36,329,608</u>	<u>33,860,463</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>136,329,608</u></b>	<b><u>133,860,463</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>528,025,663</u></b>	<b><u>241,920,205</u></b>

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

	<b>2021</b>	<b>2020</b>
<b>OPERATING INCOME</b>		
Interest income	4,558,902	4,818,654
Inter-bank interest income	12,900,271	19,070,044
Interest expense	(1,304,640)	(3,051,632)
Inter-bank interest expense	(11,206,162)	(14,334,844)
Net interest income	<u>4,948,371</u>	<u>6,502,222</u>
Fee and commission income	65,150	9,671,518
Inter-bank fee and commission income	6,530,130	-
Fee and commission expense	(436)	(444)
Net fee and commission income	<u>6,594,844</u>	<u>9,671,074</u>
Foreign exchange (losses)/gains	<u>(208)</u>	<u>9,011</u>
<b>TOTAL OPERATING INCOME</b>	<u>11,543,007</u>	<u>16,182,307</u>
<b>OPERATING EXPENSE</b>		
Business tax and surcharges	(66,285)	(98,945)
General and administrative expense	(8,253,034)	(7,720,449)
Credit impairment losses	100,023	-
Impairment losses	<u>-</u>	<u>200,000</u>
<b>TOTAL OPERATING EXPENSE</b>	<u>(8,219,296)</u>	<u>(7,619,394)</u>
<b>OPERATING PROFIT</b>	3,323,711	8,562,913
Add: Non-operating income	755	1,952
Less: Non-operating expense	<u>(682)</u>	<u>-</u>
<b>PROFIT BEFORE TAX</b>	3,323,784	8,564,865
Less: Income tax expense	<u>(854,611)</u>	<u>(599,308)</u>
<b>NET PROFIT</b>	<u>2,469,173</u>	<u>7,965,557</u>

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

<u>Assets</u>	<u>2021-12-31</u>	<u>2020-12-31</u>
Due from banks and other financial institutions	224,968	65,883
Due from inter-bank	-	37,268,362
Interest receivable from inter-bank	4,174,521	1,049,327
Loans and advances to customers	743,422,173	508,853,162
Fixed assets	25,521	52,859
Right-of-use assets	314,667	-
Deferred tax assets	-	1,077,727
Other assets	<u>71,905</u>	<u>448,431</u>
<b>TOTAL ASSETS</b>	<b><u>748,233,755</u></b>	<b><u>548,815,751</u></b>
<b>LIABILITIES AND EQUITY:</b>		
<b>LIABILITIES:</b>		
Customer deposits	161,010,401	230,217,769
Due to inter-bank	299,929,856	48,633,680
Payroll payables	513,404	504,793
Tax payables	690,929	67,768
Lease liabilities	336,050	-
Other liabilities	<u>64,894</u>	<u>507,087</u>
<b>TOTAL LIABILITIES</b>	<b><u>462,545,534</u></b>	<b><u>279,931,097</u></b>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>185,688,221</u>	<u>168,884,654</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>285,688,221</u></b>	<b><u>268,884,654</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>748,233,755</u></b>	<b><u>548,815,751</u></b>

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

	<b>2021</b>	<b>2020</b>
<b>OPERATING INCOME</b>		
Interest income	15,952,690	20,216,474
Inter-bank interest income	20,066,797	28,223,945
Interest expense	(2,783,754)	(2,391,784)
Inter-bank interest expense	(10,430,883)	(13,797,034)
Net interest income	<u>22,804,850</u>	<u>32,251,601</u>
Fee and commission income	218,604	4,042,330
Inter-bank fee and commission income	3,921,668	-
Fee and commission expense	(7,086)	(6,895)
Net fee and commission income	<u>4,133,186</u>	<u>4,035,435</u>
Foreign exchange gains	<u>1,991</u>	<u>10,693</u>
<b>TOTAL OPERATING INCOME</b>	<u>26,940,027</u>	<u>36,297,729</u>
<b>OPERATING EXPENSE</b>		
Business tax and surcharges	(212,376)	(152,138)
General and administrative Expense	(4,026,008)	(3,819,769)
Credit impairment losses	(4,872,084)	-
Impairment losses	<u>-</u>	<u>3,152,066</u>
<b>TOTAL OPERATING EXPENSE</b>	<u>(9,110,468)</u>	<u>(819,841)</u>
<b>OPERATING PROFIT</b>	17,829,559	35,477,888
Less: Non-operating expense	<u>(796)</u>	<u>-</u>
<b>PROFIT BEFORE TAX</b>	17,828,763	35,477,888
Less: Income tax expense	<u>(1,029,089)</u>	<u>(772,641)</u>
<b>NET PROFIT</b>	<u>16,799,674</u>	<u>34,705,247</u>

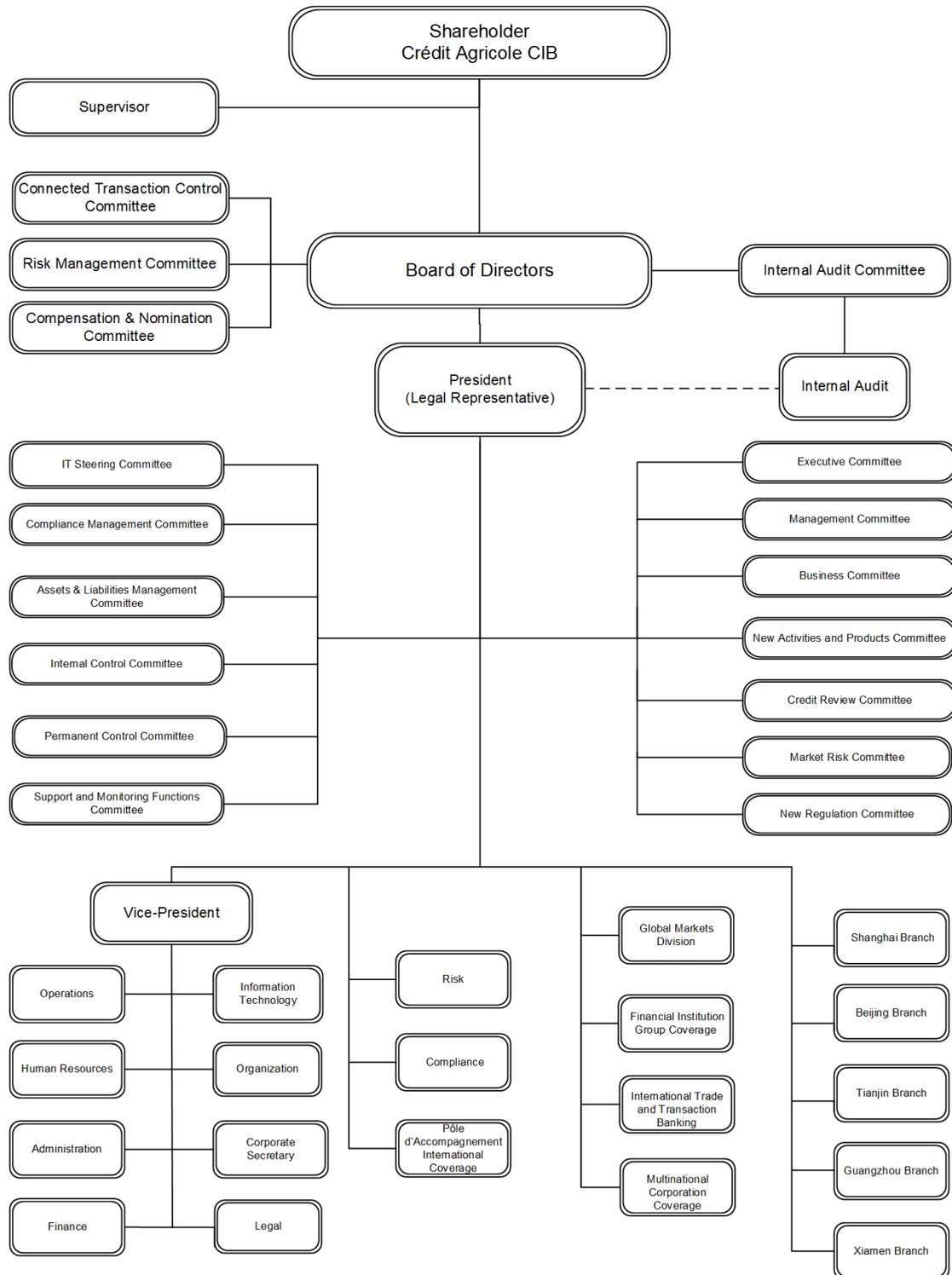
**Appendix I**  
**Attachment (6)**  
**CREDIT AGRICOLE CIB (CHINA) LIMITED**  
**Balance sheet of Xiamen Branch**  
**Expressed in RMB Yuan**

<u>Assets</u>	<u>2021-12-31</u>	<u>2020-12-31</u>
Due from banks and other financial institutions	1,006,879	272,930
Due from inter-bank	334,847,789	449,615,173
Interest receivable from inter-bank	16,001	10,701
Fixed assets	9,699	26,381
Right-of-use assets	77,416	-
Deferred tax assets	-	39,037
Other assets	61,556	61,621
<b>TOTAL ASSETS</b>	<b>336,019,340</b>	<b>450,025,843</b>
<b><u>LIABILITIES AND EQUITY:</u></b>		
<b>LIABILITIES:</b>		
Customer deposits	190,379,358	330,561,712
Payroll payables	485,599	545,003
Tax payable	163,864	231,186
Lease liabilities	67,321	-
Other liabilities	-	66,771
<b>TOTAL LIABILITIES</b>	<b>191,096,142</b>	<b>331,404,672</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	100,000,000	100,000,000
Retained earnings	44,923,198	18,621,171
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>144,923,198</b>	<b>118,621,171</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>336,019,340</b>	<b>450,025,843</b>

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

	<b>2021</b>	<b>2020</b>
<b>OPERATING INCOME</b>		
Interest income	2,853	3,012
Inter-bank interest income	12,017,531	8,403,389
Interest expense	(2,334,306)	(3,382,952)
Inter-bank interest expense	(330,470)	(740,486)
Net interest income	<u>9,355,608</u>	<u>4,282,963</u>
Fee and commission income	2,850	15,251,779
Inter-bank fee and commission income	21,051,523	-
Fee and commission expense	(755)	(4,225)
Net fee and commission income	<u>21,053,618</u>	<u>15,247,554</u>
Foreign exchange gains	1,570	57,885
Gains from disposal of assets	<u>-</u>	<u>68,641</u>
<b>TOTAL OPERATING INCOME</b>	<u><b>30,410,796</b></u>	<u><b>19,657,043</b></u>
<b>OPERATING EXPENSE</b>		
Business tax and surcharges	(149,009)	(107,622)
General and administrative expense	<u>(3,469,353)</u>	<u>(3,357,393)</u>
<b>TOTAL OPERATING EXPENSE</b>	<u><b>(3,618,362)</b></u>	<u><b>(3,465,015)</b></u>
<b>OPERATING PROFIT</b>	<b>26,792,434</b>	<b>16,192,028</b>
Less: Non-operating expense	<u>(431)</u>	<u>-</u>
<b>PROFIT BEFORE TAX</b>	<b>26,792,003</b>	<b>16,192,028</b>
Less: Income tax expense	<u>(493,870)</u>	<u>(269,116)</u>
<b>NET PROFIT</b>	<u><b>26,298,133</b></u>	<u><b>15,922,912</b></u>

# Organization Chart



## List of Domestic Operations

### Head Office

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### Tianjin Branch

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### Guangzhou Branch

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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.

东方汇理银行（中国）有限公司

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