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中信銀行
CHINA CITIC BANK

中 信 銀 行 股 份 有 限 公 司

China CITIC Bank Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 998)

REPORT FOR THE THIRD QUARTER OF 2020

The board of directors (the “**Board of Directors**”) of China CITIC Bank Corporation Limited (the “**Bank**” or the “**Company**”) is pleased to announce the unaudited consolidated results of the Bank and its subsidiaries (collectively, the “**Group**”) for the third quarter ended 30 September 2020 (the “**reporting period**”), which have been prepared in accordance with the International Financial Reporting Standards (“**IFRS**”). This announcement is made in accordance with Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This report is made in Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

1. IMPORTANT NOTICE

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management members of the Bank guarantee that the information contained in the Report for the Third Quarter of 2020 does not contain any false records, misleading statements or material omissions, and assume several and joint liabilities for its truthfulness, accuracy and completeness.

The meeting of the Board of Directors of the Bank adopted the Bank’s Report for the Third Quarter of 2020 on 29 October 2020. There were 10 eligible directors for the meeting and 10 directors attended the meeting, with Director Fang Heying entrusting Chairperson Li Qingping to attend and vote on his behalf as proxy due to conflicting schedule. The supervisors and senior management members of the Bank attended the meeting as non-voting delegates.

Ms. Li Qingping as Chairperson of the Board of Directors, Mr. Fang Heying as President and concurrently Chief Financial Officer of the Bank, and Ms. Li Peixia as General Manager of the Finance and Accounting Department of the Bank, hereby guarantee the truthfulness, accuracy and completeness of the financial statements contained in the Report for the Third Quarter of 2020.

The financial statements contained in this quarterly report, which were prepared in accordance with the International Financial Reporting Standards (IFRS), are unaudited.

The term the “Bank” mentioned in the report refers to China CITIC Bank Corporation Limited and the “Group” refers to China CITIC Bank Corporation Limited and its subsidiaries.

For the purpose of this report, amounts are expressed in Renminbi (RMB) unless otherwise stated.

2. BASIC INFORMATION ON THE COMPANY

2.1 Corporate Profile

Secretary to the Board of Directors	Zhang Qing				
Joint Company Secretaries	Zhang Qing, Kam Mei Ha Wendy (FCS, FCIS)				
Office Address	6-30/F and 32-42/F, Building No. 1, 10 Guanhua Road, Chaoyang District, Beijing				
Telephone Number/Fax Number for Investors	+86-10-66638188/+86-10-65559255				
Email Address for Investors	ir@citicbank.com				
Customer Service and Complaint Hotline	95558				
Listing Venue, Stock Name and Stock Code		Ordinary shares	Shanghai Stock Exchange	CNCB	601998
	A-share	Preference shares	Shanghai Stock Exchange	CITIC Excellent 1	360025
		Convertible corporate bonds	Shanghai Stock Exchange	CITIC Convertible Bonds	113021
	H-share	Ordinary shares	The Stock Exchange of Hong Kong Limited	CITIC Bank	0998

2.2 Principal Accounting Data

Unit: RMB million

Item	30 September 2020	31 December 2019	Increase/ (decrease) over the end of the previous year (%)
Total assets	7,323,359	6,750,433	8.49
Total loans and advances to customers <i>(Note)</i>	4,362,042	3,997,987	9.11
Total liabilities	6,773,766	6,217,909	8.94
Total deposits from customers <i>(Note)</i>	4,492,071	4,038,820	11.22
Deposits from banks and non-bank financial institutions	1,016,507	951,122	6.87
Placements from banks and non-bank financial institutions	87,328	92,539	(5.63)
Total equity attributable to the equity holders of the Bank	534,064	517,311	3.24
Total equity attributable to the ordinary shareholders of the Bank	459,116	442,363	3.79
Net asset per share attributable to the ordinary shareholders of the Bank (RMB)	9.38	9.04	3.76

Note: For the convenience of analysis, total loans and advances to customers and total deposits from customers mentioned in this section and “2.8 Quarterly Operating Performance” did not include the corresponding accrued interests.

Unit: RMB million

Item	July-September 2020	July-September 2020 year-on- year increase/ decrease (%)	January- September 2020	January- September 2020 year-on-year increase/ decrease (%)
Operating income	47,307	(3.61)	149,507	5.08
Profit before tax	13,407	(9.69)	44,153	(10.42)
Net profit attributable to the equity holders of the Bank	11,377	(8.58)	36,918	(9.41)
Annualized return on average assets	0.63%	Down by 0.15 percentage point	0.71%	Down by 0.18 percentage point
Annualized return on average equity	8.74%	Down by 1.54 percentage points	10.55%	Down by 2.04 percentage points
Basic earnings per share (RMB)	0.21	(8.70)	0.73	(9.88)
Diluted earnings per share (RMB)	0.19	(5.00)	0.67	(10.67)
Net cash flows from/(used in) operating activities	N/A	N/A	50,354	23.70
Net cash flow from/(used in) operating activities per share (RMB)	N/A	N/A	1.03	24.10

2.3 Note on Differences between the Financial Statements Respectively Prepared in accordance with the PRC Accounting Standards and the International Financial Reporting Standards

There is no difference between the net assets as at the end of the reporting period and the net profit for the reporting period of the Group calculated as per the PRC Accounting Standards and those of the Group calculated as per the International Financial Reporting Standards.

2.4 Capital Adequacy Ratios

The Group calculated and disclosed its capital adequacy ratios according to the *Provisional Measures for Capital Management of Commercial Banks* promulgated by the former China Banking Regulatory Commission (“CBRC”) (effective as of 1 January 2013). During the reporting period, the Group met the regulatory capital requirements. Under the premise of meeting regulatory capital requirements, the Bank further set aside reserve capital, countercyclical capital and additional capital, of which the requirement on reserve capital was 2.5%, requirement on countercyclical capital was 0% and requirement on additional capital was 0%.

As at the end of the reporting period, the Group recorded a core tier-one capital adequacy ratio of 8.63%, down by 0.06 percentage point over the end of the previous year, a tier-one capital adequacy ratio of 10.09%, down by 0.11 percentage point from the end of the previous year, and a capital adequacy ratio of 13.10%, up by 0.66 percentage point from the end of the previous year. The Bank recorded a core tier-one capital adequacy ratio of 8.28%, down by 0.20 percentage point from the end of the previous year; a tier-one capital adequacy ratio of 9.81%, down by 0.26 percentage point over the end of the previous year; and a capital adequacy ratio of 12.95%, up by 0.59 percentage point over the end of the previous year.

Unit: RMB million

Item	Regulatory value	30 September 2020		31 December 2019		Increase/(decrease)over the end of the previous year (%)	
		Group	Bank	Group	Bank	Group	Bank
Net core tier-one capital	–	460,310	405,949	444,203	400,281	3.63	1.42
Net tier-one capital	–	538,163	480,897	521,758	475,229	3.14	1.19
Net capital	–	698,920	635,133	635,897	583,338	9.91	8.88
Including:							
Minimum requirement on core tier-one capital	5.00%	266,766	245,187	255,679	235,902	4.34	3.94
Minimum requirement on tier-one capital	6.00%	320,120	294,224	306,815	283,082	4.34	3.94
Minimum requirement on capital	8.00%	426,826	392,299	409,087	377,443	4.34	3.94
Requirement on reserve capital	2.50%	133,383	122,593	127,840	117,951	4.34	3.94
Requirement on countercyclical capital	–	–	–	–	–	–	–
Requirement on additional capital	–	–	–	–	–	–	–
Total risk-weighted assets	–	5,335,328	4,903,735	5,113,585	4,718,035	4.34	3.94
Core tier-one capital adequacy ratio	≥7.50%	8.63%	8.28%	8.69%	8.48%	Down by 0.06 percentage point	Down by 0.20 percentage point
Tier-one capital adequacy ratio	≥8.50%	10.09%	9.81%	10.20%	10.07%	Down by 0.11 percentage point	Down by 0.26 percentage point
Capital adequacy ratio	≥10.50%	13.10%	12.95%	12.44%	12.36%	Up by 0.66 percentage point	Up by 0.59 percentage point

2.5 Leverage Ratio

Unit: RMB million

Item	Regulatory value	30	30 June	31 March	31
		September 2020	2020	2020	December 2019
Leverage ratio	≥4.00%	6.46%	6.64%	6.80%	6.71%
Net tier-one capital	–	538,163	536,149	541,976	521,758
Adjusted balance of on- and off-balance sheet assets	–	8,331,724	8,072,066	7,969,097	7,780,321

Note: According to management needs, starting from the Report for the Third Quarter of 2020, the data of leverage ratio refers to that of the Group.

2.6 Liquidity Coverage Ratio

Unit: RMB million

Item	Regulatory value	30 September	31 December
		2020	2019
Liquidity coverage ratio	≥100.00%	131.12%	149.27%
Eligible premium liquid assets	–	881,555	744,317
Net cash outflow in the coming 30 days	–	672,340	498,654

2.7 Asset Quality

Item	30 September	31 December
	2020	2019
NPL ratio	1.98%	1.65%
Allowance coverage ratio	170.08%	175.25%
The ratio of allowance for impairment of loans to total loans	3.37%	2.90%

2.8 Quarterly Operating Performance

Faced with complex economic situation featuring the novel coronavirus (“COVID-19”) pandemic impacts, the Group has resolutely implemented the plans of the CPC Central Committee and the State Council as well as relevant regulatory requirements, focused on pandemic prevention and control on the one hand, and business development on the other, and served the real economy while improving the Bank’s development quality and efficiency.

As at the end of the reporting period, the Group recorded total assets of RMB7,323.359 billion, up by 8.49% over the end of the previous year; total liabilities of RMB6,773.766 billion, up by 8.94% over the end of the previous year; total loans and advances to customers of RMB4,362.042 billion, up by 9.11% from the end of the previous year and 3.50% over the end of June 2020; and total deposits from customers of RMB4,492.071 billion, up by 11.22% over the end of the previous year and 1.09% over the end of June 2020.

From January to September of 2020, the Group realized net profit attributable to the Bank’s shareholders of RMB36.918 billion, a year-on-year decrease of 9.41%; and operating income of RMB149.507 billion, a year-on-year growth of 5.08%. For the third quarter, the Group realized net profit of RMB11.377 billion, an increase of 2.61% over the second quarter. From January to September of 2020, the Group realized net interest income of RMB99.058 billion, a year-on-year increase of 5.23%; and net non-interest income of RMB50.449 billion, a year-on-year increase of 4.80%. The Group’s net interest margin was 2.00% from January to September of 2020, down by 0.12 percentage point year on year; and that of the third quarter was 2.04%, up by 0.06 percentage point from the second quarter.

The Bank’s corporate banking business followed the general principle of pursuing progress while ensuring stability and pushing ahead with business transformation, emphasized both business development and system building, and pursued practical results in such aspects as advancing business transformation, expanding market, consolidating business foundation, refining business structure and highlighting business features, and thus achieved sound results in operation transformation. The Bank’s retail banking business upheld the customer service-oriented philosophy, and aimed to be customers’ first choice for wealth management. The Bank propelled the iterative upgrade of the retail business management system with digital transformation as the main line, and improved its business model and growth model to enhance value contribution, thereby promoting the Bank’s market value. The Bank’s financial market business adhered to the capital-light development path, actively enhanced synergy within the group and between business sections, and improved the overall management of customers. It kept advancing innovation in various businesses, moved faster in digital transformation, and promoted high-quality sustainable development.

As at the end of the reporting period, the Bank's balance of corporate deposits registered RMB3,424.122 billion, an increase of 12.59% over the end of the previous year; its balance of corporate loans (excluding discounted loans) registered RMB1,993.095 billion, an increase of 12.31% over the end of the previous year; total number of corporate customers reached 805,700, up by 8.47% over the end of the previous year; the Bank's balance of personal deposits recorded RMB794.789 billion, up by 6.11% over the end of the previous year; its balance of personal loans (excluding credit cards) amounted to RMB1,292.480 billion, a rise of 9.74% over the end of the previous year; total number of personal customers reached 108,657,500, up by 6.32% over the end of the previous year. From January to September of 2020, the Bank realized net operating income of RMB64.372 billion, RMB57.646 billion and RMB17.821 billion in corporate banking, retail banking and financial market business, accounting for 45.05%, 40.35% and 12.47% of the Bank's net operating income, respectively.

2.9 Risk Management

During the reporting period, the Bank implemented comprehensive policies, proactively strengthened the management of various risks, and improved risk management policies and rules. Closely following the central government's policies and plans, the Bank focused on strengthening financial services for the real economy, and actively supported the construction of new infrastructure and new urbanization initiatives and major transportation and water conservancy projects. It also further increased support for manufacturing, small and micro enterprises, private enterprises and strategic emerging industries, and strived to improve service quality and effectiveness. What's more, the Bank followed up relevant policy requirements of the state and regulatory authorities, and made follow-up arrangements for customers affected by the pandemic. It strengthened the unified credit extension management, accelerated the implementation of the unified credit extension mechanism of subsidiaries, continued to improve the principal responsible person mechanism and the full-time approver mechanism, and enhanced the policy system for liability identification as well as liability exemption with due diligence performed. Meanwhile, the Bank pushed forward industry research, improved the intelligent risk control across the Bank, and developed models for risk visualization, multi-dimensional portraits and uniform scoring for customers. The Bank also built a risk control system for online business and explored big data-based early warning of risks.

Since the beginning of 2020, due to the outbreak of the pandemic and the slowdown in economic growth, some companies in the real estate, wholesale and retail, accommodation and catering sectors have been greatly affected, especially those engaged in transportation, storage and postal services, and manufacturing sectors. Due to the above reasons, the asset quality of the Bank declined. In response to such situation, the Bank intensified efforts to resolve non-performing loans (NPLs) and problematic loans, and adopted targeted risk prevention and resolution measures, as a result the changes in NPLs were within the expected and controllable range.

As at the end of the reporting period, the Group registered RMB86.454 billion NPL balance, an increase of RMB20.337 billion from the end of the previous year; an NPL ratio of 1.98%, an increase of 0.33 percentage point from the end of the previous year; a 170.08% provision coverage ratio, down by 5.17 percentage points from the end of the previous year; and a 3.37% ratio of allowance for loan impairment losses to total loans, a rise of 0.47 percentage point from the end of the previous year.

2.10 Overview of Corporate Governance

During the reporting period, the Bank continued to focus on high-quality development, adhered to the corporate governance philosophy of coordination, check and balance, kept improving the corporate governance operation mechanism, and integrated the Party's leadership into its corporate governance. As the shareholders' general meeting, Board of Directors, Board of Supervisors, and the senior management functioned actively and effectively, and all directors, supervisors and senior management members faithfully, diligently and prudently performed their duties, the Bank saw its corporate governance continuously improving. As at the end of the reporting period, the Board of Directors of the Bank consisted of 10 members. During the reporting period, the Board of Directors held 3 meetings (1 on-site meeting and 2 meetings via communication voting) and 7 meetings of special committees of the Board of Directors. As at the end of the reporting period, the Board of Supervisors consisted of 8 members. During the reporting period, the Board of Supervisors held 2 meetings (both on-site meetings) and 1 meetings of the special committees of the Board of Supervisors. During the reporting period, the Bank convened 1 shareholders' general meeting. The shareholders' general meeting, meetings of the Board of Directors and the Board of Supervisors of the Bank were convened in compliance with the procedures set forth in the Articles of Association of the Bank.

2.11 Total Number of Ordinary Shareholders and Shareholdings of the Top 10 Ordinary Shareholders and the Top 10 Ordinary Shareholders Not Subject to Restrictions on Sale as at the End of the Reporting Period

Unit: Share

Total number of ordinary shareholders (account)	175,766
Including: A-share ordinary shareholders (account)	146,994
H-share ordinary shareholders (account)	28,772

Shareholdings of the top 10 ordinary shareholders

Name of shareholder	Nature of shareholder	Class of shares	Number of shares held at the end of the reporting period	Percentage (%)	Balance of shares subject to restrictions on sale	Shares pledged or frozen	
						Pledged or frozen	Number
CITIC Corporation Limited	State-owned legal person	A share, H share	31,988,728,773	65.37	None	None	-
Hong Kong Securities Clearing Company Nominees Limited	Overseas legal person	H share	11,556,829,570	23.62	None	Unknown	-
China National Tobacco Corporation	State-owned legal person	A share	2,147,469,539	4.39	2,147,469,539	None	-
China Securities Finance Corporation Limited	State-owned legal person	A share	1,114,065,677	2.28	None	None	-
Central Huijin Asset Management Ltd.	State-owned legal person	A share	272,838,300	0.56	None	None	-
China Construction Bank Corporation	State-owned legal person	H share	168,599,268	0.34	None	None	-
Hong Kong Securities Clearing Company Limited	Overseas legal person	A share	118,261,185	0.24	None	None	-
Mao Tian Capital Limited	State-owned legal person	A share	31,034,400	0.06	None	None	-
China Poly Group Corporation Limited	State-owned legal person	A share	27,216,400	0.06	None	None	-
Gu Liyong	Natural person	A share	20,317,346	0.04	None	None	-

Shareholdings of the top 10 ordinary shareholders not subject to restrictions on sale

Name of shareholder	Balance of shares not subject to restrictions on sale	Class of shares	Number of shares
CITIC Corporation Limited	31,988,728,773	Renminbi denominated ordinary shares	28,938,928,294
		Overseas-listed foreign shares	3,049,800,479
Hong Kong Securities Clearing Company Nominees Limited	11,556,829,570	Overseas-listed foreign shares	11,556,829,570
China Securities Finance Corporation Limited	1,114,065,677	Renminbi denominated ordinary shares	1,114,065,677
Central Huijin Asset Management Ltd.	272,838,300	Renminbi denominated ordinary shares	272,838,300
China Construction Bank Corporation	168,599,268	Overseas-listed foreign shares	168,599,268
Hong Kong Securities Clearing Company Limited	118,261,185	Renminbi denominated ordinary shares	118,261,185
Mao Tian Capital Limited	31,034,400	Renminbi denominated ordinary shares	31,034,400
China Poly Group Corporation Limited	27,216,400	Renminbi denominated ordinary shares	27,216,400
Gu Liyong	20,317,346	Renminbi denominated ordinary shares	20,317,346
Huang Zhenguo	15,000,000	Renminbi denominated ordinary shares	15,000,000
Note on preference shareholders with restored voting right and their shareholdings			N/A

Notes: (1) Except for CITIC Corporation Limited and Hong Kong Securities Clearing Company Nominees Limited, the shareholdings of A-share holders and H-share holders in the table above were calculated based on the Bank's share registers respectively maintained with China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.

(2) Hong Kong Securities Clearing Company Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. The total number of shares held by Hong Kong Securities Clearing Company Nominees Limited is the aggregate number of H shares it held in its capacity as nominee on behalf of all institutional (except for CITIC Corporation Limited) and individual investors registered with the company as at the end of the reporting period. Hong Kong Securities Clearing Company Limited is an institution that is designated by others to hold shares, including the Shanghai Stock Connect shares held by Hong Kong and overseas investors, on behalf of others in its capacity as nominee shareholder.

- (3) CITIC Corporation Limited is a wholly-owned subsidiary of CITIC Limited. CITIC Corporation Limited confirmed that as at the end of the reporting period, CITIC Limited and its subsidiaries (including CITIC Corporation Limited) together owned 32,284,227,773 shares of the Bank, accounting for 65.97% of the Bank's total shares, including 28,938,928,294 A shares and 3,345,299,479 H shares. CITIC Corporation Limited directly owned 31,988,728,773 shares of the Bank, accounting for 65.37% of the Bank's total shares, including 28,938,928,294 A shares and 3,049,800,479 H shares.
- (4) Summit Idea Limited confirmed that, as at the end of the reporting period, it held via Hong Kong Securities Clearing Company Nominees Limited 2,292,579,000 H shares of the Bank, accounting for 4.685% of the Bank's total shares. Summit Idea Limited is a wholly-owned affiliate of Xinhua Zhongbao Co., Ltd. ("**Xinhua Zhongbao**"). In addition to the afore-mentioned stake, Hong Kong Xinhua Investment Co., Ltd., a wholly-owned subsidiary of Xinhua Zhongbao, also owned 153,686,000 H shares of the Bank via Hong Kong Securities Clearing Company Nominees Limited, taking up 0.314% of the Bank's total shares.
- (5) Note on related party relations or concerted actions of the above ordinary shareholders: Hong Kong Securities Clearing Company Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. According to the *Half-year Report 2020 of China Construction Bank Corporation*, as at 30 June 2020, Central Huijin Investment Ltd. and its wholly-owned subsidiary Central Huijin Asset Management Ltd. together owned 57.31% equity of China Construction Bank Corporation. Except for these, the Bank was not aware of any related party relation or concerted action between the above-mentioned shareholders.

2.12 Total Number of Preference Shareholders and Shareholdings of the Top 10 Preference Shareholders and the Top 10 Preference Shareholders not Subject to Restrictions on Sale as at the End of the Reporting Period

✓ Applicable □ Not applicable

Unit: Share

Total number of preference shareholders (account) 31

Shareholdings of the top 10 preference shareholders (also the top 10 preference shareholders not subject to restrictions on sale)								
Name of shareholder	Nature of shareholder	Changes in shareholding during the reporting period (+, -)	Number of shares held as at the end of the reporting period	Shareholding percentage (%)	Class of shares held	Number of shares subject to restrictions on sale	Shares pledged or frozen	
							Pledged or frozen	Number
China Mobile Communications Group Corporation limited	State-owned legal person	-	43,860,000	12.53	Onshore preference shares	-	-	-
China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai	Other	-	38,430,000	10.98	Onshore preference shares	-	-	-
China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai	Other	-	38,400,000	10.97	Onshore preference shares	-	-	-
Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance	Other	-	30,700,000	8.77	Onshore preference shares	-	-	-
Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance	Other	-	30,700,000	8.77	Onshore preference shares	-	-	-
BOCOM International Trust Co., Ltd. – Jin Sheng Tian Li No. 1 Single Fund Trust	Other	-	30,700,000	8.77	Onshore preference shares	-	-	-
Puyin Ansheng Fund Company – SPDB – Shanghai Pudong Development Bank Shanghai Branch	Other	-	21,930,000	6.27	Onshore preference shares	-	-	-
Xing Quan Rui Zhong Total Assets – Ping An Bank – Ping An Bank Co., Ltd.	Other	-	15,350,000	4.39	Onshore preference shares	-	-	-
Chuang Jin He Xin Fund – China Merchants Bank – China Merchants Bank Co., Ltd.	Other	-	10,960,000	3.13	Onshore preference shares	-	-	-
Bank of Communications Schroder Fund – Minsheng Bank – China Minsheng Bank Co., Ltd.	Other	-	8,770,000	2.51	Onshore preference shares	-	-	-
China Resources Shenzhen Investment Trust Co., Ltd. – No. 1 Single Investment Trust Fund	Other	-	8,770,000	2.51	Onshore preference shares	-	-	-

- Notes:* (1) The shareholdings of the preference shareholders were calculated based on the information contained in the preference-share register of the Bank.
- (2) Note on related-party relations or concerted actions of the above shareholders: Based on publicly available information, the Bank came to the preliminary conclusion that there was related-party relation between China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai and China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai and between Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance and Ping An Life Insurance Company of China, Ltd. Limited – Dividend – Dividends for Individual Insurance. Except for these, the Bank was not aware of any related-party relation or concerted action between the above-mentioned preference shareholders or between the above-mentioned preference shareholders and the top 10 ordinary shareholders.
- (3) “Shareholding percentage” means the ratio of preference shares held by a preference shareholder to the total number of preference shares.
- (4) The Bank did not have preference shareholders with restored voting right.

3. SIGNIFICANT EVENTS

3.1 Material Changes in Principal Accounting Items and Financial Indicators of the Group and the Underlying Reasons

Applicable Not applicable

The table below sets out the major financial statement items with more than 30% changes in the first three quarter of 2020 and the underlying reasons:

Unit: RMB million

Item	30 September 2020/ January-September 2020	Changes over the end of the previous year/year on year (%)	Reasons for change
Precious metals	11,819	72.16	Increase in self-held precious metals
Derivative financial assets	27,977	63.45	Increase in positive revaluation of foreign exchange and interest rate derivatives
Financial assets held under resale agreements	49,135	393.62	Increase in securities held under resale agreements
Deferred income tax assets	47,585	48.26	Increase in temporary contra item due to the provision of loan impairment losses
Borrowings from central bank	124,386	(48.24)	Repayment of borrowings from central bank
Held-for-trading financial liabilities	4,314	409.33	Increase in structured products
Derivative financial liabilities	27,793	65.08	Increase in negative revaluation of foreign exchange and interest rate derivatives
Taxes payable	14,190	60.07	Increase in income tax payable
Other comprehensive income	221	(97.00)	Decrease in financial investment revaluation reserve
Net income from investment securities	10,396	41.15	Increase in financial investment income measured at fair value through other comprehensive income
Other asset impairment losses	539	45.68	Increase in allowances for impairment losses on repossessed assets

3.2 Analysis and Explanations regarding Progress and Impacts of Significant Events and Their Solutions

Applicable Not applicable

The Bank proposed to make a public issuance of up to RMB40 billion A-share convertible corporate bonds. The plan on the public issuance and its associated proposals were adopted via voting by poll at the Bank's first extraordinary general meeting of 2017, first A shareholders class meeting of 2017 and first H shareholders class meeting of 2017 convened on 7 February 2017. On 4 March 2019, after the above-mentioned plan on the public issuance of convertible bonds and the listing thereof was approved by the China Banking and Insurance Regulatory Commission (the "CBIRC") and the China Securities Regulatory Commission, the Bank completed the issuance of RMB40 billion A-share convertible bonds. On 19 March 2019, the afore-mentioned A-share convertible bonds were listed on the Shanghai Stock Exchange. As at 30 September 2020, RMB268,000 of the CITIC Convertible Bonds were converted into ordinary A shares of the Bank accumulatively and the shares converted from CITIC Convertible Bonds totaled 37,413 shares, representing 0.00007645% of total ordinary shares issued by the Bank before the conversion; RMB39,999,732,000 of the CITIC Convertible Bonds were not converted into shares, representing 99.99933% of the total.

In June 2020, the Bank received the *Reply of the China Banking and Insurance Regulatory Commission on Approving the Issuance of Tier-2 Capital Bonds by China CITIC Bank Corporation Limited* (CBIRC Reply [2020] No.278) issued by CBIRC and the *Affirmative Decision of Administrative License* (PBOC Decision [2020] No. 17) issued by the People's Bank of China, and was approved to issue tier-2 capital bonds (the "Bonds") up to RMB40.0 billion in the national inter-bank bond market, of which the proceeds shall be recognized as tier-2 capital of the Bank as per relevant rules. The administrative license granted in the *Affirmative Decision of Administrative License* is effective from 16 June 2020 to 15 June 2022, and the Bank may issue the Bonds in batches during the effective period. The Bonds were issued in the national inter-bank bond market on 14 August 2020. The size of issuance of the Bonds is RMB40.0 billion, and the Bonds has a term of 10 years. The issuer shall have a conditional redemption right from the end of the fifth year onwards. The coupon rate is 3.87%. After deducting the issuance costs, all proceeds from the Bonds issuance were used to replenish the Bank's tier-2 capital in accordance with applicable laws and regulatory approval, so as to improve the Bank's capital structure, and promote the steady development of its business.

At the 32nd meeting of the 5th Session of the Board of Directors convened on 27 August 2020, the Bank reviewed and approved the *Proposal on Issuance of Undated Capital Bonds*, giving consent that the Bank would issue undated capital bonds up to RMB40.0 billion (inclusive of RMB40.0 billion) in domestic and overseas markets to replenish its additional tier-1 capital. The proposal will be submitted to the Bank's general meeting for consideration.

At the 32nd meeting of the 5th Session of the Board of Directors convened on 27 August 2020, the Bank reviewed and approved the *Proposal on Adjusting the Plan for Increasing Share Capital of CITIC aiBank Corporation Limited*, agreeing to the adjusted plan for increasing share capital of CITIC aiBank Corporation Limited (“**CITIC aiBank**”) and giving consent that the Bank would contribute RMB2.027 billion to subscribe the shares of CITIC aiBank.

Please refer to the relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for details of the issuance of A-share convertible bonds, the issuance of tier-2 capital bonds, the issuance of undated capital bonds and the external investment.

3.3 Uncompleted Performance of Overdue Undertakings During the Reporting Period

Applicable Not applicable

3.4 Warnings on the Forecast of Possible Losses or Substantial Year-on-Year Changes to be Recorded in Cumulative Net Profit from Beginning of the Year to the End of the Next Reporting Period and the Underlying Reasons

Applicable Not applicable

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

(Amounts in millions of Renminbi, unless otherwise stated)

	July- September 2020	July- September 2019	January- September 2020	January- September 2019
Interest income	69,931	68,271	210,226	199,048
Interest expense	(35,808)	(35,649)	(111,168)	(104,914)
Net interest income	34,123	32,622	99,058	94,134
Fee and commission income	12,462	13,657	40,395	40,500
Fee and commission expense	(1,278)	(1,417)	(3,855)	(4,318)
Net fee and commission income	11,184	12,240	36,540	36,182
Net trading gains	959	1,739	3,177	4,421
Net gains from investment securities	827	2,424	10,396	7,365
Net hedging gain/(loss)	-	1	(1)	(2)
Other net operating income/(loss)	214	55	337	173
Operating income	47,307	49,081	149,507	142,273
Operating expenses	(12,381)	(13,368)	(36,056)	(38,041)
Operating profit before impairment	34,926	35,713	113,451	104,232
Impairment losses on				
– Credit	(21,448)	(20,986)	(68,677)	(54,942)
– Others	(43)	(136)	(539)	(370)
Total impairment losses	(21,491)	(21,122)	(69,216)	(55,312)
Net revaluation (loss)/gain on investment properties	1	-	(33)	6
Share of net (loss)/gain of associates and joint ventures	(29)	254	(49)	361
Profit before tax	13,407	14,845	44,153	49,287
Income tax expense	(2,008)	(2,138)	(6,790)	(7,743)
Net profit	11,399	12,707	37,363	41,544
Net profit attributable to:				
– Equity holders of the Bank	11,377	12,445	36,918	40,752
– Non-controlling interests	22	262	445	792

	July- September 2020	July- September 2019	January- September 2020	January- September 2019
Other comprehensive income, net of tax:				
i. Items that can not be reclassified into profit or loss:				
1. Changes on the measurement of defined benefit plan	-	-	-	(1)
2. Fair value changes on financial assets measured at fair value through other comprehensive income	4	(19)	(43)	25
3. Fair value changes on transfers from owner-occupied property to investment property	(1)	-	52	-
ii. Items to be reclassified into profit or loss:				
1. Other comprehensive income transferable to profit or loss under equity method	2	(2)	(3)	(1)
2. Fair value changes on financial assets measured at fair value through other comprehensive income	(5,170)	793	(6,771)	685
3. Impairment allowance on financial assets measured at fair value through other comprehensive income	149	280	576	804
4. Exchange difference on translating foreign operations	(1,830)	1,622	(879)	1,419
Other comprehensive income, net of tax	(6,846)	2,674	(7,068)	2,931
Total comprehensive income	4,553	15,381	30,295	44,475
Total comprehensive income attributable to:				
– Equity holders of the Bank	4,517	15,133	29,778	43,597
– Non-controlling interests	36	248	517	878
	4,553	15,381	30,295	44,475
Earnings per share attributable to the ordinary shareholders of the Bank:				
Basic earnings per share (RMB yuan)	0.21	0.23	0.73	0.81
Diluted earnings per share (RMB yuan)	0.19	0.20	0.67	0.75

Consolidated Statement of Financial Position (Unaudited)

(Amounts in millions of Renminbi)

	30 September 2020	31 December 2019
Assets		
Cash and balances with central banks	439,870	463,158
Deposits with and loans to banks and non-bank financial institutions	93,707	121,297
Precious metals	11,819	6,865
Placements with banks and non-bank financial institutions	218,709	204,547
Derivative financial assets	27,977	17,117
Financial assets held under resale agreements	49,135	9,954
Loans and advances to customers	4,227,859	3,892,602
Financial investments	2,082,512	1,873,596
– measured at fair value through profit or loss for the current period	374,662	317,546
– measured at amortised cost	923,048	924,234
– measured at fair value through other comprehensive income	781,168	628,780
– designated to be measured at fair value through other comprehensive income	3,634	3,036
Investment in associates and joint ventures	3,602	3,672
Investment properties	438	426
Property, plant and equipment	22,323	22,372
Intangible assets	1,922	1,874
Goodwill	896	912
Right-of-use assets	11,547	12,390
Deferred tax assets	47,585	32,095
Other assets	83,458	87,556
Total assets	7,323,359	6,750,433
Liabilities		
Borrowings from central banks	124,386	240,298
Deposits from banks and non-bank financial institutions	1,016,507	951,122
Placements from banks and non-bank financial institutions	87,328	92,539
Held-for-trading financial liabilities	4,314	847
Derivative financial liabilities	27,793	16,836
Financial assets sold under repurchase agreements	120,328	111,838
Deposits from customers	4,533,045	4,073,258
Accrued staff costs	18,726	20,924
Taxes payable	14,190	8,865
Provisions	6,255	6,116
Issued debt certificates	779,089	650,274
Lease liabilities	10,601	10,896
Deferred tax liabilities	10	10
Other liabilities	31,194	34,086
Total liabilities	6,773,766	6,217,909

	30 September 2020	31 December 2019
Equity		
Share capital	48,935	48,935
Other equity instruments	78,083	78,083
Capital reserve	58,977	58,977
Other comprehensive income	221	7,361
Surplus reserve	39,009	39,009
General reserve	81,535	81,535
Retained earnings	227,304	203,411
Total equity attributable to the equity holders of the Bank	534,064	517,311
Non-controlling interests	15,529	15,213
Total equity	549,593	532,524
Total liabilities and equity	7,323,359	6,750,433

Approved by the board of directors on 29 October 2020.

Li Qingping
Legal Representative

Fang Heying
President and Chief Financial Officer

Li Peixia
*General Manager of the Finance
and Accounting Department*

Company Seal

Consolidated Statement of Cash Flows (Unaudited)

(Amounts in millions of Renminbi)

	January- September 2020	January- September 2019
Operating activities		
Profit before tax	44,153	49,287
Adjustments for:		
– Revaluation gain on investments, derivatives and investment properties	(964)	(1,166)
– Net investment gain	(9,103)	(5,480)
– Net (gain)/loss from disposal of fixed assets, intangible assets and other assets	(10)	28
– Unrealised foreign exchange loss/(gain)	431	(742)
– Impairment losses on credit	68,677	54,942
– Impairment losses on other assets	539	370
– Depreciation and amortization	2,106	2,110
– Interest expense on debt certificates issued	16,020	16,969
– Dividend income from equity investment	(15)	(16)
– Depreciation of right-of-use assets and interest expense on lease liabilities	2,853	2,768
– Income tax paid	(14,940)	(11,522)
Subtotal	<u>109,747</u>	<u>107,548</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in balances with central banks	(11,150)	54,364
Decrease/(increase) in deposits with banks and non-bank financial institutions	34,248	(30,013)
Increase in placements with and loans to banks and non-bank financial institutions	(23,333)	(20,163)
(Increase)/decrease in held-for-trading financial assets	(30,791)	20,671
Increase in financial assets held under resale agreements	(39,149)	(13,146)
Increase in loans and advances to customers	(395,410)	(381,615)
Decrease in borrowings from central banks	(113,874)	(49,040)
Increase in deposits from banks and non-bank financial institutions	64,903	109,773
Decrease in placements from banks and non-bank financial institutions	(4,576)	(44,169)
Increase/(decrease) in held-for-trading financial liabilities	3,311	(856)
Increase/(decrease) in financial assets sold under repurchase agreements	8,499	(58,007)
Increase in deposits from customers	457,926	392,292
Increase in other operating assets	(7,878)	(21,197)
Decrease in other operating liabilities	(2,119)	(25,735)
Net cash flow used in operating activities	<u>50,354</u>	<u>40,707</u>

	January- September 2020	January- September 2019
Investing activities		
Proceeds from disposal and redemption of investments	1,699,958	1,504,995
Cash received from equity investment income	477	252
Proceeds from disposal of property, plant and equipment, land use rights and other assets	121	606
Payments on acquisition of investments	(1,886,347)	(1,666,066)
Payments on acquisition of property, plant and equipment, land use rights and other assets	(1,994)	(2,108)
Net cash flow used in investing activities	<u>(187,785)</u>	<u>(162,321)</u>
Financing activities		
Cash received from debt securities issued	563,679	388,217
Cash paid for redemption of debt securities issued	(430,717)	(382,694)
Interest paid on debt securities issued	(17,095)	(18,096)
Dividends paid	(11,896)	(11,527)
Payments on other financing activities	(2,180)	(2,094)
Net cash flow generated from financing activities	<u>101,791</u>	<u>(26,194)</u>
Net decrease in cash and cash equivalents	(35,640)	(147,808)
Cash and cash equivalents as at 1 January	342,449	376,009
Effect of exchange rate changes on cash and cash equivalents	<u>(2,509)</u>	<u>4,122</u>
Cash and cash equivalents as at 30 September	<u>304,300</u>	<u>232,323</u>
Cash flows from operating activities include:		
Interest received	<u>216,091</u>	<u>206,253</u>
Interest paid, excluding interest paid for issued debt certificates	<u>(89,822)</u>	<u>(94,740)</u>

By Order of the Board
China CITIC Bank Corporation Limited
Li Qingping
Chairperson

Beijing, the PRC
29 October 2020

As at the date of this announcement, the executive directors of the Bank are Ms. Li Qingping (Chairperson), Mr. Fang Heying (President) and Mr. Guo Danghuai; the non-executive directors are Mr. Cao Guoqiang, Ms. Huang Fang and Mr. Wan Liming; and the independent non-executive directors are Mr. He Cao, Ms. Chen Lihua, Mr. Qian Jun and Mr. Yan Lap Kei Isaac.