



Credit Agricole Corporate and Investment Bank (China) Limited
2020 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 2020 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 26th, 2021.

The 2020 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.

Contents

1	Bank Profile
2	Group and Parent Bank Introduction
4	Message from the President
6	Management Report
11	Risk Management
19	Corporate Information
20	Important Events of the Year
21	Directors, Supervisor and Senior Management
27	Corporate Governance
34	Independent Auditor's Report
39	Financial Statements
148	Organization Chart
149	List of Domestic Operations
150	Glossary

Bank Profile

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

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

At present, CACIB (China) has five branches in Beijing, Shanghai, Tianjin, Xiamen and Guangzhou, with 197 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.

2020 Full Year Results of Crédit Agricole Group:

Financial year 2020	EUR
Shareholder's equity Group share	119.6 billion
Net income Group share	2 692 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	Negative outlook	Stable outlook	Negative outlook	Stable outlook
ST senior preferred debt	A-1	P-1	F1+	R-1 (middle)
Last rating date	Oct/2020	Sep/2019	Nov/2020	Sep/2020
Last rating action	LT / ST ratings affirmed; outlook unchanged	LT ratings upgraded; outlook changed to stable from positive; ST debt ratings confirmed	LT / ST ratings affirmed; outlook unchanged	LT / ST ratings affirmed; outlook unchanged

Parent Bank

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

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

Financing Activities

- Structured Finance
- Commercial Banking

Capital Markets and Investment Banking

- Global Markets Division
- Treasury Division
- Investment Banking

Wealth Management

Crédit Agricole Corporate and Investment Bank ID Card

Head office:

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

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

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

Message from the President



(Photo of China Executive Committee Members*)

CACIB (China) achieved very satisfactory results in 2020, with a total Operating Income of CNY506.9 million (over 10% increase as compared with 2019) and Net Profit of CNY134 million (around 41% increase as compared with 2019). Commercial activity with our large Corporate, Financial Institutions and local Multinational clients was very strong driven by good performance of our capital markets and financing products.

China represents a significant growth engine for CACIB in Asia-Pacific. We are continuously growing our local footprint and better serve our large client base.

In 2020, we have grown our footprint on capital market activities, thanks to a broader and diversified product offering. Our Bank has notably been awarded “RMB House of the Year” by Asia Risk Magazine, for our leading role in the internationalization of the RMB, for our innovation and for being a partner of choice in RMB financing.

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.

* 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)

Finally, CACIB (China) has enlarged its product offering for International Trade and cash management activities notably with the offer of top-up e-commerce service solutions.

In line with our Medium Term Plan (“MTP”), CACIB has grown its resources to match its ambitions: in September 2020, Crédit Agricole S.A. successfully issued a second CNY1 billion senior preferred bond issuance with a 3-year tenor, following our first issuance realized in December 2019. Proceeds are used locally to support the real economy in China and fund our growing corporate loan portfolio.

Hiring has been very active in 2020, mostly focused on Coverage and Capital Market activities, highlighting our growing ambitions in China. We will continue to hire more staff locally in 2021.

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

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 clients;
- deepening our relationship with our clients;
- supporting our Financial Institution clients to the internationalization of China economy; and
- accompanying our growing Multinational clientele in China.

Every day, our teams located in five different locations (Beijing, Shanghai, Xiamen, Tianjin and Guangzhou) make the commitment to fulfill our objectives and serve at their best our clients.

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.) and cross-border RMB services.

Capital Markets

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

Structured Finance

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

Syndication Market

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

Human Resources

As at the end of 2020, the Bank has 197 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	88	45%
	Between 41 and 50	47	24%
	Above 51	14	7%
Educational Background	Holders of a Master's degree and above	91	46%
	Bachelor degree holders	86	44%
	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	15%	17%
From Supervisor to deputy Manager	13%	26%
Below Supervisor	9%	20%

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 2020 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 2020 the Bank has paid a total of CNY33,736,773 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 2020.

Corporate Social Responsibilities

In 2020, 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 2019, our bank has donated a total of 25,000 trees planted in Inner Mongolia and 25,000 shrubs planted in Ningxia by Roots & Shoots in an effort to offset its carbon footprint. In 2020, another 15,000 shrubs were donated by our bank. The Shanghai Roots & Shoots Million Tree Project which began in 2007, aims to raise community awareness of the Earth's precious environment while focusing on steps individuals can take to lessen their negative impact on the natural world. The project gives individuals and organizations an opportunity to fight global warming by planting oxygen-producing trees in Inner Mongolia, China. It also encompasses true capacity building as the local population is intimately involved with, and benefits from, every step of planting, maintaining and monitoring the trees.

Our sponsorship with "Couleurs de Chine" provides scholarship sponsorship for 8 primary school students and 4 high school students in Miao Autonomous County of Rongshui from 2018/2019 school years, 2019/2020 school years and 2020/2021 school years, with a total sponsorship amount of CNY80,000. "Couleurs de Chine" is an NGO with an established reputation. "Couleurs de Chine" has been aiming to grant schooling for young children (mainly girls) from the ethnic minorities of the Great Miao Mountains in China since 1998. In the last 20 years, the objectives of providing schooling for over 12,000 students and financing over 80 schools and dormitories have been successfully achieved.

In December 2020, our bank donated CNY 100,000 to NGO 'China Foundation for Poverty Alleviation', the fund is used to support the poor students in Tongjiang No. 2 Middle School in Sichuan Province to continue their education. It will also motivate the children to study hard and enhance their consciousness of giving back to the society.

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

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

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

Risk Management

Governance

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

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

- The RMC, the Connected Transaction Control Committee and the Internal Audit Committee under the BOD;
- Internal Control Committee (“ICC”), 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 2020, there is no breach of these risk indicators.

The comprehensive risk management framework of our bank covers all kinds of risks. From the perspective of corporate governance, 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 2020, under the impact of COVID-19, the global financial market presented high volatility, whilst the real economy has been greatly harmed. Default rate in domestic market was high during the year. Along with the stability of the domestic epidemic prevention, monetary policy is expected to remain stable. Our bank will continue to pay attention to risk exposure in relevant sectors. In 2020, the quality of our credit portfolios however remains good. The Bank has installed a clear new client and new deal onboarding procedure to ensure selection of new clients are within the Bank's credit risk appetite. CACIB (China) client portfolio quality is ensured by selecting quality state-owned entities, sector leading private-owned entities and multi-national corporates' subsidiaries in China.

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

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

Portfolio review has been performed by RPC China in March 2020. Following that, quarterly review of selected clients, including site visits joined by Risk Management staff, is done to strengthen credit risk control during COVID-19. 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 2020, two stress test plans have been made with two separate actual tests. The results have been reported to RMC and BOD.

Market Risk

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

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

- Market risk management involves various indicators at different levels of aggregation which mainly include but not limited to Value-at-Risk ("VaR"), Sensitivity, Profit and Loss ("P&L") Annual and Monthly Loss Alert and Foreign Exchange (FX) Position;
- Market risk limits are reviewed, adjusted and approved or ratified by the Parent Bank and by the BOD at least once a year or if necessary on an ad-hoc basis taking into account commercial strategy, economic and market evolution and their impact on market risk;
- To complement VaR measurements, the Bank applies backtesting and stress scenarios to its market activities in order to simulate potential impact of extreme market turbulence on its book values;
- Daily P&L and risk report of all business and desks within Global Markets Division ("GMD") is monitored through Market Risk Dashboard; and
- China MRC meeting which is held on a monthly basis and if necessary on an ad-hoc basis. This committee reports to RMC directly.

The market risk management has been continuously maintained in a cautious manner. The market risk is overall under control.

Operational Risk

Operational risk is managed under “three lines of defence” mechanism within the Bank. In 2020, 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 points to the senior management.
- ORM conducts regular checks on the implementation of relevant policies according to internal procedures including block leave control, GMD staff access control to dealing room/Windows Session, deposit account fraud risk rolling inspection, clean desk spot check, PBOC credit information inquire inspection, etc. Besides, to enhance regulatory report management ORM commenced to perform 2nd level check on regulatory report on random basis each quarter from Q2 2020. Meanwhile, ORM will also act as 2nd level control on procedure review for all the departments to ensure timely update. All inspection results have been reported in ICC.
- Based on regulatory and Head Office requirements, list of outsourcing activities is updated and submitted to the Regulator on semi-annual basis and a review and assessment on all outsourcing activities including service provider as well as contract are conducted on annual basis. Outsourced activity managers as the first line of defence conduct overall assessment on responsible outsourcing activities, including the execution of outsourcing activities, information security and quality of services. Then as the second line of defence, ORM assesses the result and reports to the PCC and ICC. ORM issued annual assessment report on all outsourcing activities and submitted to the Regulator.
- In 2020, the annual operational risk self-assessment has been performed based on Head Office requirements as well as local regulatory requirements, which involves all business lines and support functions. The final assessment results have been reviewed and approved by RMC and BOD. Operational risk management importance is brought to the attention of the Executive Committee since its establishment in January 2020. During 2020, operational risk incidents were identified and resolved with more effectiveness and discipline at ICC/RMC. Branch visits were conducted by ORM/CRO. Following which, operational risk training is conducted to all staff.

Overall, operational risk management effectiveness has been improved in 2020.

Liquidity Risk

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

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

Policy and Objectives

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

Liquidity Management

Medium-Long-Term Liquidity Management

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

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

Short-Term Liquidity Management

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

Contingency Funding Plan and Liquidity Ratios

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

CACIB (China) closely monitors regulatory liquidity ratios:

- Daily liquidity ratio was properly controlled above 25% during 2020.
- The average loan-to-deposit ratio was 79.29% during December 2020.

- High quality liquidity asset adequacy ratio (“HQLAAR”) evaluates whether banks have sufficient high quality assets to cover short term liquidity gaps under stress, with minimum requirement $\geq 100\%$. As of December 31st, 2020, CACIB (China)’s HQLAAR reached 138.07%.
- Liquidity matching ratio (“LMR”) is a compulsory ratio effective from January 1st, 2020, with minimum requirement $\geq 100\%$. As of December 31st, 2020, CACIB (China)’s LMR reached 121.21%. CACIB (China) will continuously optimize the structure of balance sheet for regulatory requirement on LMR in 2021.

Liability quality management system and the status of liability quality

The liquidity management system of CACIB (China) covers liability quality management. In 2020, the balance of deposits was relatively stable. 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 31st, 2020, 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 2020” which require the standard loan provision rate shall be 1.5% and the standard provision coverage rate shall be 120%. As of December 31st, 2020, CACIB (China) has no non-performing loan, the provision coverage rate was N/A, and standard loan provision rate was 2%.

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 2020, 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 31st, 2020, 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, 12th Floor, Office Tower 2, Plaza 66,
1266 West Nanjing Road, Jing'an District, Shanghai 200040, PRC

Telephone: 86 21 38566888

Facsimile: 86 21 38566922

SWIFT – CRLYCNSH

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

Registration Date

July 1st, 2009

Authority of Registration

Shanghai Administration of Industry and Commerce

Unified Social Credit Code

91310000691565587J

Financial Institution License Serial Number

B1022H131000001

Registered Capital

Renminbi 4,796,000,000

Legal Representative

Nicolas Jean Francois VIX

Auditor

Ernst & Young Hua Ming LLP

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

Important Events of the Year

No

Directors, Supervisor and Senior Management

1. Composition

Supervisor
BÉLORGEY, Olivier

Board of Directors	
ROY, Michel	Chairman, Non-executive Director
VIX, Nicolas	Vice-Chairman, Executive Director
TCHOURBASSOFF, André	Executive Director
HONG, Didier	Executive Director
MARTIN, François ¹	Non-executive Director
BALAÏ, Jean- François	Non-executive Director
COMBE-GUILLEMET, Hélène	Non-executive Director
BLANCHARD, Dominique	Non-executive Director
PROUTIERE, Laurent ²	Non-executive Director
WU, Zhi Ge	Independent Non-executive Director
CHAN, Wen-Yueh ³	Independent Non-executive Director

Senior Management	
VIX, Nicolas	President (Legal Representative), Senior Country Officer
TCHOURBASSOFF, André	Vice-President, Chief Operating Officer
JING, Catherine	Chief Risk Officer
YE, Ming	Chief Financial Officer
FU, Di	Head of Compliance
SUN, Vanessa	Head of Internal Audit
YIP, Martin	Chief Information Officer
LING, Maggie	Secretary to the Board of Directors
HONG, Didier	Head of Shanghai Branch

¹ Mr. François MARTIN has resigned from the position as a Non-executive Director from March 25th, 2021.

² Subject to CBIRC approval

³ Subject to CBIRC approval


YUAN, Arthur	Head of Beijing Branch
PAN, Frank	Head of Guangzhou Branch
LI, Davy	Head of Tianjin Branch
HSIEH, Henry	Head of Xiamen Branch

2. Working Experience and Other Positions held by Directors and Supervisor¹

a. Directors

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

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

¹ Only including Directors and Supervisor whose post-taking qualification has been approved



TCHOURBASSOFF,
André

Professional experience:

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

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

Education:

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



HONG,
Didier

Professional experience:

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

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

Education:

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



BALAÿ,
Jean-François

Professional experience:

Jean-François Balaÿ has been appointed Deputy Chief Executive Officer of CACIB on January 1st, 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.



MARTIN,
François

Professional experience:

François Martin has been appointed as Senior Country Officer for Crédit Agricole CIB Russia in January 2021. Previously he was the Senior Country Officer for Hong-Kong since August 2016 and has been also appointed as Head of Structured Finance Asia from November 2016.

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

François Martin was appointed Non-executive Director of CACIB (China) in January 2014 and has resigned from the position as a Non-executive Director from March 25th, 2021.

Education:

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



**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.

Education:

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

b. Supervisor



**BÉLORGEY,
Olivier**

Professional experience:

Olivier BÉlorgey is appointed Deputy Chief Executive Officer of CACIB on January 1st, 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 2020, the Board of Directors held four ordinary meetings, on March 25th, June 17th, September 24th and December 16th respectively, during which the Board of Directors reviews and approves various matters, including the corporate governance, risk control, compliance management, development strategy, 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 2020, there was no change to the composition of the Board of Directors.

Shareholder's Meeting

Not applicable

Specialized Committees under the Board of Directors

In 2020, the Specialized Committees under the Board fully discharged their duties in accordance with their respective Terms of References and the authorization of the Board. The Specialized Committees regularly convened meetings and reported to the Board, playing an important role in the meticulous and effective decision-making of the Board.

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

Internal Audit Committee

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

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

Risk Management Committee

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

- to review the Bank's risk management structure
- to review the Bank's risk management objectives and strategy
- to review and coordinate the establishment of limits of main risk indicators
- to evaluate the Bank's risk limits on a periodic basis
- to supervise and guide the risk identification, measurement and monitoring

- to ensure that the Bank has established an effective risk analysis and reporting mechanism

Connected Transaction Control Committee

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

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

Pricing Methodology

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

Compensation & Nomination Committee

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

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

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

Independent Non-Executive Director

Members of the Board of Directors include one (1) Independent Non-executive Director, Mr. WU Zhi Ge. 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.

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

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

In 2020, Mr. WU attended 4 meetings of the Board, 4 meetings of the Internal Audit Committee, 4 meetings of the Connected Transaction Control Committee and 1 meeting of the Compensation and Nomination Committee. With extensive professional knowledge and practical experience, he fully discharges his duties and responsibilities through expressing objective and impartial opinions as well as providing valuable and constructive suggestions to the Bank.

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

No different opinions were raised by the Independent Non-executive Director on the resolutions of the Board of Directors and the specialized committees under the Board of Directors of the Bank in 2020.

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 2020, the Supervisor was in attendance of 4 of the Board meetings.

Senior Management

In accordance with the Articles of Association and subsequent Board of

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

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

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

Responsibility Statement of Directors on Financial Reports

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

The financial statements for the year ending on December 31st, 2020 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 2020, the Board of Directors resolved to re-appoint Ernst & Young Hua Ming LLP ("Ernst & Young") as the Bank's Public Accountants for the year 2020.

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 2020

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.

Index

	Page
Part One AUDITORS'REPORT	36 – 38
Part Two AUDITED FINANCIAL STATEMENTS	
1. Balance Sheet	39 – 40
2. Income Statement	41
3. Statement of Changes in Equity	42 – 43
4. Statement of Cash Flows	44 – 45
5. Notes to Financial Statements	46 – 130

Auditors' Report

Ernst & Young Hua Ming (2021) 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 2020, 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 2020 and the Bank's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

(II) Basis for Opinion

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

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

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

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

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

Auditors' Report (continued)

Ernst & Young Hua Ming (2021) 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.

Auditors' Report (continued)

Ernst & Young Hua Ming (2021) 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.

Ernst & Young Hua Ming LLP,
Shanghai Branch

Zhou, Mingjun

Chinese Certified Public Accountant

Shanghai, the People's Republic of China

Chen, Lijing

Chinese Certified Public Accountant

Mar 24th, 2021

CREDIT AGRICOLE CIB (CHINA) LIMITED
BALANCE SHEET
31 December 2020
(Unless otherwise stated, expressed in Renminbi Yuan)

<u>ASSETS:</u>	<u>Note 5</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
Cash and due from the central bank	1	2,177,460,581	2,248,462,616
Due from banks and other financial institutions	2	800,139,356	295,244,748
Placements with banks and other financial institutions	3	7,809,716,752	5,027,383,274
Financial assets at fair value through profit or loss	4	1,531,808,660	-
Derivative financial assets	5	6,381,221,990	2,035,501,378
Interest receivables	6	75,736,694	68,973,134
Loans and advances to customers	7	8,942,740,422	7,506,314,408
Held-to-maturity investment	8	1,707,699,514	1,178,908,975
Account receivables investments	9	2,899,148,000	1,144,373,000
Fixed assets	10	6,813,107	7,494,624
Intangible assets	11	3,367,765	972,145
Deferred tax assets	12	77,319,822	33,745,291
Other assets	13	<u>98,357,311</u>	<u>650,997,965</u>
TOTAL ASSETS		<u>32,511,529,974</u>	<u>20,198,371,558</u>

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

CREDIT AGRICOLE CIB (CHINA) LIMITED
BALANCE SHEET (continued)
31 December 2020
(Unless otherwise stated, expressed in Renminbi Yuan)

<u>LIABILITIES:</u>	<u>Note 5</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
Due to banks and other financial institutions	14	1,000,408,901	55,298
Placements from banks and other financial institutions	15	8,204,369,915	1,209,286,000
Derivative financial liabilities	5	6,303,911,565	2,112,181,440
Customer deposits	16	10,152,111,108	10,816,702,359
Payroll payables	17	47,676,845	37,458,465
Tax payables	18	59,002,996	35,586,212
Interest payables	19	45,292,654	32,311,989
Debt securities issued	20	797,498,511	397,920,951
Other liabilities	21	<u>509,643,281</u>	<u>196,533,288</u>
TOTAL LIABILITIES		<u>27,119,915,776</u>	<u>14,838,036,002</u>
<u>SHAREHOLDERS' EQUITY:</u>			
Paid-in capital	22	4,796,000,000	4,796,000,000
Capital reserve		2,881,771	2,881,771
Surplus reserve	23	129,082,128	115,676,921
General reserve	24	325,618,086	240,230,017
Retained earnings	25	<u>138,032,213</u>	<u>205,546,847</u>
TOTAL SHAREHOLDERS' EQUITY		<u>5,391,614,198</u>	<u>5,360,335,556</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>32,511,529,974</u>	<u>20,198,371,558</u>

The financial statements have been signed by:

President

Vice President

Chief Financial Officer

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

CREDIT AGRICOLE CIB (CHINA) LIMITED
INCOME STATEMENT
Year 2020
(Unless otherwise stated, expressed in Renminbi Yuan)

	<u>Note 5</u>	<u>Year 2020</u>	<u>Year 2019</u>
OPERATING INCOME			
Interest income	26	495,737,639	471,371,582
Interest expense	26	<u>(254,826,716)</u>	<u>(180,649,061)</u>
Net interest income		240,910,923	290,722,521
Fee and commission income	27	167,221,626	137,742,879
Fee and commission expense	27	<u>(50,122,677)</u>	<u>(54,213,293)</u>
Net Fee and commission income		117,098,949	83,529,586
Investment income	28	(13,817,943)	(16,693,050)
Gain/(Loss) from changes in fair value	29	(165,370,179)	16,131,449
Foreign exchange gain		302,784,055	55,695,752
Other operating income	30	25,243,707	27,877,000
Other gain	31	-	192,449
Gain from disposal of assets		<u>68,641</u>	<u>174,848</u>
TOTAL OPERATING INCOME		<u>506,918,153</u>	<u>457,630,555</u>
OPERATING EXPENSE			
Tax and surcharges	32	(4,011,589)	(5,683,316)
General and administrative expense	33	(294,145,305)	(245,229,683)
Impairment losses	34	(43,390,814)	(52,124,709)
Other operating expense	35	<u>5,832,721</u>	<u>(1,460,442)</u>
TOTAL OPERATING EXPENSE		<u>(335,714,987)</u>	<u>(304,498,150)</u>
OPERATING PROFIT		171,203,166	153,132,405
Non-operating income		3,686	65,990
Non-operating expense		<u>(316,764)</u>	<u>(184,634)</u>
PROFIT BEFORE TAX		170,890,088	153,013,761
Less: Income tax expense	36	<u>(36,838,023)</u>	<u>(58,081,024)</u>
NET PROFIT		<u>134,052,065</u>	<u>94,932,737</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Items that may be reclassified to profit or loss-Fair value gain on available-for-sale financial assets		-	-
TOTAL COMPREHENSIVE INCOME		<u>134,052,065</u>	<u>94,932,737</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 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	<u>4,796,000,000</u>	<u>2,881,771</u>	<u>115,676,921</u>	<u>240,230,017</u>	<u>205,546,847</u>	<u>5,360,335,556</u>
2. Movements during the year	<u>-</u>	<u>-</u>	<u>13,405,207</u>	<u>85,388,069</u>	<u>(67,514,634)</u>	<u>31,278,642</u>
(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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,773,423)</u>	<u>(102,773,423)</u>
3. Balance as at 31 December 2020	<u>4,796,000,000</u>	<u>2,881,771</u>	<u>129,082,128</u>	<u>325,618,086</u>	<u>138,032,213</u>	<u>5,391,614,198</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 (continued)
Year 2019
(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 2019	<u>3,196,000,000</u>	<u>2,881,771</u>	<u>106,183,648</u>	<u>189,076,846</u>	<u>171,260,554</u>	<u>3,665,402,819</u>
2. Movements during the year	<u>1,600,000,000</u>	<u>-</u>	<u>9,493,273</u>	<u>51,153,171</u>	<u>34,286,293</u>	<u>1,694,932,737</u>
(1) Total comprehensive- income	-	-	-	-	94,932,737	94,932,737
(2) Capital injections	1,600,000,000	-	-	-	-	1,600,000,000
(3) Profit distribution	-	-	9,493,273	51,153,171	(60,646,444)	-
1. Appropriation to surplus reserve	-	-	9,493,273	-	(9,493,273)	-
2. Appropriation to general reserve	-	-	-	51,153,171	(51,153,171)	-
3. Distribution to Shareholder	-	-	-	-	-	-
3. Balance as at 31 December 2019	<u><u>4,796,000,000</u></u>	<u><u>2,881,771</u></u>	<u><u>115,676,921</u></u>	<u><u>240,230,017</u></u>	<u><u>205,546,847</u></u>	<u><u>5,360,335,556</u></u>

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

CREDIT AGRICOLE CIB (CHINA) LIMITED
STATEMENT OF CASH FLOWS
Year 2020
(Unless otherwise stated, expressed in Renminbi Yuan)

	<u>Note 5</u>	<u>Year 2020</u>	<u>Year 2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net increase in customer deposits and due to banks and other financial institutions		335,762,352	4,144,010,051
Cash received from interest, service fee and commission		714,562,265	637,992,905
Net increase in placements from banks and other financial institutions		6,995,083,915	-
Cash received from other operating activities		<u>477,446,677</u>	<u>13,903,783</u>
Sub-total of cash inflows from operating activities		<u>8,522,855,209</u>	<u>4,795,906,739</u>
Net increase in due from banks and other financial institutions		508,554,095	674,558
Net increase due from the central bank		20,132,827	739,941,225
Net increase in loans and advances to customers		1,465,680,802	2,930,645,498
Net decrease in placements from banks and other financial institutions		-	2,506,000
Net increase in placements with banks and other financial institutions		2,980,482,146	929,550,884
Payments made for interest, service fee and commission		297,668,058	191,306,204
Cash paid to and on behalf of employees		147,675,936	147,386,391
Cash paid for all types of taxes		59,835,207	52,743,732
Cash paid for other operating activities		<u>131,810,219</u>	<u>89,411,832</u>
Sub-total of cash outflows from operating activities		<u>5,611,839,290</u>	<u>5,084,166,324</u>
Net cash flows from operating activities	37	<u>2,911,015,919</u>	<u>(288,259,585)</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 2020
(Unless otherwise stated, expressed in Renminbi Yuan)

	<u>Note 5</u>	<u>Year 2020</u>	<u>Year 2019</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from maturity of investments	65,395,956,270	166,186,085,649	
Cash received from investment income	103,378,659	67,032,560	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<u>68,641</u>	<u>174,848</u>	
Sub-total of cash inflows from investing activities	<u>65,499,403,570</u>	<u>166,253,293,057</u>	
Cash paid for purchase of fixed assets, intangible assets and other long term assets	8,451,517	9,229,107	
Cash paid for investment	<u>68,888,958,044</u>	<u>166,669,569,536</u>	
Sub-total of cash outflows from investing activities	<u>68,897,409,561</u>	<u>166,678,798,643</u>	
Net cash flows from investing activities	<u>(3,398,005,991)</u>	<u>(425,505,586)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment absorption	-	1,600,000,000	
Cash received from bond issuance	<u>778,926,800</u>	<u>980,263,200</u>	
Sub-total of cash inflows from financing activities	<u>778,926,800</u>	<u>2,580,263,200</u>	
Cash paid for debt repayment	387,825,200	592,438,000	
Cash paid for attributable of dividends	102,773,423	-	
Cash paid for payment of interest	<u>12,174,802</u>	<u>7,562,000</u>	
Subtotal of cash outflows from financing activities	<u>502,773,425</u>	<u>600,000,000</u>	
Net cash flows from financing activities	<u>276,153,375</u>	<u>1,980,263,200</u>	
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(69,477,598)</u>	<u>10,095,823</u>	
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS	(280,314,295)	1,276,593,852	
Add: Cash and cash equivalents at beginning of the year	<u>2,318,860,090</u>	<u>1,042,266,238</u>	
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	38 <u>2,038,545,795</u>	<u>2,318,860,090</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 2020
(Unless otherwise stated, expressed in RMB Yuan)

1. GENERAL INFORMATION

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

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

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

2. Preparation basis of the financial statements

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises - Basic Standard 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.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant requirements.

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

2. Preparation basis of the financial statements (continued)

Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Group and the Company as at 31 December 2020, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

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.

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

3. Significant accounting policies and estimates (continued)

(4) Foreign currency transactions (continued)

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

(5) Financial instruments

Recognition and derecognition of financial instruments

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

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

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

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

3. Significant accounting policies and estimates (continued)

(5) Financial instruments (continued)

Recognition and derecognition of financial instruments (continued)

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

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

Classification and measurement of financial instruments

Financial assets at fair value through profit or loss

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

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

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

3. Significant accounting policies and estimates (continued)

(5) Financial instruments (continued)

Classification and measurement of financial instruments (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity date and which the Bank has the positive intention and ability to hold to maturity. For such financial assets, they are initially recorded at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from amortization or impairment and derecognition are recognized in profit or loss.

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

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

3. Significant accounting policies and estimates (continued)

(5) Financial instruments (continued)

Classification and measurement of financial instruments (continued)

Held-to-maturity investments (continued)

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. For such financial assets, they are initially recorded at fair value plus any directly attributable transaction costs that are attributable to the acquisition of the financial assets, and are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from amortization or impairment are recognized in profit or loss.

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

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

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

3. Significant accounting policies and estimates (continued)

(5) Financial instruments (continued)

Classification and measurement of financial instruments (continued)

Available-for-sale financial assets

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

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

Financial liabilities at fair value through profit or loss

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

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

3. Significant accounting policies and estimates (continued)

(5) Financial instruments (continued)

Classification and measurement of financial instruments (continued)

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

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

Other financial liabilities

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

Offsetting financial instruments

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

Financial guarantee contracts

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

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

3. Significant accounting policies and estimates (continued)

(6) Repurchase and reverse repurchase transactions

Securities and bills sold subject to repurchase agreements (“Repos”) continue to be recognized 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 recognized. The receivables are recorded as “Reverse repurchase financial assets”, as appropriate.

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

(7) Derivatives

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

3. Significant accounting policies and estimates (continued)

(8) Fixed assets

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

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

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

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

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

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

3. Significant accounting policies and estimates (continued)

(9) Intangible assets

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

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

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

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

(10) Long-term deferred expenses

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

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

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

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

3. Significant accounting policies and estimates (continued)

(11) Impairment of assets

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

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

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

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

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

(12) Employee benefits

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

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

3. Significant accounting policies and estimates (continued)

(12) Employee benefits (continued)

Post-employment benefit (defined contribution plans)

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

(13) Contingent liabilities

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

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

(14) Accrued liability

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

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

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

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

3. Significant accounting policies and estimates (continued)

(15) Recognition of income and expense

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

Interest income and expense

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

Fee and commission income

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

(16) Government subsidies

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

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

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

3. Significant accounting policies and estimates (continued)

(16) Government subsidies (continued)

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

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

(17) Income tax

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

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

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

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

3. Significant accounting policies and estimates (continued)

(17) Income tax (continued)

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

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

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

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

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

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

3. Significant accounting policies and estimates (continued)

(17) Income tax (continued)

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

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

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

(18) Operating leases

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

The Bank records the operating leasing as lessee

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

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

3. Significant accounting policies and estimates (continued)

(19) Fair value measurement

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

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

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

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

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

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

3. Significant accounting policies and estimates (continued)

(20) Significant accounting judgment and estimates

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

Impairment losses of loans and advances

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

Fair value of financial instruments

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

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

3. Significant accounting policies and estimates (continued)

(20) Significant accounting judgment and estimates (continued)

Income tax

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

Classification of investment

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

Derecognition of financial instruments

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

(21) Changes in accounting policies and estimates

Scope of related party disclosure

According to Accounting Standard for Business Enterprises Interpretation No.13, from 1 January 2020, the following parties which were not considered as related party previously are treated as related parties: associates or joint ventures of other members (including a parent and subsidiary) of a group of which the Company is a member, and their subsidiaries, associates or joint ventures of an entity that has joint control over the Company, and their subsidiaries, joint ventures of an entity that has significant influence over the Company, and their subsidiaries, subsidiaries of joint ventures, subsidiaries of associates.

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

4. Taxes

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

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

5. Notes to financial statements

(1) Cash and due from the central bank

	2020-12-31	2019-12-31
Cash on hand	97,974	145,555
Statutory deposit reserve with the central bank - RMB	1,034,404,786	990,905,689
Statutory deposit reserve with the central bank - FCY	71,983,944	124,042,870
Excess reserve with the central bank	376,633,458	467,720,739
Foreign exchange risk reserve with the central bank	<u>694,340,419</u>	<u>665,647,763</u>
Total	<u><u>2,177,460,581</u></u>	<u><u>2,248,462,616</u></u>

The Bank places statutory deposit reserves with the People’s Bank of China (PBOC) in accordance with relevant regulations issued by it. The required statutory deposit reserve ratios are 5% (2019: 5%) of the balance of customer deposits denominated in foreign currencies, and 10.5% (2019: 11.0%) of the balance of customer deposits denominated in RMB.

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

5. Notes to financial statements (continued)

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

The Bank places foreign exchange risk reserve with the PBOC monthly in accordance with relevant regulations since October 2015. The 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

	2020-12-31	2019-12-31
Due from domestic banks	554,843,366	59,884,934
Due from foreign banks	<u>246,528,633</u>	<u>236,542,527</u>
Sub-total	<u>801,371,999</u>	<u>296,427,461</u>
Less: Impairment provisions for due from banks (Note 1)	<u>(1,232,643)</u>	<u>(1,182,713)</u>
Net amount of due from banks	<u><u>800,139,356</u></u>	<u><u>295,244,748</u></u>

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

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

5. Notes to financial statements (continued)

(3) Placements with banks and other financial institutions

	2020-12-31	2019-12-31
Placements with domestic banks	7,057,347,008	4,183,280,600
Placements with overseas banks	<u>795,612,605</u>	<u>874,766,744</u>
Sub-total	<u>7,852,959,613</u>	<u>5,058,047,344</u>
Less: Impairment provisions for placements with banks and other financial institutions (Note 1)	<u>(43,242,861)</u>	<u>(30,664,070)</u>
Net amount of placements with banks and other financial institutions	<u><u>7,809,716,752</u></u>	<u><u>5,027,383,274</u></u>

Note1: Impairment provisions for placements with banks and other financial institutions include the country risk reserve provided according to Yin Jian Fa [2010] No. 45 "Circular of the China Banking Regulatory Commission on Printing and Distributing the Guidelines for Country Risk Management of the Banking Financial Institutions" issued by CBIRC, amount to RMB 3,978,063 in 2020 (2019: RMB 5,373,833).

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

	2020-12-31	2019-12-31
Held-for-trading financial assets		
Bond investments:		
Government bonds	1,340,783,110	-
Financial bonds issued by policy banks	<u>191,025,550</u>	<u>-</u>
Net amount of held-for-trading financial assets	<u><u>1,531,808,660</u></u>	<u><u>-</u></u>

(5) Derivative financial instruments

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

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

5. Notes to financial statements (continued)

(5) Derivative financial instruments (continued)

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

The Bank has no derivative designated as hedging instruments.

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

2020-12-31

	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)
Sub-total	386,286,725,109	5,904,384,159	(5,886,163,253)
Provisions for foreign exchange contracts (Note 1)	-	(2,414,111)	-
Net amount of foreign exchange contracts	386,286,725,109	5,901,970,048	(5,886,163,253)
Interest rate contracts			
Swaps	109,808,225,507	324,619,584	(358,097,356)
Cross-currency swaps	2,189,735,064	109,465,618	(14,386,249)
Sub-total	111,997,960,571	434,085,202	(372,483,605)
Provisions for interest rate contracts (Note 1)	-	(560)	-
Net amount of interest rate contracts	111,997,960,571	434,084,642	(372,483,605)
Non-deliverable forwards	2,004,686,314	45,233,891	(45,264,707)
Sub-total	2,004,686,314	45,233,891	(45,264,707)
Provisions for non-deliverable forward contracts (Note 1)	-	(66,591)	-
Net amount of non-deliverable forward contracts	2,004,686,314	45,167,300	(45,264,707)
Total	500,289,371,994	6,381,221,990	(6,303,911,565)

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

5. Notes to financial statements (continued)

(5) Derivative financial instruments (continued)

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

2019-12-31

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

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

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

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

(6) **Interest receivables**

	31-12-2020	31-12-2019
Interest receivables on loans	23,949,257	21,800,488
Interest receivables from banks	18,720,158	12,890,737
Interest receivables on bonds	<u>33,124,944</u>	<u>34,337,356</u>
Sub-total	<u>75,794,359</u>	<u>69,028,581</u>
Less: Impairment provisions for interest receivables (Note 1)	<u>(57,665)</u>	<u>(55,447)</u>
Net amount of interest receivables	<u><u>75,736,694</u></u>	<u><u>68,973,134</u></u>

Note 1: Impairment provisions for interest receivables represent the country risk reserve provided according to Yin Jian Fa [2010] No. 45 "Circular of the China Banking Regulatory Commission on Printing and Distributing the Guidelines for Country Risk Management of the Banking Financial Institutions" issued by CBIRC.

Note 2: As at 31 December 2020 and 31 December 2019, there isn't any overdue interest receivables.

Movements of interest receivables:

	Interest receivables on loans	Interest receivables from banks	Interest receivables on bonds	Total
2020				
Opening balance	<u>21,800,488</u>	<u>12,890,737</u>	<u>34,337,356</u>	<u>69,028,581</u>
Accrued	352,306,386	163,373,124	99,072,890	614,752,400
Received	<u>350,157,617</u>	<u>157,543,703</u>	<u>100,285,302</u>	<u>607,986,622</u>
Closing balance	<u><u>23,949,257</u></u>	<u><u>18,720,158</u></u>	<u><u>33,124,944</u></u>	<u><u>75,794,359</u></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)

5. Notes to financial statements (continued)

(6) Interest receivables (continued)

Movements of interest receivables (continued):

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

(7) Loans and advances to customers

7.1 Distribution of loans and advances by corporate

	31-12-2020	31-12-2019
Corporate loans and advances:		
- Loans	8,265,919,006	6,605,067,530
- Trade finance	<u>859,380,600</u>	<u>1,054,551,274</u>
Sub-total	<u>9,125,299,606</u>	<u>7,659,618,804</u>
Less: Impairment provisions for loans (Note 1)	<u>(182,559,184)</u>	<u>(153,304,396)</u>
Net value of loans and advances to customers	<u>8,942,740,422</u>	<u>7,506,314,408</u>

Note 1: Impairment provisions for loans include the country risk reserve provided according to Yin Jian Fa [2010] No. 45 "Circular of the China Banking Regulatory Commission on Printing and Distributing the Guidelines for Country Risk Management of the Banking Financial Institutions" issued by CBIRC, amount to RMB zero in 2020 (2019: RMB zero).

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

5. Notes to financial statements (continued)

(7) Loans and advances to customers (continued)

7.2 Distribution of loans and advances to customers by industry

	31-12-2020		31-12-2019	
	Amount	%	Amount	%
Manufacturing	4,058,800,336	44	3,843,669,746	50
Wholesale and retail	2,560,309,650	28	2,210,897,454	29
Real estate	880,089,579	10	263,467,155	3
Finance	700,824,337	8	-	-
Telecommunication, software and information technology service	487,260,930	5	367,559,396	5
Leasing and business services	422,518,666	5	765,138,517	10
Agriculture, forestry, animal husbandry and fishery	-	-	133,596,320	2
Production and supply of electricity, heat, gas and water	-	-	52,925,317	1
Others	15,496,108	-	22,364,899	-
	<u>9,125,299,606</u>	<u>100</u>	<u>7,659,618,804</u>	<u>100</u>
Total amount of loans and advances				
Impairment provisions for loans	<u>(182,559,184)</u>		<u>(153,304,396)</u>	
Net value of loans and advances	<u>8,942,740,422</u>		<u>7,506,314,408</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)

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

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

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

	31-12-2020		31-12-2019	
	Amount	%	Amount	%
East	4,894,838,633	54	4,217,612,298	55
North	2,306,512,507	25	794,248,215	10
South	1,192,201,859	13	1,443,353,529	19
Northwest	442,542,857	5	510,374,762	7
Southwest	289,203,750	3	694,030,000	9
Total amount of loans and advances	9,125,299,606	100	7,659,618,804	100
Impairment provisions for loans	(182,559,184)		(153,304,396)	
Net value of loans and advances	8,942,740,422		7,506,314,408	

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

	31-12-2020	31-12-2019
Unsecured loans	3,079,062,404	2,694,689,983
Guaranteed loans	2,662,581,404	1,524,038,071
Secured by pledges	2,426,668,232	3,331,635,333
Secured by mortgages	956,987,566	109,255,417
Total amount of loans and advances	9,125,299,606	7,659,618,804
Impairment provisions for loans	(182,559,184)	(153,304,396)
Net value of loans and advances	8,942,740,422	7,506,314,408

7.5 **Overdue loans**

As at 31 December 2020 and 31 December 2019, there isn't any overdue loans.

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

5. Notes to financial statements (continued)

(7) Loans and advances to customers (continued)

7.6 Impairment provisions for loans

	Collective	Individual	Total
2020			
Opening balance	<u>153,304,396</u>	-	<u>153,304,396</u>
Charge during the year (Notes 5, 34)	<u>29,254,788</u>	-	<u>29,254,788</u>
Closing balance	<u><u>182,559,184</u></u>	<u>-</u>	<u><u>182,559,184</u></u>
2019			
Opening balance	<u>118,362,835</u>	-	<u>118,362,835</u>
Charge during the year (Notes 5, 34)	<u>34,941,561</u>	-	<u>34,941,561</u>
Closing balance	<u><u>153,304,396</u></u>	<u>-</u>	<u><u>153,304,396</u></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)

5. Notes to financial statements (continued)

(8) Held-to-maturity investment

	31-12-2020	31-12-2019
Government bonds	998,936,169	-
Financial bonds issued by policy banks	499,813,345	969,958,975
Financial bonds issued by non-bank financial institutions	<u>210,000,000</u>	<u>210,000,000</u>
Sub-total	<u>1,708,749,514</u>	<u>1,179,958,975</u>
Less: Impairment provisions for held-to-maturity investment (Note 1)	<u>(1,050,000)</u>	<u>(1,050,000)</u>
Net amount of held-to-maturity investment	<u><u>1,707,699,514</u></u>	<u><u>1,178,908,975</u></u>

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

(9) Account receivables investments

	31-12-2020	31-12-2019
Asset-based security	<u><u>2,899,148,000</u></u>	<u><u>1,144,373,000</u></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)

5. Notes to financial statements (continued)

(10) Fixed assets

	Office equipment and motor vehicles	Computers	Total
Cost:			
At 1 January 2019	<u>6,505,224</u>	<u>15,215,087</u>	<u>21,720,311</u>
Additions	742,035	5,054,946	5,796,981
Disposals	<u>(146,961)</u>	<u>(217,272)</u>	<u>(364,233)</u>
At 31 December 2019	<u>7,100,298</u>	<u>20,052,761</u>	<u>27,153,059</u>
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	<u>6,672,689</u>	<u>20,676,709</u>	<u>27,349,398</u>
Accumulated depreciation:			
At 1 January 2019	<u>5,226,121</u>	<u>12,514,567</u>	<u>17,740,688</u>
Additions	632,371	1,649,609	2,281,980
Disposals	<u>(146,961)</u>	<u>(217,272)</u>	<u>(364,233)</u>
At 31 December 2019	<u>5,711,531</u>	<u>13,946,904</u>	<u>19,658,435</u>
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	<u>5,736,294</u>	<u>14,799,997</u>	<u>20,536,291</u>
Net book value:			
At 31 December 2020	<u>936,395</u>	<u>5,876,712</u>	<u>6,813,107</u>
At 31 December 2019	<u>1,388,767</u>	<u>6,105,857</u>	<u>7,494,624</u>
At 1 January 2019	<u>1,279,103</u>	<u>2,700,520</u>	<u>3,979,623</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)

5. Notes to financial statements (continued)

(11) Intangible assets

	Software	Projects under construction	Total
Cost:			
At 1 January 2019	<u>14,609,606</u>	-	<u>14,609,606</u>
Additions	741,804	-	741,804
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>15,351,410</u>	-	<u>15,351,410</u>
Additions	1,148,260	1,914,811	3,063,071
Disposals	<u>(13,860)</u>	<u>-</u>	<u>(13,860)</u>
At 31 December 2020	<u>16,485,810</u>	<u>1,914,811</u>	<u>18,400,621</u>
Accumulated amortisation:			
At 1 January 2019	<u>13,640,296</u>	-	<u>13,640,296</u>
Additions	738,969	-	738,969
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>14,379,265</u>	-	<u>14,379,265</u>
Additions	667,451	-	667,451
Disposals	<u>(13,860)</u>	<u>-</u>	<u>(13,860)</u>
At 31 December 2020	<u>15,032,856</u>	-	<u>15,032,856</u>
Net book value:			
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>
At 31 December 2019	<u><u>972,145</u></u>	<u><u>-</u></u>	<u><u>972,145</u></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)

5. Notes to financial statements (continued)

(12) Deferred tax assets

2020

Deferred tax assets/ (liabilities)	Opening balance	Credited/ (charged) to income statement	Credited/ (Charged) to equity	Closing balance
Impairment provisions	15,106,990	176,573	-	15,283,563
Changes in fair value of derivatives	10,240,045	43,989,066	-	54,229,111
Unrealized profit or loss on the 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 revenue	5,153,713	2,446,790	-	7,600,503
Intangible assets	(313,923)	(435,950)	-	(749,873)
Total	33,745,291	43,574,531	-	77,319,822

2019

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

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

5. Notes to financial statements (continued)

(13) Other assets

	Notes	31-12-2020	31-12-2019
Long-term deferred expenses	13.1	4,960,353	6,022,042
Input VAT to be verified		1,739,374	3,024,806
Other receivables	13.2	<u>91,896,476</u>	<u>641,951,117</u>
Sub-total		<u>98,596,203</u>	<u>650,997,965</u>
Less: Impairment provisions for other receivables		<u>(238,892)</u>	<u>-</u>
Other assets		<u><u>98,357,311</u></u>	<u><u>650,997,965</u></u>

13.1 Long-term deferred expenses

2020	Leasehold improvement	Others	Total
Opening balance	5,449,729	572,313	6,022,042
Additions	2,527,487	-	2,527,487
Amortisation	<u>(3,098,623)</u>	<u>(490,553)</u>	<u>(3,589,176)</u>
Closing balance	<u><u>4,878,593</u></u>	<u><u>81,760</u></u>	<u><u>4,960,353</u></u>
2019	Leasehold improvement	Others	Total
Opening balance	5,301,234	1,062,869	6,364,103
Additions	2,690,322	-	2,690,322
Amortisation	<u>(2,541,827)</u>	<u>(490,556)</u>	<u>(3,032,383)</u>
Closing balance	<u><u>5,449,729</u></u>	<u><u>572,313</u></u>	<u><u>6,022,042</u></u>

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

5. Notes to financial statements (continued)

(13) Other assets (continued)

13.2 Other receivables

	31-12-2020	31-12-2019
Option Premium receivables	27,503,751	53,536,706
Coverage service fee receivables (Note 11)	27,244,875	29,902,103
Fee and commission receivables	20,691,283	18,182,209
Cross-border settlement receivables	6,321,500	-
Rental deposits	4,315,222	3,843,682
Fx and derivatives settlement receivables	4,010,016	7,272,360
Bond settlement receivables	-	509,018,885
Guarantee deposit for business	-	18,654,791
Others	<u>1,809,829</u>	<u>1,540,381</u>
Total	<u><u>91,896,476</u></u>	<u><u>641,951,117</u></u>

(14) Due to banks and other financial institutions

	31-12-2020	31-12-2019
Due to overseas financial institutions	1,000,398,695	55,298
Due to domestic financial institutions	<u>10,206</u>	<u>-</u>
Total	<u><u>1,000,408,901</u></u>	<u><u>55,298</u></u>

(15) Placements from banks and other financial institutions

	31-12-2020	31-12-2019
Placements from overseas banks	7,643,228,515	1,209,286,000
Placements from domestic banks	<u>561,141,400</u>	<u>-</u>
Total	<u><u>8,204,369,915</u></u>	<u><u>1,209,286,000</u></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)

5. Notes to financial statements (continued)

(16) Customer deposits

	31-12-2020	31-12-2019
Time deposits	7,412,954,552	9,421,278,847
Demand deposits	2,667,594,214	1,359,329,124
Margin deposits	<u>71,562,342</u>	<u>36,094,388</u>
Total	<u><u>10,152,111,108</u></u>	<u><u>10,816,702,359</u></u>

(17) Payroll payables

	31-12-2020	31-12-2019
Amount unpaid		
Salary, bonus, subsidy and allowance	44,774,606	34,523,299
Social insurance	588,981	266,193
Labor union expenditure and staff education fee	593	578
Defined contribution plan	2,312,665	2,668,395
Of which:		
Pension fund	-	399,535
Unemployment insurance	-	12,485
Annuity	<u>2,312,665</u>	<u>2,256,375</u>
Total	<u><u>47,676,845</u></u>	<u><u>37,458,465</u></u>

	31-12-2020	31-12-2019
Amount payable		
Salary, bonus, subsidy and allowance	155,526,629	124,622,348
Housing fund	3,462,367	2,871,456
Social insurance	3,387,846	3,340,814
Labor union expenditure and staff education fee	3,111,947	2,588,719
Defined contribution plan	3,564,715	9,112,511
Of which:		
Pension fund	1,076,717	6,292,285
Unemployment insurance	46,004	209,565
Annuity	<u>2,441,994</u>	<u>2,610,661</u>
Total	<u><u>169,053,504</u></u>	<u><u>142,535,848</u></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)

5. Notes to financial statements (continued)

(18) Tax payables

	31-12-2020	31-12-2019
Company income tax payable	43,846,300	19,819,007
Unpaid Value-added tax	6,405,046	8,004,391
Withholding income tax	3,056,430	1,883,167
Withholding individual income tax	2,423,524	2,132,790
Withholding Value-added tax	2,341,217	3,245,784
Others	<u>930,479</u>	<u>501,073</u>
Total	<u>59,002,996</u>	<u>35,586,212</u>

(19) Interest payables

	31-12-2020	31-12-2019
Interest payable to banks	32,580,049	2,689,285
Interest payable to depositors	<u>12,712,605</u>	<u>29,622,704</u>
Total	<u>45,292,654</u>	<u>32,311,989</u>

The movement of interest payables:

	Interest payable to depositors	Interest payable to banks
1-1-2019	<u>6,881,453</u>	<u>1,296,553</u>
Accrued	138,427,091	42,221,970
Paid	<u>115,685,840</u>	<u>40,829,238</u>
31-12-2019	<u>29,622,704</u>	<u>2,689,285</u>
Accrued	133,337,072	121,489,645
Paid	<u>150,247,171</u>	<u>91,598,881</u>
31-12-2020	<u>12,712,605</u>	<u>32,580,049</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)

5. Notes to financial statements (continued)

(20) Debt securities issued

	31-12-2020	31-12-2019
Negotiable certificates of deposit	<u>797,498,511</u>	<u>397,920,951</u>
Total	<u><u>797,498,511</u></u>	<u><u>397,920,951</u></u>

As at 31 December 2020, the amount of debt securities issued listed below:

Issue date	Period	Notional amount	Opening balance	Issue amount	Accrued interest	Amortization or premium	Repayment	Ending balance
2019/2/28	1 year	200,000,000	199,002,295	-	-	997,705	(200,000,000)	-
2019/3/5	1 year	200,000,000	198,918,656	-	-	1,081,344	(200,000,000)	-
2020/1/15	1 year	500,000,000	-	484,886,500	-	14,494,094	-	499,380,594
2020/3/26	1 year	200,000,000	-	194,713,800	-	4,055,167	-	198,768,967
2020/12/28	3 months	100,000,000	-	99,326,500	-	22,450	-	99,348,950

(21) Other liabilities

	Notes	31-12-2020	31-12-2019
Accrued liability		84,329,533	90,162,254
Deferred income		28,392,473	15,013,845
Other payables	21.1	<u>396,921,275</u>	<u>91,357,189</u>
Total		<u><u>509,643,281</u></u>	<u><u>196,533,288</u></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)

5. Notes to financial statements (continued)

(21) Other liabilities (continued)

21.1 Other payables

	31-12-2020	31-12-2019
Trading Bonds & Notes Payable	150,283,186	-
Option Premium Payable	78,783,322	8,397,215
Refundable deposit	58,243,960	-
Technology maintenance fee to related party (Note 11)	25,836,831	10,835,461
Service fee to parent bank (Note 11)	23,476,118	18,733,488
Settlement fund	22,888,989	9,953,225
Guarantee fee to parent bank (Note 11)	14,266,410	11,979,976
CEFTS Commission Payable	4,713,719	7,799,298
Professional service fees payable	4,192,887	4,112,662
Temporary receipt of syndicated Credit arrangement fee	50,000	9,268,000
Others	<u>14,185,853</u>	<u>10,277,864</u>
Total	<u><u>396,921,275</u></u>	<u><u>91,357,189</u></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)

5. Notes to financial statements (continued)

(22) Paid-in capital

	2020		2019	
	RMB equivalent	%	RMB equivalent	%
CA-CIB	<u>4,796,000,000</u>	<u>100%</u>	<u>4,796,000,000</u>	<u>100%</u>

On December 31, 2020 and December 31, 2019, the registered capital and paid-in capital of the Bank amounted to 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 (2019) Yan Zi No 61114184_B01.

(23) Surplus reserves

2020	Opening balance	Increase	Decrease	Closing balance
surplus reserves	<u>115,676,921</u>	<u>13,405,207</u>	-	<u>129,082,128</u>
2019	Opening balance	Increase	Decrease	Closing balance
surplus reserves	<u>106,183,648</u>	<u>9,493,273</u>	-	<u>115,676,921</u>

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

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

5. Notes to financial statements (continued)

(24) General reserves

	2020	2019
Opening balance	240,230,017	189,076,846
Increase	<u>85,388,069</u>	<u>51,153,171</u>
Closing balance	<u><u>325,618,086</u></u>	<u><u>240,230,017</u></u>

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

The Bank appropriated general reserve amounting to RMB 85,388,069 according to the resolution passed by the Board of Directors on 24th March 2021 and the amount has been up to 1.5% of their gross risk assets at the year end of 2020.

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

5. Notes to financial statements (continued)

(25) Retained earnings

	2020	2019
Retained earnings brought forward	205,546,847	171,260,554
Net profit for the year	134,052,065	94,932,737
Less: Appropriation to surplus reserves	(13,405,207)	(9,493,273)
Appropriation to general reserves	(85,388,069)	(51,153,171)
Distribution to shareholder	<u>(102,773,423)</u>	<u>-</u>
Closing balance of retained earnings	<u><u>138,032,213</u></u>	<u><u>205,546,847</u></u>

The bank has appropriated retained earnings of RMB 102,773,423 to CREDIT AGRICOLE CIB LIMITED in 2020 (2019: zero).

(26) Net interest income

	2020	2019
Interest income:		
Loans and advances to customers	332,364,515	300,648,764
Placements with banks and other financial institutions	144,852,102	151,898,931
Due from the central bank	15,618,518	16,066,727
Due from banks and other financial institutions	2,643,813	2,471,830
Reverse repurchase agreements	<u>258,691</u>	<u>285,330</u>
Sub-total	<u><u>495,737,639</u></u>	<u><u>471,371,582</u></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)

5. Notes to financial statements (continued)

(26) Net interest income (continued)

	2020	2019
Interest expense:		
Customer deposits	133,337,072	138,427,091
Placements from banks and other financial institutions	82,329,373	24,261,856
Negotiable certificates of deposit	20,650,761	17,657,751
Due to banks and other financial institutions	15,560,898	79,884
Repurchase agreements	<u>2,948,612</u>	<u>222,479</u>
Sub-total	<u>254,826,716</u>	<u>180,649,061</u>
Net interest income	<u><u>240,910,923</u></u>	<u><u>290,722,521</u></u>

(27) Net fees and commission income

	2020	2019
Fees and commission income:		
Agency brokerage fees	118,705,332	100,174,577
Credit related income	26,394,714	18,593,129
Guarantee related income	15,968,402	12,622,623
Settlement and clearing fees	3,396,709	4,352,700
Others	<u>2,756,469</u>	<u>1,999,850</u>
Sub-total	<u>167,221,626</u>	<u>137,742,879</u>
Fees and commission expense:		
Fee expenses	<u>50,122,677</u>	<u>54,213,293</u>
Sub-total	<u>50,122,677</u>	<u>54,213,293</u>
Net fees and commission income	<u><u>117,098,949</u></u>	<u><u>83,529,586</u></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)

5. Notes to financial statements (continued)

(28) Investment income

	2020	2019
Net profit from financial assets investment	20,213,593	22,895,852
Bond interest income	81,952,654	71,525,765
Net realised loss on derivatives	<u>(115,984,190)</u>	<u>(111,114,667)</u>
Total	<u><u>(13,817,943)</u></u>	<u><u>(16,693,050)</u></u>

(29) Gain/(loss) from changes in fair values

	2020	2019
Derivative financial instruments	(175,956,262)	16,882,176
Financial assets at fair value through profit or loss	<u>10,586,083</u>	<u>(750,727)</u>
Total	<u><u>(165,370,179)</u></u>	<u><u>16,131,449</u></u>

(30) Other operating income

	2020	2019
Coverage service income	25,198,186	27,825,191
Others	<u>45,521</u>	<u>51,809</u>
Total	<u><u>25,243,707</u></u>	<u><u>27,877,000</u></u>

(31) Other gain

	2020	2019
Government subsidies associated with income	<u>-</u>	<u>192,449</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)

5. Notes to financial statements (continued)

(32) Tax and surcharges

	2020	2019
City construction tax	2,123,064	2,893,781
Education surcharge	909,884	1,240,192
Local education surcharge	606,590	740,040
Stamp duty	<u>372,051</u>	<u>809,303</u>
Total	<u><u>4,011,589</u></u>	<u><u>5,683,316</u></u>

(33) General and administrative expenses

	2020	2019
Staff costs	169,053,504	142,535,848
Operating expenses	117,292,698	96,640,503
Depreciation	3,542,476	2,281,980
Amortisation expenses for intangible assets	667,451	738,969
Amortisation for long-term deferred expenses	<u>3,589,176</u>	<u>3,032,383</u>
Total	<u><u>294,145,305</u></u>	<u><u>245,229,683</u></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)

5. Notes to financial statements (continued)

(34) Impairment losses

	2020	2019
Impairment losses of loans and advances	29,254,788	34,941,561
Impairment losses of placements with banks and other financial institutions	12,578,791	16,452,104
Impairment losses of derivative financial assets	1,266,195	66,476
Impairment losses of other receivables	238,892	-
Impairment losses of due from banks and other financial institutions	49,930	664,886
Impairment losses of interest receivables	<u>2,218</u>	<u>(318)</u>
Total	<u><u>43,390,814</u></u>	<u><u>52,124,709</u></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)

5. Notes to financial statements (continued)

(35) Other operating expenses

	2020	2019
Impairment losses for letter of guarantee	<u>(5,832,721)</u>	<u>1,460,442</u>

(36) Income tax expenses

	2020	2019
Current income tax expenses	80,412,554	25,653,784
Deferred income tax expenses	<u>(43,574,531)</u>	<u>32,427,240</u>
Total	<u>36,838,023</u>	<u>58,081,024</u>

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

	2020	2019
Profit before tax	170,890,088	153,013,761
Tax charge on a tax rate at 25%	42,722,522	38,253,440
Tax-free interest income of government bonds	(4,984,939)	(2,847,823)
Non-deductible items	(869,578)	995,367
Write of previously recognized deferred income tax	-	22,475,453
Adjustment in respect of current income tax expenses of previous periods	<u>(29,982)</u>	<u>(795,413)</u>
Total	<u>36,838,023</u>	<u>58,081,024</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)

5. Notes to financial statements (continued)

(37) Cash flows from operating activities

From net profit to cash flows from operating activities:

	2020	2019
Net profit:	134,052,065	94,932,737
Adjusted by:		
Impairment loss	43,390,814	52,124,709
Other operating expense	(5,832,721)	1,460,442
Interest expense of negotiable certificates of deposit	20,650,761	17,657,751
Depreciation and amortization	7,799,103	6,053,332
Fair value loss/(gains)	165,370,179	(16,131,449)
Gain from disposal of assets	(68,641)	(174,848)
Investment income	13,817,943	16,693,050
Increase/(Decrease) in deferred income tax	(43,574,531)	32,427,240
Increase in operating receivables	(4,969,802,170)	(4,634,784,974)
Increase in operating payables	<u>7,545,213,117</u>	<u>4,141,482,425</u>
Net cash provided by operating activities	<u><u>2,911,015,919</u></u>	<u><u>(288,259,585)</u></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)

5. Notes to financial statements (continued)

(38) Cash and cash equivalent

	31-12-2020	31-12-2019
Cash (notes 5, 1)	97,974	145,555
Excess reserves with the central bank (notes 5, 1)	376,633,458	467,720,739
Due from financial institutions with maturity less than three months from acquisition date	255,384,979	258,994,536
Placements with financial institutions with maturity less than three months from acquisition date	<u>1,406,429,384</u>	<u>1,591,999,260</u>
Closing balance of cash and cash equivalents	<u><u>2,038,545,795</u></u>	<u><u>2,318,860,090</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 December 2020	31 December 2019
Within 1 year	8,603,677	15,338,462
1 to 2 years	4,874,038	5,194,340
2 to 3 years	3,932,777	2,083,925
After 3 years	<u>7,737,784</u>	<u>1,944,326</u>
Total	<u><u>25,148,276</u></u>	<u><u>24,561,053</u></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)

7. Commitments and Entrusted Business

	31 December 2020	31 December 2019
Credit commitments		
Letter of guarantee	3,524,437,867	3,149,065,515
Letter of credit	37,949,889	249,617,774
Irrevocable loan commitments	<u>445,399,446</u>	<u>444,453,375</u>
Total	<u><u>4,007,787,202</u></u>	<u><u>3,843,136,664</u></u>
	31 December 2020	31 December 2019
Entrusted Business		
Entrusted deposits	1,957,500,000	983,700,000
Entrusted loans	<u>1,957,500,000</u>	<u>983,700,000</u>

8. Financial instrument and risk management

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

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

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

8. Financial instrument and risk management (continued)

(1) Financial risk management

Credit risk

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

(a) Credit risk measurement

(i) Loans and credit commitments

In order to measure and manage the credit assets, the Bank classifies loans with internal methodology and conducts. According to "the Guidance on Credit Risk Classification" ("the Guidance") issued by CBIRC, the Bank 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".

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Credit risk (continued)

(a) Credit risk measurement (continued)

(i) Loans and credit commitments (continued)

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

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

(ii) Debt securities

The Bank manages credit risks exposure through choosing the issuers within the limitation regarding external credit rating. Currently, investments in debt securities are government bonds, PBOC notes and financial bonds of policy banks, financial bonds issued by non-bank financial institutions and asset-based security.

(iii) Placements with banks and other financial institutions

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

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Credit risk (continued)

(b) Risk limit control and mitigation policies

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

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

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

Some other specific control and mitigation measures are outlined below:

(i) Collateral

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

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

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

(ii) Derivative instruments

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

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Credit risk (continued)

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

(iii) Credit commitments

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

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

	2020-12-31	2019-12-31
Credit risk exposure of on-balance-sheet items:		
Due from the central bank	2,177,362,607	2,248,317,061
Due from banks and other financial institutions	800,139,356	295,244,748
Placements with banks and other financial institutions	7,809,716,752	5,027,383,274
Financial assets at fair value through profit or loss	1,531,808,660	-
Derivative financial assets	6,381,221,990	2,035,501,378
Interest receivables	75,736,694	68,973,134
Loans and advances to customers	8,942,740,422	7,506,314,408
Held-to-maturity investment	1,707,699,514	1,178,908,975
Account receivables investments	2,899,148,000	1,144,373,000
Other assets	91,657,584	641,951,117
On-balance-sheet credit risk exposure	32,417,231,579	20,146,967,095
Letter of guarantee	3,524,437,867	3,149,065,515
Letter of credit	37,949,889	249,617,774
Irrevocable loan commitments	445,399,446	444,453,375
Maximum credit risk exposure	36,425,018,781	23,990,103,759

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Credit risk (continued)

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

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

(d) Credit quality

2020-12-31

	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 investment	1,708,749,514	-	-	1,708,749,514
Derivative financial assets	6,383,703,252	-	-	6,383,703,252
Interest receivables	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
Total	32,648,094,086	-	-	32,648,094,086

2019-12-31

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

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Credit risk (continued)

(e) Loans and advances

(i) Loans and advances which neither overdue nor impaired

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

	2020	2019
Unsecured loans	3,079,062,404	2,694,689,983
Guaranteed loans	2,662,581,404	1,524,038,071
Secured by pledges	2,426,668,232	3,331,635,333
Secured by mortgages	<u>956,987,566</u>	<u>109,255,417</u>
Total	<u><u>9,125,299,606</u></u>	<u><u>7,659,618,804</u></u>

(ii) Loans and advances renegotiated

Renegotiated loans are loans for which original contract repayment terms have been modified as a result of the deterioration of borrowers' financial conditions or failure to meet the repayment obligation. The balance of renegotiated loans as at 31 December 2020 is nil. (31 December 2019: Nil).

(iii) Impaired loans and advances

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

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Credit risk (continued)

(e) Loans and advances (continued)

(iii) Impaired loans and advances (continued)

As at the balance sheet date, the balance of “Substandard”, “Doubtful”, and “Loss” loans held by the Bank is zero (2019: zero).

As at the balance sheet date, the fair value of collateral of impaired loans held by the Bank is zero (2019: zero).

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

Liquidity risk

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

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Liquidity risk (continued)

Keeping a match between the maturity dates of assets and liabilities and maintaining an effective control over mismatches is of great importance to the Bank. Due to the uncertain periods and 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)
For the year ended 31 December 2020
(Unless otherwise stated, expressed in RMB Yuan)

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Liquidity risk (continued)

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

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

	2020-12-31							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
Financial assets at fair value through profit or loss	-	-	-	744,792,500	781,542,310	109,625,850	-	1,635,960,660
Interest receivables	-	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	3,584,341,682	-	-	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 investment	-	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
Total financial assets	632,884,339	3,517,868,684	3,134,385,202	10,569,797,629	7,253,632,618	109,625,850	1,658,957,386	26,877,151,708

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Liquidity risk (continued)

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

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

	2020-12-31							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
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
Total financial liabilities	2,739,565,457	4,726,172,042	4,034,339,962	6,196,771,241	3,203,192,333	-	-	20,900,041,035
Net liquidity	(2,106,681,118)	(1,208,303,358)	(899,954,760)	4,373,026,388	4,050,440,285	109,625,850	1,658,957,386	5,977,110,673
Off-balance sheet commitments	168,932,403	99,028,149	616,172,627	871,864,418	2,169,346,213	82,443,392	-	4,007,787,202

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Liquidity risk (continued)

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

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

	2019-12-31							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	467,866,294	23,294,164	8,994,077	633,359,522	-	-	1,114,948,559	2,248,462,616
Due from banks and other financial institutions	257,811,823	-	-	-	-	-	37,432,925	295,244,748
Placements with banks and other financial institutions	-	1,258,570,371	400,488,889	2,883,157,133	616,180,700	-	-	5,158,397,093
Interest receivables	-	27,001,463	16,378,892	14,573,934	11,018,845	-	-	68,973,134
Loans and advances to customers	-	1,406,648,286	1,573,444,957	2,127,486,774	2,762,793,937	-	-	7,870,373,954
Account receivables investments	-	1,969,956	14,255,509	856,561,764	314,250,833	-	-	1,187,038,062
Held-to-maturity investment	-	670,315,893	2,423,442	302,423,963	249,270,000	-	-	1,224,433,298
Other financial assets	20,845	535,282,864	20,480,204	17,868,648	16,323,767	67,107	51,907,682	641,951,117
Total financial assets	725,698,962	3,923,082,997	2,036,465,970	6,835,431,738	3,969,838,082	67,107	1,204,289,166	18,694,874,022

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Liquidity risk (continued)

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

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

	2019-12-31							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	55,298	-	-	-	-	-	-	55,298
Placements from banks and other financial institutions	-	-	-	-	1,315,489,762	-	-	1,315,489,762
Customer deposits	1,359,329,124	5,002,181,198	3,945,977,884	525,029,450	-	-	-	10,832,517,656
Interest payable	-	12,303,122	13,971,309	6,037,558	-	-	-	32,311,989
Debt securities issued	-	-	400,000,000	-	-	-	-	400,000,000
Other financial liabilities	-	68,511,039	-	22,846,150	-	-	-	91,357,189
Total financial liabilities	1,359,384,422	5,082,995,359	4,359,949,193	553,913,158	1,315,489,762	-	-	12,671,731,894
Net liquidity	(633,685,460)	(1,159,912,362)	(2,323,483,223)	6,281,518,580	2,654,348,320	67,107	1,204,289,166	6,023,142,128
Off-balance sheet commitments	221,841,454	142,367,812	439,722,138	658,713,305	2,122,504,439	257,987,516	-	3,843,136,664

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Liquidity risk (continued)

(b) Derivative cash flows of financial assets and liabilities

(i) Derivatives settled on a net basis

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

	2020-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years above	undated	
Interest Rate Swap	-	(2,192,735)	(8,499,160)	(15,791,080)	(6,977,176)	(18,106)	-	(33,478,257)
Cross-currency Swap	-	(3,448,118)	-	62,453,803	36,073,638	-	-	95,079,323
	2019-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	
Interest Rate Swap	-	(8,010,873)	(13,396,107)	(8,778,794)	(21,673,749)	(77,765)	-	(51,937,288)
Cross-currency Swap	-	(855,360)	-	(26,890,019)	(3,658,542)	-	-	(31,403,921)

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Liquidity risk (continued)

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

(ii) Derivatives settled on a gross basis

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

	2020-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5 years above	undated	
Currency forward								
Outflow	-	(3,107,967,919)	(7,343,971,868)	(15,331,694,581)	(562,600,207)	-	-	(26,346,234,575)
Inflow	-	<u>3,083,997,636</u>	<u>7,162,682,495</u>	<u>15,258,760,411</u>	<u>539,400,036</u>	-	-	<u>26,044,840,578</u>
FOREX swap								
Outflow	-	(68,012,613,322)	(74,751,445,232)	(106,837,501,415)	(3,581,830,617)	-	-	(253,183,390,586)
Inflow	-	<u>68,349,202,000</u>	<u>74,415,671,060</u>	<u>107,199,451,985</u>	<u>3,540,786,377</u>	-	-	<u>253,505,111,422</u>
	2019-12-31							Total
	Overdue / On demand	Within 1 month	1 to 3 months	3 months to 1 years	1 to 5 years	5 years above	undated	
Currency forward								
Outflow	-	(2,860,525,253)	(2,158,691,350)	(4,424,184,318)	(1,211,188,442)	-	-	(10,654,589,363)
Inflow	-	<u>2,835,614,816</u>	<u>2,170,634,937</u>	<u>4,423,201,270</u>	<u>1,217,273,264</u>	-	-	<u>10,646,724,287</u>
FOREX swap								
Outflow	-	(35,190,608,648)	(79,125,465,773)	(121,807,287,538)	(5,903,982,272)	-	-	(242,027,344,231)
Inflow	-	<u>35,244,919,100</u>	<u>79,155,235,312</u>	<u>121,845,497,910</u>	<u>5,921,746,273</u>	-	-	<u>242,167,398,595</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)

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

Market risk measurement 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 we used other than VaR, mainly PVo1 and foreign exchange positions, over warning, the nominal amount of the principal and maturity date.

Foreign exchange risk

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

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

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

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.

2020-12-31	RMB	USD RMB equivalent	Others RMB equivalent	Total RMB equivalent
Assets:				
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 receivables	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 investment	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>
Total financial assets	<u><u>140,851,516,807</u></u>	<u><u>(110,264,469,884)</u></u>	<u><u>1,830,282,630</u></u>	<u><u>32,417,329,553</u></u>
Liabilities:				
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>
Total financial liabilities	<u><u>136,477,285,469</u></u>	<u><u>(111,409,996,328)</u></u>	<u><u>1,917,554,321</u></u>	<u><u>26,984,843,462</u></u>
Net position	<u><u>4,374,231,338</u></u>	<u><u>1,145,526,444</u></u>	<u><u>(87,271,691)</u></u>	<u><u>5,432,486,091</u></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)

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

2019-12-31

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

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.

	2020	2019
1% appreciation against RMB	10,582,548	(4,508,898)
1% depreciation against RMB	(10,582,548)	4,508,898

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

During the sensitivity analysis, the Bank makes the following assumptions when determining business conditions and financial index, 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
Notes to Financial Statements (Continued)
For the year ended 31 December 2020
(Unless otherwise stated, expressed in RMB Yuan)

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

	31-12-2020						
	Within 1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Financial assets-							
Cash and Due from the central bank	1,410,567,505	-	-	-	-	766,893,076	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 receivables	-	-	-	-	-	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 investment	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
Total financial assets	3,271,135,651	3,012,516,645	10,266,017,161	5,101,683,252	3,450,467,500	7,335,509,344	32,417,329,553
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
Total financial liabilities	7,088,701,734	4,022,316,655	6,046,248,000	3,000,000,000	-	6,743,247,540	26,900,513,929
Net position	(3,817,566,083)	(1,009,800,010)	4,219,769,161	2,101,683,252	3,450,467,500	572,261,804	5,516,815,624

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

	Within 1 months	1-3 months	3-12 months	31-12-2019 1-5 years	Over 5 years	Non-interest bearing	Total
Financial assets-							
Cash and Due from the central bank	1,458,125,409	-	-	-	-	790,337,207	2,248,462,616
Due from banks and other financial institutions	257,811,823	37,432,925	-	-	-	-	295,244,748
Placements with banks and other financial institutions	1,258,429,639	398,000,000	2,805,900,000	565,053,635	-	-	5,027,383,274
Derivative financial assets	-	-	-	-	-	2,035,501,378	2,035,501,378
Interest receivables	-	-	-	-	-	68,973,134	68,973,134
Loans and advances to customers	1,619,563,813	4,032,731,702	1,786,451,813	67,567,080	-	-	7,506,314,408
Held-to-maturity investment	669,989,520	-	299,969,455	208,950,000	-	-	1,178,908,975
Account receivables investments	-	8,073,000	836,300,000	300,000,000	-	-	1,144,373,000
Other financial assets	18,654,791	-	-	-	-	623,296,326	641,951,117
Total financial assets	5,282,574,995	4,476,237,627	5,728,621,268	1,141,570,715	-	3,518,108,045	20,147,112,650
Financial liability-							
Due to banks and other financial institutions	55,298	-	-	-	-	-	55,298
Placements from banks and other financial institutions	-	-	-	1,209,286,000	-	-	1,209,286,000
Derivative financial liabilities	-	-	-	-	-	2,112,181,440	2,112,181,440
Customer deposits	6,359,359,297	3,934,249,103	523,093,959	-	-	-	10,816,702,359
Interest payables	-	-	-	-	-	32,311,989	32,311,989
Debt securities issued	-	397,920,951	-	-	-	-	397,920,951
Other financial liabilities	-	-	-	-	-	91,357,189	91,357,189
Total financial liabilities	6,359,414,595	4,332,170,054	523,093,959	1,209,286,000	-	2,235,850,618	14,659,815,226
Net position	(1,076,839,600)	144,067,573	5,205,527,309	(67,715,285)	-	1,282,257,427	5,487,297,424

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

8. Financial instrument and risk management (continued)

(1) Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

Change in interest rate	2020-12-31		2019-12-31	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
+100 basis points	(29,175,874)	-	10,401,578	-
-100 basis points	29,175,874	-	(10,401,578)	-

9. Fair value of financial instruments

Fair value of financial assets and financial liabilities

(1) Fair value hierarchy

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

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

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

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

31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	6,381,221,990	-	6,381,221,990
Total	-	6,381,221,990	-	6,381,221,990

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

9. Fair value of financial instruments (continued)

Fair value of financial assets and financial liabilities (continued)

(1) Fair value hierarchy (continued)

31 December 2020 (continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities				
- Derivative financial liabilities	-	6,303,911,565	-	6,303,911,565
Total	-	6,303,911,565	-	6,303,911,565

31 December 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	-	2,035,501,378	-	2,035,501,378
Total	-	2,035,501,378	-	2,035,501,378
Financial liabilities				
- Derivative financial liabilities	-	2,112,181,440	-	2,112,181,440
Total	-	2,112,181,440	-	2,112,181,440

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

(2) Financial instruments not measured at fair value

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

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

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

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

9. Fair value of financial instruments (continued)

Fair value of financial assets and financial liabilities (continued)

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

(ii) Loans and advances

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

(iii) Customer deposits

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

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

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

	book value	<u>2020-12-31</u> fair value	book value	<u>2019-12-31</u> fair value
Financial assets:				
Account receivables investments	2,899,148,000	2,895,371,522	1,144,373,000	1,146,013,700
Held-to-maturity investment	1,707,699,514	1,745,905,250	1,178,908,975	1,225,400,070

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.

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

10. Capital Management (continued)

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

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

	31-12-2020	31-12-2019
Core Tier-one capital	5,391,614,198	5,360,335,556
Paid-in capital	4,796,000,000	4,796,000,000
Qualified capital reserve	2,881,771	2,881,771
Surplus reserves	129,082,128	115,676,921
General reserves	325,618,086	240,230,017
Retained earnings	138,032,213	205,546,847
Core Tier-one capital deductions		
Other intangible assets (exclusive of land use rights) net amount discounting related deferred income tax liability	3,367,765	972,145
Net core tier-one capital	5,388,246,433	5,359,363,411
Other core tier-one capital	-	-
Net tier-one capital	5,388,246,433	5,359,363,411
Net Tier-two capital		
Surplus provisions for loans impairment	182,507,184	153,304,396
Net capital	5,570,753,617	5,512,667,807
Risk-weighted assets	28,953,823,515	23,854,810,490
Core Tier-one capital adequacy ratio	18.61%	22.47%
Tier-one capital adequacy ratio	18.61%	22.47%
Capital adequacy ratio	19.24%	23.11%

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

(1) Criteria of identifying related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party. Parties are also considered to be related if they are subject to common control or common significant influence. Additionally, parties are also considered to be related if they are associates or joint ventures of other members of the group of which the Company is a member, including their subsidiaries, or associates or joint ventures of an entity that has joint control over the Company, including their subsidiaries, or joint ventures of an entity that has significant influence over the Company, including their subsidiaries, or subsidiaries of joint ventures, subsidiaries of associates.

The following parties constitute the related parties of an enterprise :

- (i) Parent of the Company;
- (ii) Subsidiaries of the Company;
- (iii) Other entities controlled by the parent of the Company;
- (iv) Investors that have joint control over the Company;
- (v) Investors that have significant influence over the Company;
- (vi) Joint ventures of the Group;
- (vii) Associates of the Group;
- (viii) Principal individual investors of the Company and close family members of such individuals;
- (ix) Key management personnel of the Company or of the parent and close family members of such individuals;
- (x) Other entities controlled or jointly controlled by the Company's principal individual investors, key management personnel or close family members of such individuals;
- (xi) Associates or joint ventures of an entity of other members of the group of which the Company is a member;
- (xii) Subsidiaries of associates or joint ventures of other members of the group of which the Company is a member;
- (xiii) Associates or joint ventures of an entity that has joint control over the Company;
- (xiv) Subsidiaries of associates or joint ventures of an entity that has joint control over the Company;
- (xv) Joint ventures of an entity that has significant influence over the Company;
- (xvi) Subsidiaries of joint ventures of an entity that has significant influence over the Company;
- (xvii) Subsidiaries of joint ventures;
- (xviii) Subsidiaries of associates.

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)

(1) Criteria of identifying related parties (continued)

Details of the Bank's major related parties in 2020 are as follows:

- (i) Parent of the Bank;
- (ii) Other enterprises controlled by the same parent of the Bank;
- (iii) Key management personnel of the Bank;
- (iv) Associates or joint ventures of an entity of other members of the same parent of the Bank.

(2) Parent company of the Bank

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

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

(3) Other related party

<u>Names of related parties</u>	<u>Relationship with the Bank</u>
CA-CIB Singapore	Subsidiary/Branch of Parent Bank
CA-CIB 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 of Parent Bank
CASA SWITZERLAND	Subsidiary of Parent Bank
CA-CIB Luxembourg	Subsidiary/Branch of Parent Bank
CA-CIB Poland	Subsidiary/Branch of Parent Bank
CA-CIB Helsinki	Subsidiary/Branch of Parent Bank
CA-CIB Dubai	Subsidiary/Branch of Parent Bank
GAC-SOFINCO Automobile Finance Co., Ltd	Joint ownership enterprise of parent bank
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

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)

(3) Other related party (continued)

Names of related parties	Relationship with the Bank
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

(4) Main transactions between the Bank and related parties

(i) Provide funding

	<u>2020</u>		<u>2019</u>	
	Amount	%	Amount	%
Interest income from financial institutions:				
GAC-SOFINCO Automobile Finance Co., Ltd.	2,674,566	43.06	13,554,264	48.83
CA-CIB Hong Kong	2,376,679	38.28	8,631,916	31.09
CASA SWITZERLAND	733,926	11.82	3,409,778	12.28
CA-CIB Luxembourg	419,655	6.76	2,073,342	7.47
CA-CIB Singapore	4,317	0.07	-	-
CRÉDIT AGRICOLE S.A.	2	0.01	210	0.01
CA-CIB	-	-	90,170	0.32
Total	<u>6,209,145</u>	<u>100.00</u>	<u>27,759,680</u>	<u>100.00</u>
Interest expenses to financial institutions:				
CA-CIB	56,848,552	59.30	12,197,419	60.70
CRÉDIT AGRICOLE S.A.	37,532,082	39.15	2,917,657	14.52
CA-CIB Hong Kong	1,417,884	1.48	4,980,424	24.78
CASA SWITZERLAND	61,352	0.06	-	-
GAC-SOFINCO Automobile Finance Co., Ltd	226	0.01	-	-
Total	<u>95,860,096</u>	<u>100.00</u>	<u>20,095,500</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)

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

(ii) Receive service

	2020		2019	
	Amount	%	Amount	%
Service fee to parent bank	23,054,124	28.93	19,239,874	33.35
Technology maintenance expenses to parent bank	20,443,750	25.66	14,084,825	24.42
Guarantee fee to parent bank	14,013,309	17.59	11,852,235	20.55
CA-CIB Hong Kong	12,336,879	15.49	8,315,951	14.41
CA-CIB Singapore	5,587,432	7.01	3,605,234	6.25
Foreign exchange trading fee to group	1,845,996	2.32	319,267	0.55
CA-CIB London	1,584,593	1.99	-	-
CA-CIB SERVICE	795,651	1.00	273,510	0.47
CREDIT LYONNAIS	10	0.01	-	-
Total	<u>79,661,744</u>	<u>100.00</u>	<u>57,690,896</u>	<u>100.00</u>

(iii) Investment and provide service

	2020		2019	
	Amount	%	Amount	%
CA-CIB	68,711,701	44.12	97,951,076	118.12
CA-CIB London	54,801,336	35.23	(35,855,721)	(43.25)
CA-CIB Hong Kong	30,693,383	19.73	17,980,717	21.68
GAC-SOFINCO Automobile Finance Co., Ltd.	783,354	0.50	1,167,361	1.41
CA-CIB Singapore	174,757	0.11	1,213,368	1.46
CRÉDIT AGRICOLE S.A.	142,358	0.09	236,403	0.29
CA-CIB Germany	92,679	0.06	53,317	0.06
CA-CIB New York	61,381	0.04	89,582	0.11
CA-CIB Poland	18,317	0.01	14,870	0.02
CA-CIB Korea	18,285	0.01	28,165	0.03
CA-CIB Sweden	15,218	0.01	11,085	0.01
CREDIT LYONNAIS	10,943	0.01	-	-
CRCA DES SAVOIE	5,961	0.01	-	-
CA-CIB India	4,157	0.01	13,693	0.02
CASA POITIERS	849	0.01	-	-
CA SRBIJA AD NOVI SA	766	0.01	-	-
CRCA GUADELOUPE	354	0.01	-	-
CRCAM CENTRE EST	212	0.01	-	-
CASA LYON	212	0.01	-	-
CA-CIB Dubai	212	0.01	-	-
CA-CIB Nantes	-	-	991	0.01
CA-CIB Algeria	-	-	778	0.01
CA-CIB Helsinki	-	-	1,845	0.01
CA-CIB Tokyo	-	-	1,443	0.01
Total	<u>155,536,435</u>	<u>100.00</u>	<u>82,908,973</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)

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

(iv) Other major related party transactions

	2020	2019
Compensation of key management Personnel from CA-CIB	<u>28,759,416</u>	<u>28,049,402</u>

(5) Balance with related parties

(i) Due from and placements with banks

	31 December 2020		31 December 2019	
	Amount	%	Amount	%
Due from banks				
CRÉDIT AGRICOLE S.A.	<u>53,403,174</u>	<u>6.67</u>	<u>20,020,839</u>	<u>6.78</u>
Total	<u>53,403,174</u>	<u>6.67</u>	<u>20,020,839</u>	<u>6.78</u>
Placements with banks				
CA-CIB Hong Kong	141,691,379	1.81	525,956,744	10.46
CA-CIB Luxembourg	-	-	348,810,000	6.94
GAC-SOFINCO Automobile Finance Co., Ltd.	<u>-</u>	<u>-</u>	<u>240,000,000</u>	<u>4.77</u>
Total	<u>141,691,379</u>	<u>1.81</u>	<u>1,114,766,744</u>	<u>22.17</u>

(ii) Due to and placements from banks

	31 December 2020		31 December 2019	
	Amount	%	Amount	%
Due to banks				
CA-CIB CRÉDIT AGRICOLE S.A. registered in France	1,000,015,580	99.95	21,099	38.15
CA-CIB Hong Kong	348,654	0.03	-	-
GAC-SOFINCO Automobile Finance Co., Ltd.	34,461	0.01	34,199	61.85
	<u>10,206</u>	<u>0.01</u>	<u>-</u>	<u>-</u>
Total	<u>1,000,408,901</u>	<u>100.00</u>	<u>55,298</u>	<u>100.00</u>
Placements from banks				
CA-CIB	4,895,747,000	59.67	209,286,000	17.31
CA-CIB Hong Kong	1,747,481,515	21.30	-	-
CRÉDIT AGRICOLE S.A. registered in France	<u>1,000,000,000</u>	<u>12.19</u>	<u>1,000,000,000</u>	<u>82.69</u>
Total	<u>7,643,228,515</u>	<u>93.16</u>	<u>1,209,286,000</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)

(5) Balance with related parties (continued)

(iii) Interest receivables/ payables

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	Amount	%	Amount	%
Interest receivables				
CA-CIB Hong Kong	441,502	0.57	27,672	0.04
CRÉDIT AGRICOLE S.A.	2	0.01	1	0.01
GAC-SOFINCO Automobile Finance Co., Ltd.	-	-	293,550	0.43
CA-CIB Luxembourg	-	-	<u>15,987</u>	<u>0.02</u>
Total	<u>441,504</u>	<u>0.58</u>	<u>337,210</u>	<u>0.50</u>

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	Amount	%	Amount	%
Interest payables				
CA-CIB	29,738,926	65.66	86,715	0.27
CRÉDIT AGRICOLE S.A.	2,596,508	5.73	2,602,570	8.05
CA-CIB Hong Kong	<u>148,210</u>	<u>0.33</u>	-	-
Total	<u>32,483,644</u>	<u>71.72</u>	<u>2,689,285</u>	<u>8.32</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)

(5) Balance with related parties (continued)

(iv) Other receivables/ payables

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	Amount	%	Amount	%
Other receivables-Fee and commission receivables from related parties:				
CA-CIB London	8,878,226	9.92	5,939,678	0.91
CA-CIB Hong Kong	7,707,302	8.63	3,872,178	0.59
CA-CIB	3,513,926	3.93	5,965,752	0.91
CA-CIB Singapore	181,556	0.20	1,287,233	0.20
CA-CIB Korea	19,024	0.02	29,668	0.01
CA-CIB Dubai	355	0.01	-	-
CREDIT AGRICOLE EGYPT SAE	225	0.01	-	-
CA-CIB New York	-	-	56,167	0.01
Subtotal	<u>20,300,614</u>	<u>22.72</u>	<u>17,150,676</u>	<u>2.63</u>
Other receivables-reimbursed expenses receivables from related parties:				
CA-CIB	<u>6,321,500</u>	<u>7.08</u>	<u>14,635</u>	<u>0.01</u>
Subtotal	<u>6,321,500</u>	<u>7.08</u>	<u>14,635</u>	<u>0.01</u>
Coverage service income:				
CA-CIB	<u>27,244,875</u>	<u>30.49</u>	<u>29,902,103</u>	<u>4.58</u>
Subtotal	<u>27,244,875</u>	<u>30.49</u>	<u>29,902,103</u>	<u>4.58</u>
Total	<u>53,866,989</u>	<u>60.29</u>	<u>47,067,414</u>	<u>7.22</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)

(5) Balance with related parties (continued)

(iv) Other receivables/ payables (continued)

Other payables:

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	Amount	%	Amount	%
Option fee payable to London branch	70,365,101	17.73	384,933	0.42
Unpaid service fee to CA-CIB	23,476,118	5.92	18,733,488	20.50
Accrued technology maintenance expenses to CA-CIB	20,787,623	5.24	7,434,211	8.14
Unpaid Guarantee fee to CA-CIB	14,266,410	3.59	11,979,976	13.11
Accrued technology maintenance expenses to CA-CIB Singapore	3,204,259	0.81	1,539,577	1.69
Accrued technology maintenance expenses to CA-CIB Hong Kong	1,844,949	0.46	1,786,757	1.96
Accrued technology maintenance expenses to CA-CIB India	-	-	74,916	0.08
Total	<u>133,944,460</u>	<u>33.75</u>	<u>41,933,858</u>	<u>45.90</u>

(v) Asset-based security

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	Amount	%	Amount	%
GAC-SOFINCO Automobile Finance Co., Ltd.	<u>426,938,000</u>	<u>14.73</u>	<u>449,323,000</u>	<u>39.26</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)

(5) Balance with related parties (continued)

(vi) Derivative financial instruments

31 December 2020

	Notional amount	%	Fair value	
			Assets	Liabilities
CA-CIB Hong Kong				
FOREX forward	427,788,082	0.09	-	(1,040,067)
Cross currency swap	307,198,718	0.06	9,284	(55,723)
Interest rate swap	65,249,000	0.01	11,766	-
FOREX swap	<u>42,323,004</u>	<u>0.01</u>	<u>52,989</u>	<u>(2,246)</u>
Total	<u>842,558,804</u>	<u>0.17</u>	<u>74,039</u>	<u>(1,098,036)</u>
CA-CIB				
FOREX swap	9,749,206,654	1.95	49,020,735	(12,407,741)
Interest rate swap	2,120,902,183	0.42	90,444	(10,226,591)
Non-deliverable forward	<u>240,556,685</u>	<u>0.05</u>	<u>1,653,836</u>	<u>(11,818,825)</u>
Total	<u>12,110,665,522</u>	<u>2.42</u>	<u>50,765,015</u>	<u>(34,453,157)</u>
CA-CIB London				
Non-deliverable forward	752,818,448	0.15	11,597,807	(20,096,832)
FOREX swap	<u>433,040,662</u>	<u>0.09</u>	<u>232,469,091</u>	<u>(4,397,422)</u>
Total	<u>1,185,859,110</u>	<u>0.24</u>	<u>244,066,898</u>	<u>(24,494,254)</u>

31 December 2019

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

(5) Balance with related parties (continued)

(vii) Commitments and Entrusted Business

Letter of guarantee:

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	Amount	%	Amount	%
CA-CIB	1,428,304,656	40.53	1,478,339,252	46.94
CA-CIB New York	51,624,630	1.46	72,327,773	2.30
CA-CIB Germany	37,932,898	1.08	53,022,688	1.68
CRCA DES SAVOIE	2,443,394	0.07	2,443,394	0.08
CREDIT LYONNAIS	2,262,809	0.06	8,850,272	0.28
CASA SWITZERLAND	1,174,482	0.03	1,255,716	0.04
CA-CIB India	-	-	60,994	0.01
Total	<u>1,523,742,869</u>	<u>43.23</u>	<u>1,616,300,089</u>	<u>51.33</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, 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 24th, 2021.

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

CREDIT AGRICOLE CIB (CHINA) LIMITED
APPENDIX

INDEX

		<u>PAGES</u>
Appendix I	Adjusted Taxable Income Calculation Sheet	133
Appendix II	Balance Sheet and Income Statement of Branches	
Attachment (1)	Balance sheet and Income statement of Head office	134 – 136
Attachment (2)	Balance sheet and Income statement of Shanghai Branch	137 – 139
Attachment (3)	Balance sheet and Income statement of Beijing Branch	140 – 141
Attachment (4)	Balance sheet and Income statement of Guangzhou Branch	142 – 143
Attachment (5)	Balance sheet and Income statement of Tianjin Branch	144 – 145
Attachment (6)	Balance sheet and Income statement of Xiamen Branch	146 – 147

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

	<u>2020</u>
Total profit of current year	170,890,088
Estimated tax adjustments:	
Fair value change of held-for-trading assets	(10,586,083)
Non-deductible financial assets provisions	650,286
Non-deductible portion of business entertainment expense	496,807
Unrealized gain from derivative financial instruments	175,956,263
Interest income of government bonds	(19,939,757)
Accrued expenses	(16,166,602)
Non-public welfare donations adjustments	161,880
Accrued liabilities	(5,832,721)
Intangible assets difference between accounting and tax	(2,632,564)
Long-term deferred income	10,510,951
Non-deductible deposit insurance	786,139
Non-deductible commercial insurance expense	617,744
Penalty	42,074
Non-deductible sponsorship	246,126
Others	<u>3,635</u>
Total taxable income after tax adjustment	<u><u>305,204,266</u></u>

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

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

<u>Assets</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
Cash and due from the central bank	71,983,944	124,042,871
Due from banks and other financial institutions	3,480,301	3,421,418
Placements with banks and other financial institutions	7,813,694,815	5,032,757,108
Due from inter-bank	2,106,923,324	-
Held-to-maturity investment	1,708,749,514	1,179,958,975
Financial assets at fair value through profit or loss	191,025,550	-
Account receivables investments	2,899,148,000	1,144,373,000
Interest receivables	51,212,490	46,607,982
Derivative financial assets	11,502,344	2,704,597
Fixed assets	1,480,710	577,559
Intangible assets	73,578	73,578
Deferred tax assets	(6,201,731)	3,265,376
Other assets	<u>179,712</u>	<u>511,605,513</u>
TOTAL ASSETS	<u><u>14,853,252,551</u></u>	<u><u>8,049,387,977</u></u>

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

<u>LIABILITIES AND EQUITY</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
LIABILITIES:		
Due to banks and other financial institutions	1,000,010,206	-
Placements from banks and other financial institutions	8,008,622,915	1,000,000,000
Due to inter-bank	677,693,642	2,477,727,115
Derivative financial liabilities	16,612,005	3,279,153
Interest payables	32,562,858	2,606,965
Interest payable to inter-bank	22,700,321	14,381,384
Tax payables	43,840,423	20,932,873
Payroll payables	543,651	637,482
Debt securities issued	797,498,511	397,920,951
Other liabilities	<u>165,710,970</u>	<u>15,213,654</u>
TOTAL LIABILITIES	<u>10,765,795,502</u>	<u>3,932,699,577</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	4,296,000,000	4,296,000,000
Capital reserve	2,881,771	2,881,771
Surplus reserve	129,082,128	115,676,921
General reserve	325,618,086	240,230,017
Retained earnings	<u>(666,124,936)</u>	<u>(538,100,309)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>4,087,457,049</u>	<u>4,116,688,400</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>14,853,252,551</u></u>	<u><u>8,049,387,977</u></u>

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

	2020	2019
OPERATING INCOME		
Interest income	145,860,447	152,002,360
Inter-bank interest income	94,688,364	78,709,527
Interest expense	(115,026,474)	(29,706,546)
Inter-bank interest expense	(141,242,273)	(191,840,795)
Net interest income	<u>(15,719,936)</u>	<u>9,164,546</u>
Fee and commission income	4,200,300	4,175,606
Fee and commission expense	(14,729,064)	(13,224,784)
Net fee and commission expense	<u>(10,528,764)</u>	<u>(9,049,178)</u>
Loss from changes in fair value	(4,061,001)	(945,469)
Investment income	98,656,080	94,655,103
Foreign exchange loss	(8,807,602)	(1,009,248)
Gain from disposal of assets	-	117,680
Other gain	<u>-</u>	<u>124,214</u>
TOTAL OPERATING INCOME	<u>59,538,777</u>	<u>93,057,648</u>
OPERATING EXPENSE		
Business tax and surcharges	(163,684)	(572,583)
Impairment losses	(13,974,562)	(12,107,748)
General and administrative expense	<u>(5,090,354)</u>	<u>-</u>
TOTAL OPERATING EXPENSE	<u>(19,228,600)</u>	<u>(12,680,331)</u>
OPERATING PROFIT	<u>40,310,177</u>	<u>80,377,317</u>
PROFIT BEFORE TAX	40,310,177	80,377,317
Less: Income tax expense	<u>(69,541,537)</u>	<u>(51,052,901)</u>
NET PROFIT	<u><u>(29,231,360)</u></u>	<u><u>29,324,416</u></u>

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

<u>Assets</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
Cash and due from the central bank	2,105,005,898	2,123,918,725
Due from banks and other financial institutions	795,412,676	289,905,684
Placements with banks and other financial institutions	(3,978,063)	(5,373,834)
Due from inter-bank	693,217,035	3,006,966,063
Held-to-maturity investment	(1,050,000)	(1,050,000)
Financial assets at fair value through profit or loss	1,340,783,110	-
Derivative financial assets	6,369,719,646	2,032,796,781
Interest receivables	20,878,879	19,560,104
Interest receivables from inter-bank	26,576,779	43,404,648
Loans and advances to customers	7,330,360,035	5,595,638,163
Fixed assets	4,511,471	5,685,717
Intangible assets	3,294,187	898,567
Deferred tax assets	68,971,244	15,929,606
Other assets	<u>93,797,352</u>	<u>135,167,951</u>
TOTAL ASSETS	<u><u>18,847,500,249</u></u>	<u><u>13,263,448,175</u></u>

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

<u>LIABILITIES AND EQUITY</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
LIABILITIES:		
Due to banks and other institutions	398,695	55,298
Placements from banks and other financial institutions	195,747,000	209,286,000
Due to inter-bank	2,441,936,481	-
Derivative financial liabilities	6,287,299,560	2,108,902,287
Customers deposit	8,977,471,653	10,151,865,743
Payroll payables	39,390,113	30,246,175
Tax payables	13,578,179	12,374,605
Interest payables	10,669,425	27,329,210
Other liabilities	<u>258,844,598</u>	<u>90,371,640</u>
 TOTAL LIABILITIES	 <u>18,225,335,704</u>	 <u>12,630,430,958</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>522,164,545</u>	<u>533,017,217</u>
 TOTAL SHAREHOLDERS' EQUITY	 <u>622,164,545</u>	 <u>633,017,217</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u><u>18,847,500,249</u></u>	 <u><u>13,263,448,175</u></u>

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

	2020	2019
OPERATING INCOME		
Interest income	285,363,671	229,397,787
Inter-bank interest income	223,699,430	334,454,939
Interest expense	(124,476,735)	(142,016,540)
Inter-bank interest expense	(201,527,754)	(207,641,468)
Net interest income	<u>183,058,612</u>	<u>214,194,718</u>
Fee and commission income	118,938,293	106,293,121
Fee and commission expense	(35,222,892)	(40,442,712)
Net fee and commission income	<u>83,715,401</u>	<u>65,850,409</u>
Investment income	(112,474,023)	(111,348,153)
Gain/(Loss) from changes in fair value	(161,309,178)	17,076,918
Foreign exchange gain	309,214,303	57,184,636
Other operating income	25,243,707	27,877,000
Gain from disposal of assets	-	57,168
Other gain	<u>-</u>	<u>67,679</u>
TOTAL OPERATING INCOME	<u>327,448,822</u>	<u>270,960,375</u>
OPERATING EXPENSE		
Business tax and surcharges	(3,141,978)	(4,349,810)
General and administrative expense	(233,229,999)	(192,596,179)
Impairment losses	<u>(35,571,096)</u>	<u>(49,988,681)</u>
TOTAL OPERATING EXPENSE	<u>(271,943,073)</u>	<u>(246,934,670)</u>
OPERATING PROFIT	55,505,749	24,025,705
Add: Non-operating income	1	63,367
Less: Non-operating expense	<u>(316,764)</u>	<u>(184,634)</u>
PROFIT BEFORE TAX	55,188,986	23,904,438
Less: Income tax expense	<u>36,731,763</u>	<u>(5,536,115)</u>
NET PROFIT	<u><u>91,920,749</u></u>	<u><u>18,368,323</u></u>

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

<u>Assets</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
Due from banks and other financial institutions	507,223	257,268
Interest receivables	3,197,828	1,927,761
Loans and advances to customers	1,002,881,225	1,140,217,328
Fixed assets	677,101	944,735
Deferred tax assets	13,370,564	13,370,564
Other assets	<u>2,929,029</u>	<u>3,799,497</u>
TOTAL ASSETS	<u><u>1,023,562,970</u></u>	<u><u>1,160,517,153</u></u>
 <u>LIABILITIES AND EQUITY:</u>		
LIABILITIES:		
Customers deposits	508,192,464	277,621,287
Due to inter-bank	257,646,985	603,976,434
Payroll payables	5,281,404	4,792,214
Tax payables	1,038,531	1,532,634
Interest payables	1,213,861	2,304,116
Interest payable to inter-bank	4,641,146	31,668,073
Other liabilities	<u>84,922,263</u>	<u>90,765,031</u>
TOTAL LIABILITIES	<u>862,936,654</u>	<u>1,012,659,789</u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>60,626,316</u>	<u>47,857,364</u>
TOTAL SHAREHOLDERS' EQUITY	<u>160,626,316</u>	<u>147,857,364</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>1,023,562,970</u></u>	<u><u>1,160,517,153</u></u>

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

	2020	2019
OPERATING INCOME		
Interest income	39,475,381	55,700,786
Inter-bank interest income	55,253,976	68,692,915
Interest expense	(6,497,139)	(4,781,072)
Inter-bank interest expense	(57,696,757)	(92,191,499)
Net interest income	<u>30,535,461</u>	<u>27,421,130</u>
Fee and commission income	15,117,406	16,914,701
Fee and commission expense	(159,157)	(517,433)
Net fee and commission income	<u>14,958,249</u>	<u>16,397,268</u>
Foreign exchange (gain)	2,299,765	(503,331)
Other gain	<u>-</u>	<u>19</u>
TOTAL OPERATING INCOME	<u>47,793,475</u>	<u>43,315,086</u>
OPERATING EXPENSE		
Business tax and surcharges	(347,222)	(456,927)
General and administrative expense	(40,927,341)	(37,558,969)
Other operating expense	5,832,721	(1,460,442)
Impairment losses	<u>2,802,778</u>	<u>4,132,348</u>
TOTAL OPERATING EXPENSE	<u>(32,639,064)</u>	<u>(35,343,990)</u>
OPERATING PROFIT	15,154,411	7,971,096
Add: Non-operating income	1,733	1,868
PROFIT BEFORE TAX	15,156,144	7,972,964
Less: Income tax expense	<u>(2,387,184)</u>	<u>(708,598)</u>
NET PROFIT	<u><u>12,768,960</u></u>	<u><u>7,264,366</u></u>

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

<u>Assets</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
Cash and due from the central bank	470,739	501,020
Due from banks and other financial institutions	400,343	263,071
Due from inter-bank	138,886,894	273,145,889
Interest receivables	145,968	130,818
Loans and advances to customers	100,646,000	110,446,000
Fixed assets	64,585	120,445
Deferred tax assets	62,981	62,981
Other assets	<u>1,242,695</u>	<u>145,419</u>
TOTAL ASSETS	<u><u>241,920,205</u></u>	<u><u>384,815,643</u></u>
 <u>LIABILITIES AND EQUITY:</u>		
LIABILITIES:		
Customer deposits	105,667,510	256,574,737
Payroll payables	1,411,881	1,004,146
Tax payables	246,909	240,733
Interest payables	339,066	15,172
Interest payable to inter-bank	295,340	973,991
Other liabilities	<u>99,036</u>	<u>111,957</u>
TOTAL LIABILITIES	<u><u>108,059,742</u></u>	<u><u>258,920,736</u></u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>33,860,463</u>	<u>25,894,907</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>133,860,463</u></u>	<u><u>125,894,907</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>241,920,205</u></u>	<u><u>384,815,643</u></u>

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

	2020	2019
OPERATING INCOME		
Interest income	4,818,654	5,992,671
Inter-bank interest income	19,070,044	26,903,787
Interest expense	(3,051,632)	(2,318,223)
Inter-bank interest expense	(14,334,844)	(24,540,006)
Net interest income	<u>6,502,222</u>	<u>6,038,229</u>
Fee and commission income	9,671,518	7,268,732
Fee and commission expense	(444)	(19,754)
Net fee and commission income	<u>9,671,074</u>	<u>7,248,978</u>
Foreign exchange gain	9,011	12,333
Other gain	<u>-</u>	<u>279</u>
TOTAL OPERATING INCOME	<u>16,182,307</u>	<u>13,299,819</u>
OPERATING EXPENSE		
Business tax and surcharges	(98,945)	(89,952)
General and administrative expense	(7,720,449)	(7,881,255)
Impairment losses	<u>200,000</u>	<u>1,048,920</u>
TOTAL OPERATING EXPENSE	<u>(7,619,394)</u>	<u>(6,922,287)</u>
OPERATING PROFIT	8,562,913	6,377,532
Add: Non-operating income	<u>1,952</u>	<u>755</u>
PROFIT BEFORE TAX	8,564,865	6,378,287
Less: Income tax expense	<u>(599,308)</u>	<u>(283,752)</u>
NET PROFIT	<u><u>7,965,557</u></u>	<u><u>6,094,535</u></u>

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

<u>Assets</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
Due from banks and other financial institutions	65,883	170,611
Due to inter-bank	37,268,362	-
Interest receivables	301,496	746,338
Interest receivables from inter-bank	1,049,327	3,188,160
Loans and advances to customers	508,853,162	660,012,917
Fixed assets	52,859	101,651
Deferred tax assets	1,077,727	1,077,727
Other assets	<u>146,935</u>	<u>212,331</u>
TOTAL ASSETS	<u><u>548,815,751</u></u>	<u><u>665,509,735</u></u>
 <u>LIABILITIES AND EQUITY:</u>		
LIABILITIES:		
Customer deposits	230,217,769	126,245,953
Due to inter-bank	48,633,680	304,094,324
Payroll payables	504,793	385,575
Tax payables	67,768	476,940
Interest payables	440,673	56,526
Other liabilities	<u>66,414</u>	<u>71,006</u>
TOTAL LIABILITIES	<u><u>279,931,097</u></u>	<u><u>431,330,324</u></u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>168,884,654</u>	<u>134,179,411</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>268,884,654</u></u>	<u><u>234,179,411</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>548,815,751</u></u>	<u><u>665,509,735</u></u>

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

	2020	2019
OPERATING INCOME		
Interest income	20,216,474	28,274,759
Inter-bank interest income	28,223,945	23,304,582
Interest expense	(2,391,784)	(960,976)
Inter-bank interest expense	(13,797,034)	(22,052,328)
Net interest income	<u>32,251,601</u>	<u>28,566,037</u>
Fee and commission income	4,042,330	1,481,362
Fee and commission expense	(6,895)	(6,720)
Net fee and commission income	<u>4,035,435</u>	<u>1,474,642</u>
Foreign exchange loss	10,693	6,686
Other gain	<u>-</u>	<u>258</u>
TOTAL OPERATING INCOME	<u>36,297,729</u>	<u>30,047,623</u>
OPERATING EXPENSE		
Business tax and surcharges	(152,138)	(203,891)
General and administrative Expense	(3,819,769)	(3,724,372)
Impairment losses	<u>3,152,066</u>	<u>4,790,452</u>
TOTAL OPERATING EXPENSE	<u>(819,841)</u>	<u>862,189</u>
OPERATING PROFIT	<u>35,477,888</u>	<u>30,909,812</u>
PROFIT BEFORE TAX	35,477,888	30,909,812
Less: Income tax expense	<u>(772,641)</u>	<u>(349,860)</u>
NET PROFIT	<u><u>34,705,247</u></u>	<u><u>30,559,952</u></u>

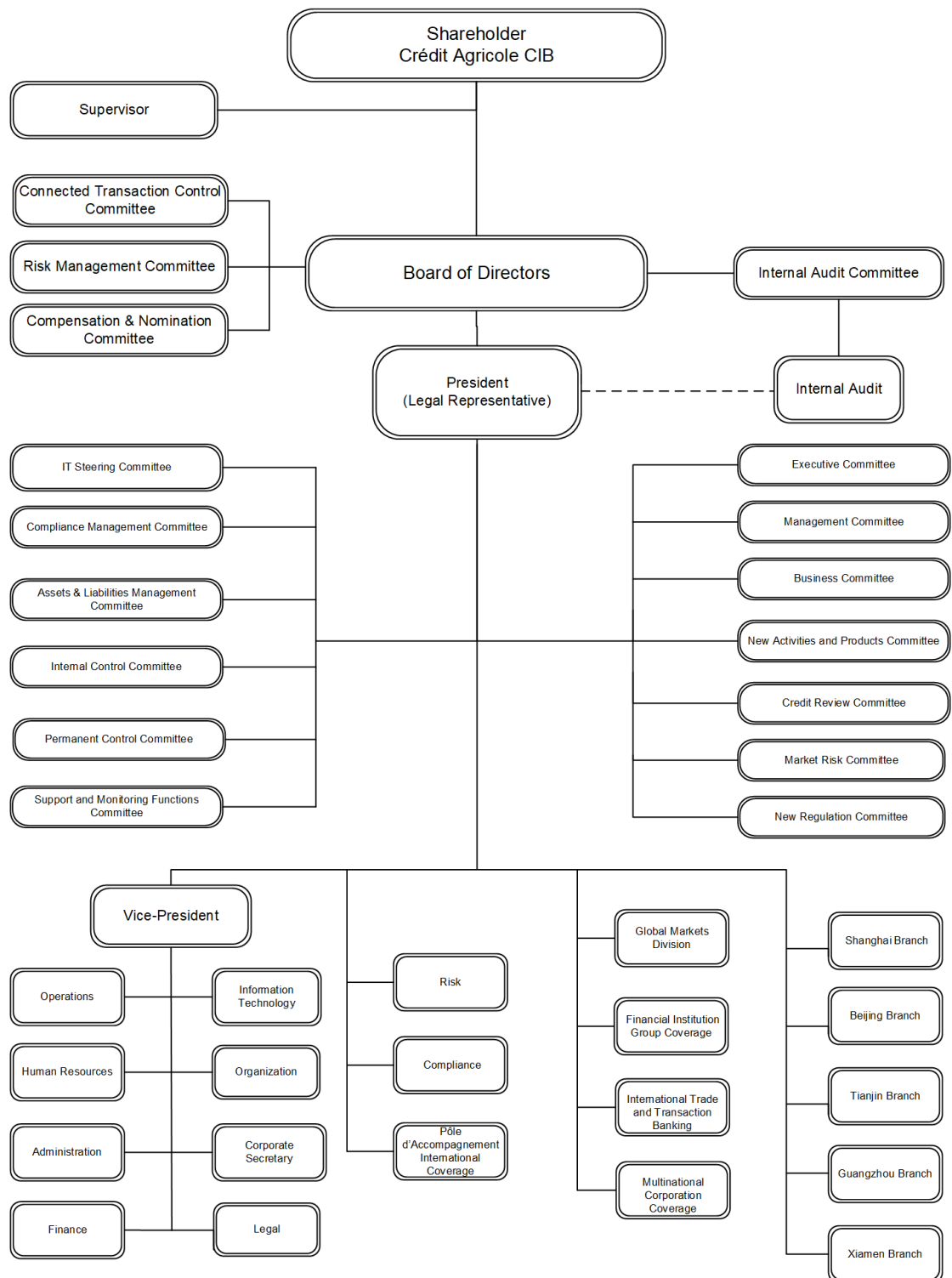
Appendix II
Attachment (6)
CREDIT AGRICOLE CIB (CHINA) LIMITED
Balance sheet of Xiamen Branch
Expressed in RMB Yuan

<u>Assets</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
Due from banks and other financial institutions	272,930	1,226,696
Due from inter-bank	449,615,173	105,685,921
Interest receivables from inter-bank	10,701	430,640
Interest receivables	33	131
Fixed assets	26,381	64,517
Deferred tax assets	39,037	39,037
Other assets	<u>61,588</u>	<u>67,254</u>
TOTAL ASSETS	<u><u>450,025,843</u></u>	<u><u>107,514,196</u></u>
 <u>LIABILITIES AND EQUITY:</u>		
LIABILITIES:		
Customer deposits	330,561,712	4,394,639
Payroll payables	545,003	392,873
Tax payable	231,186	28,427
Interest payables	66,771	-
TOTAL LIABILITIES	<u><u>331,404,672</u></u>	<u><u>4,815,939</u></u>
SHAREHOLDERS' EQUITY:		
Paid-in capital	100,000,000	100,000,000
Retained earnings	<u>18,621,171</u>	<u>2,698,257</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>118,621,171</u></u>	<u><u>102,698,257</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>450,025,843</u></u>	<u><u>107,514,196</u></u>

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

	2020	2019
OPERATING INCOME		
Interest income	3,012	3,219
Inter-bank interest income	8,403,389	8,704,521
Interest expense	(3,382,952)	(865,704)
Inter-bank interest expense	(740,486)	(2,504,175)
Net interest income	<u>4,282,963</u>	<u>5,337,861</u>
Fee and commission income	15,251,779	1,609,357
Fee and commission expense	(4,225)	(1,890)
Net fee and commission income	<u>15,247,554</u>	<u>1,607,467</u>
Foreign exchange gain	57,885	4,676
Gain from disposal of assets	<u>68,641</u>	<u>-</u>
TOTAL OPERATING INCOME	<u>19,657,043</u>	<u>6,950,004</u>
OPERATING EXPENSE		
Business tax and surcharges	(107,622)	(10,153)
General and administrative Expense	<u>(3,357,393)</u>	<u>(3,468,908)</u>
TOTAL OPERATING EXPENSE	<u>(3,465,015)</u>	<u>(3,479,061)</u>
OPERATING PROFIT	<u>16,192,028</u>	<u>3,470,943</u>
PROFIT BEFORE TAX	16,192,028	3,470,943
Less: Income tax expense	<u>(269,116)</u>	<u>(149,798)</u>
NET PROFIT	<u><u>15,922,912</u></u>	<u><u>3,321,145</u></u>

Organization Chart



List of Domestic Operations

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Glossary

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

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

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

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