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中國光大銀行股份有限公司

China Everbright Bank Company Limited

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

(Stock code: 6818)

THIRD QUARTERLY REPORT OF 2019

The Board of Directors (the “**Board**”) of China Everbright Bank Company Limited (the “**Company**”) hereby announces the unaudited results of the Company and its subsidiaries for the nine months ended 30 September 2019 (the “**Reporting Period**”) prepared under the International Financial Reporting Standards. 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.

On behalf of the Board

China Everbright Bank Company Limited

LI Xiaopeng

Chairman

Beijing, the PRC

30 October 2019

As at the date of this announcement, the Executive Director of the Company is Mr. Lu Hong; the Non-executive Directors are Mr. Li Xiaopeng, Mr. Cai Yunge, Mr. Wang Xiaolin, Mr. Shi Yongyan, Mr. Dou Hongquan and Mr. He Haibin; and the Independent Non-executive Directors are Ms. Fok Oi Ling Catherine, Mr. Xu Hongcai, Mr. Feng Lun, Mr. Wang Liguang, Mr. Shao Ruiqing and Mr. Hong Yongmiao.

China Everbright Bank Company Limited

Third Quarterly Report of 2019

I. IMPORTANT NOTICE

- 1.1 The Board of Directors, Board of Supervisors and Directors, Supervisors and Senior Management of the Bank hereby warrant the authenticity, accuracy and completeness of the contents of this report and that there are no false representations, misleading statements or material omissions, and jointly and severally assume full responsibility for the information in this report.
- 1.2 The fourth meeting of the Eighth Session of the Board of Directors of the Bank was convened by written resolutions on 30 October 2019, at which the *Third Quarterly Report of 2019* was considered and approved. 13 out of 13 Directors attended the meeting in person.
- 1.3 The financial statements in this report were prepared pursuant to International Financial Reporting Standards (“IFRS”) and are unaudited.
- 1.4 In this report, “the Bank”, “the Company” and “our Company” all refer to China Everbright Bank Company Limited, and “the Group” refers to China Everbright Bank Company Limited and its subsidiaries.
- 1.5 Mr. Li Xiaopeng, Chairman of the Board of Directors, Mr. Yao Zhongyou, Vice President in charge of finance, and Mr. Sun Xinhong, General Manager of the Finance and Accounting Department, hereby warrant the authenticity, accuracy and completeness of the financial report.

II. BASIC INFORMATION

2.1 Key financial data

Unit: RMB million, %

Item	30 September 2019	31 December 2018	Change
Total assets	4,723,247	4,357,332	8.40
Net assets attributable to equity shareholders of the Bank	379,268	321,488	17.97
Net assets per share attributable to ordinary shareholders of the Bank ¹ (RMB)	5.99	5.55	7.93
Item	January – September 2019	January – September 2018	Change
Operating income	100,332	81,449	23.18
Net profit	31,466	27,798	13.20
Net profit attributable to equity shareholders of the Bank	31,399	27,760	13.11
Basic earnings per share ² (RMB)	0.57	0.50	14.00
Diluted earnings per share ³ (RMB)	0.51	0.45	13.33
Return on weighted average net assets ⁴	13.15	12.66	+0.49 percentage point
Net cash flows from operating activities ⁵	(8,842)	75,752	N/A

Notes:

1. Net assets per share attributable to ordinary shareholders of the Bank = (net assets attributable to equity shareholders of the Bank – preference shares of other equity instruments)/total number of ordinary shares at the end of the period.
2. Basic earnings per share = net profit attributable to ordinary shareholders of the Bank/weighted average number of ordinary shares outstanding; net profit attributable to ordinary shareholders of the Bank = net profit attributable to equity shareholders of the Bank – dividends of the preference shares declared during the period.

The dividends of the preference shares distributed by the Bank as at 30 September 2019 totaled RMB1,450 million (before tax) in the year of 2019.

3. Diluted earnings per share = (net profit attributable to ordinary shareholders of the Bank + effect of dilutive potential ordinary shares on net profit attributable to ordinary shareholders of the Bank)/(weighted average number of ordinary shares outstanding + weighted average number of dilutive potential ordinary shares converted into ordinary shares).

4. Return on weighted average net assets = net profit attributable to ordinary shareholders of the Bank/ weighted average net assets attributable to ordinary shareholders of the Bank, listed in an annualized form.

The above figures were calculated according to the *Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No.9): Calculation and Disclosure of Rate of Return on Equity and Earnings per Share (2010 Revision)* issued by the China Securities Regulatory Commission (“CSRC”).

5. Prepared according to the *Formats of Financial Statements of Financial Enterprises for 2018* issued by the Ministry of Finance (“MOF”), and the data in the same period of the previous year were restated.

2.2 Capital adequacy ratios and leverage ratios

The capital adequacy ratios (CAR) calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* (Decree No.1 of CBRC in 2012) are as follows:

Unit: RMB million, %

Item	30 September 2019		31 December 2018	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net common equity tier-1 capital	312,507	295,940	289,638	279,076
Net tier-1 capital	377,504	360,847	319,659	309,023
Net capital base	457,990	439,991	412,012	400,663
Risk-weighted assets	3,411,279	3,317,995	3,166,668	3,091,958
Common equity tier-1 CAR	9.16	8.92	9.15	9.03
Tier-1 CAR	11.07	10.88	10.09	9.99
CAR	13.43	13.26	13.01	12.96

Note: All domestic and overseas branches, as well as invested financial institutions within the scope of consolidated management in accordance with the *Capital Rules for Commercial Banks (Provisional)*, shall be included in the calculation of the consolidated CARs. Among these, the invested financial institutions within the scope of consolidated management include Everbright Financial Leasing Co., Ltd., Shaoshan Everbright Village Bank Co., Ltd., Jiangsu Huai’an Everbright Village Bank Co., Ltd., CEB International Investment Corporation Limited, China Everbright Bank (Europe) S.A., Jiangxi Ruijin Everbright Village Bank Co., Ltd. and Everbright Wealth Management Co., Ltd.

The leverage ratios calculated in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)* (Decree No.1 of CBRC in 2015) are as follows:

Unit: RMB million, %

Item	30 September 2019	30 June 2019	31 March 2019	31 December 2018
Leverage ratio	6.75	6.01	6.13	6.29
Net tier-1 capital	377,504	331,354	330,189	319,659
Adjusted on-balance sheet and off-balance sheet assets	5,595,877	5,516,302	5,385,120	5,079,718

2.3 Liquidity coverage ratio

The liquidity coverage ratios calculated in accordance with the *Measures for the Administration of Liquidity Risk of Commercial Banks* (Decree No.3 of CBIRC in 2018) are as follows:

Unit: RMB million, %

Item	30 September 2019	30 June 2019	31 March 2019	31 December 2018
Liquidity coverage ratio	136.49	123.26	120.74	118.15
Eligible high quality liquid assets	526,179	527,549	479,683	407,191
Net cash outflow in the next 30 days	385,499	427,994	397,301	344,642

2.4 Differences between the financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles (“PRC GAAP”) and those prepared in accordance with IFRS

There was no difference regarding the net profit and the net assets at the end of third quarter of 2019 prepared in accordance with PRC GAAP and IFRS respectively.

2.5 Analysis of operating results

As at the end of the Reporting Period, total assets of the Group posted RMB4,723.247 billion, representing an increase of 8.40% over the end of the previous year. Total liabilities registered RMB4,342.928 billion, representing an increase of 7.64% over the end of the previous year. The balance of deposits reported RMB2,962.741 billion, representing an increase of 15.19% over the end of the previous year. Total loans and advances stood at RMB2,657.253 billion, representing an increase of 9.74% over the end of the previous year.

During the Reporting Period, the Group realized a net profit of RMB31.466 billion, representing a year-on-year increase of 13.20%. Its operating income registered RMB100.332 billion, representing a year-on-year increase of 23.18%, among which, net interest income reached RMB75.283 billion, representing a year-on-year increase of 36.46%. Net interest margin stood at 2.29%, representing a year-on-year increase of 41 basis points. Net fee and commission income was RMB18.184 billion, representing a year-on-year increase of 18.97%. Return on weighted average net assets was 13.15%, representing a year-on-year increase of 0.49 percentage point. From 2019 onwards, the Group reclassifies credit card installment income as interest income rather than fee and commission income. In addition, when calculating net interest margin, the Group will not add back and restore the fund investment and other business income, and the above relevant data has been restated.

During the Reporting Period, the Group incurred operating expenses of RMB29.402 billion, representing a year-on-year increase of 16.64%. Its credit impairment losses were RMB33.406 billion, representing a year-on-year increase of 43.21%.

As at the end of the Reporting Period, total non-performing loans of the Group amounted to RMB41.041 billion, representing an increase of RMB2.620 billion over the end of the previous year. Its non-performing loan ratio was 1.54%, down 0.05 percentage point below the end of the previous year. Its provision coverage ratio was 179.10%, up 2.94 percentage points over the end of the previous year.

As at the end of the Reporting Period, the Group's CAR reached 13.43%, tier-1 CAR stood at 11.07%, and common equity tier-1 CAR reported 9.16%, all of which met the regulatory requirements. As at the end of the Reporting Period, leverage ratio of the Group was 6.75%, representing an increase of 0.46 percentage point over the end of the previous year.

2.6 Total number of shareholders and shareholding of top 10 shareholders as at the end of the Reporting Period are as follows:

Unit: Share, %

Total number of shareholders as at the end of the Reporting Period		189,922 for A shares, 905 for H shares			
Name of shareholder	Nature of shareholder	Number of shares	Class of shares	Shareholding percentage	Number of shares pledged/frozen
China Everbright Group Ltd.	Domestic legal person	11,565,940,276	A shares	22.03	–
		1,782,965,000	H shares	3.40	–
Hong Kong Securities Clearing Company Nominees Limited, including:	Overseas legal person	11,063,270,380	H shares	21.08	Unknown
Overseas Chinese Town Holdings Company	Domestic legal person	4,200,000,000	H shares	8.00	–
Ocean Fortune Investment Limited	Overseas legal person	1,605,286,000	H shares	3.06	–
China Life Reinsurance Company Ltd.	Domestic legal person	1,530,397,000	H shares	2.92	–
Central Huijin Investment Ltd.	State	10,250,916,094	A shares	19.53	–
China Everbright Limited	Overseas legal person	1,572,735,868	A shares	3.00	–
China Securities Finance Corporation Limited	Domestic legal person	1,550,215,694	A shares	2.95	–
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	840,725,236	A shares	1.60	–
China Reinsurance (Group) Corporation	Domestic legal person	413,094,619	A shares	0.79	–
		376,393,000	H shares	0.72	–
Shenergy (Group) Co., Ltd.	Domestic legal person	766,002,403	A shares	1.46	–
Shanghai COSCO Shipping Corporate Development Co., Ltd.	Domestic legal person	723,999,875	A shares	1.38	–
Central Huijin Asset Management Ltd.	Domestic legal person	629,693,300	A shares	1.20	–

Notes:

1. As at the end of the Reporting Period, 1.610 billion H shares held by China Everbright Group Ltd. (“**China Everbright Group**”) and 4.200 billion H shares held by Overseas Chinese Town Holdings Company were subject to selling restrictions, and all the other ordinary shares were not subject to selling restrictions.
2. As at the end of the Reporting Period, Central Huijin Investment Ltd. (“**Central Huijin**”) held 55.67% and 71.56% interest in China Everbright Group and China Reinsurance (Group) Corporation, respectively; Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Central Huijin; China Everbright Limited is a subsidiary indirectly controlled by China Everbright Group; China Life Reinsurance Company Ltd. is a wholly-owned subsidiary of China Reinsurance (Group) Corporation; Shanghai COSCO Shipping Corporate Development Co., Ltd. and Ocean Fortune Investment Limited are both subsidiaries indirectly controlled by China COSCO Shipping Corporation Limited. Save for the above, the Bank is not aware of any connected relation or concerted action among the aforementioned shareholders.
3. As at the end of the Reporting Period, the total number of H shares of the Bank held by the Hong Kong Securities Clearing Company Nominees Limited acting as the nominee for all institutional and individual investors that maintain an account with it was 11,063,270,380 H shares, of which, 4,200,000,000, 1,605,286,000, 1,530,397,000, 172,965,000 and 376,393,000 H shares of the Bank respectively held by Overseas Chinese Town Holdings Company, Ocean Fortune Investment Limited, China Life Reinsurance Company Limited, China Everbright Group and China Reinsurance (Group) Corporation were under the name of Hong Kong Securities Clearing Company Nominees Limited. The number of remaining H shares of the Bank held under the name of Hong Kong Securities Clearing Company Nominees Limited was 3,178,229,380 H shares.
4. As at the end of Reporting Period, as the nominee holder, Hong Kong Securities Clearing Company Ltd. held, designated by and on behalf of others, 840,725,236 A shares of the Bank in total, including the shares under Shanghai Stock Connect held by Hong Kong and overseas investors.

2.7 Total number of preference shareholders and shareholdings of top 10 preference shareholders as at the end of the Reporting Period

2.7.1 Everbright P1 (Code: 360013)

Unit: Share, %

Total number of shareholders of Everbright P1 as at the end of the Reporting Period		18			
Name of shareholder	Nature of shareholder	Number of shares held	Shareholding percentage	Type of shares	Number of shares pledged/frozen
Bank of Communications Schroder Fund Management Co., Ltd.	Others	37,750,000	18.88	Domestic preference shares	–
China CITIC Bank Corporation Limited	Others	17,750,000	8.88	Domestic preference shares	–
Chuangjin Hexin Fund Management Limited	Others	15,510,000	7.76	Domestic preference shares	–
BOCI Securities Limited	Others	15,500,000	7.75	Domestic preference shares	–
Bank of Communications International Trust Co., Ltd.	Others	15,500,000	7.75	Domestic preference shares	–
Hwabao Trust Co., Ltd.	Others	13,870,000	6.94	Domestic preference shares	–
China Resources SZITIC Trust Co., Ltd.	Others	13,870,000	6.94	Domestic preference shares	–
CCB Trust Co., Ltd.	Others	10,000,000	5.00	Domestic preference shares	–
China Ping An Property & Casualty Insurance Co., Ltd.	Others	10,000,000	5.00	Domestic preference shares	–
China Ping An Life Insurance Co., Ltd.	Others	10,000,000	5.00	Domestic preference shares	–

Note: Bank of Communications Schroder Fund Management Co., Ltd. and Bank of Communications International Trust Co., Ltd. have connected relation. China Ping An Property & Casualty Insurance Co., Ltd. and China Ping An Life Insurance Co., Ltd. have connected relation. Save for the above, the Bank is not aware of any connected relation or concerted action among the aforementioned preference shareholders and between them and the top 10 ordinary shareholders.

2.7.2 Everbright P2 (Code: 360022)

Unit: Share, %

Total number of shareholders of Everbright P2 as at the end of the Reporting Period		23			
Name of shareholder	Nature of shareholder	Number of shares held	Shareholding percentage	Type of shares	Number of shares pledged/frozen
AXA SPDB Investment Managers Co., Ltd.	Others	16,470,000	16.47	Domestic preference shares	–
Shanghai Wisdom Asset Management Co., Ltd.	Others	13,090,000	13.09	Domestic preference shares	–
China Everbright Group Ltd.	Others	10,000,000	10.00	Domestic preference shares	–
China Life Insurance Company Limited	Others	8,180,000	8.18	Domestic preference shares	–
Postal Savings Bank of China Co., Ltd.	Others	7,200,000	7.20	Domestic preference shares	–
Bank of Communications Schroder Fund Management Co., Ltd.	Others	6,540,000	6.54	Domestic preference shares	–
Bank of Communications International Trust Co., Ltd.	Others	6,540,000	6.54	Domestic preference shares	–
China Resources SZITIC Trust Co., Ltd.	Others	3,680,000	3.68	Domestic preference shares	–
BOCI Securities Limited	Others	3,270,000	3.27	Domestic preference shares	–
HuaAn Future Asset Management (Shanghai) Limited	Others	3,270,000	3.27	Domestic preference shares	–
Bank of Hangzhou Co., Ltd.	Others	3,270,000	3.27	Domestic preference shares	–
China CITIC Bank Corporation Limited	Others	3,270,000	3.27	Domestic preference shares	–

Note: Bank of Communications Schroder Fund Management Co., Ltd. and Bank of Communications International Trust Co., Ltd. have connected relation. Everbright Group is also one of the top 10 ordinary shareholders of the Bank. Save for the above, the Bank is not aware of any connected relation or concerted action among the aforementioned preference shareholders and between them and the top 10 ordinary shareholders.

2.7.3 Everbright P3 (Code: 360034)

Unit: Share, %

Total number of shareholders of Everbright P3 as at the end of the Reporting Period		20			
Name of shareholder	Nature of shareholder	Number of shares held	Shareholding percentage	Type of shares	Number of shares pledged/frozen
China Ping An Life Insurance Co., Ltd.	Others	84,110,000	24.03	Domestic preference shares	–
China Life Insurance Company Limited	Others	47,720,000	13.63	Domestic preference shares	–
CCB Trust Co., Ltd.	Others	31,810,000	9.09	Domestic preference shares	–
New China Life Insurance Company Limited	Others	27,270,000	7.79	Domestic preference shares	–
Bank of Communications Schroder Fund Management Co., Ltd.	Others	27,270,000	7.79	Domestic preference shares	–
China Ping An Property & Casualty Insurance Co., Ltd.	Others	18,180,000	5.19	Domestic preference shares	–
CITIC-Prudential Life Insurance Co., Ltd.	Others	15,000,000	4.29	Domestic preference shares	–
Postal Savings Bank of China Co., Ltd.	Others	13,630,000	3.89	Domestic preference shares	–
Bosera Asset Management Co., Limited	Others	13,630,000	3.89	Domestic preference shares	–
Taiping Asset Management Co., Ltd.	Others	9,090,000	2.60	Domestic preference shares	–
Taiping Life Insurance Co., Ltd.	Others	9,090,000	2.60	Domestic preference shares	–
Bank of Beijing Co., Ltd.	Others	9,090,000	2.60	Domestic preference shares	–
China Resources SZITIC Trust Co., Ltd.	Others	9,090,000	2.60	Domestic preference shares	–
Manulife Teda Fund Management Co., Ltd.	Others	9,090,000	2.60	Domestic preference shares	–
China Post & Capital Fund Management Co., Ltd.	Others	9,090,000	2.60	Domestic preference shares	–

Note: China Ping An Life Insurance Co., Ltd. and China Ping An Property & Casualty Insurance Co., Ltd. have connected relation. Taiping Asset Management Co., Ltd. and Taiping Life Insurance Co., Ltd. have connected relation. Save as disclosed above, the Bank is not aware of any connected relation or concerted action among the above shareholders of preference share and the top ten shareholders of ordinary shares.

III. SIGNIFICANT EVENTS

3.1 Material changes in major financial statements items and financial indicators and the reasons thereof

√Applicable □Inapplicable

Unit: RMB million, %

Item	30 September 2019	31 December 2018	Change	Main reasons for change
Derivative financial assets	25,630	15,212	68.49	Increase in positive valuation of some derivatives after revaluation
Financial assets held under resale agreements	70,677	37,773	87.11	Increase in bonds held under resale agreements
Debt instruments at fair value through other comprehensive income	215,781	153,987	40.13	Increase in bond investments
Right-of-use assets	11,485	N/A	N/A	Adding new item after the implementation of IFRS 16
Deferred tax assets	17,151	10,794	58.89	Increase in deferred tax assets
Other assets	49,525	20,447	142.21	Increase in the amount to be cleared
Derivative financial liabilities	24,297	14,349	69.33	Increase in negative valuation of some derivatives after revaluation
Financial assets sold under repurchase agreements	20,756	40,411	-48.64	Decrease in bonds sold under repurchase agreements
Taxes payable	9,936	5,666	75.36	Increase in income tax payable
Lease liabilities	10,936	N/A	N/A	Adding new item after the implementation of IFRS 16
Other liabilities	61,609	44,320	39.01	Increase in long-term borrowings of subsidiaries
Other equity instruments	70,067	35,108	99.58	Issuance of RMB35.0 billion preference shares
Other comprehensive income	2,978	1,655	79.94	Increase in fair value revaluation on debt instruments at fair value through other comprehensive income

Item	January – September 2019	January – September 2018 (Restated)	Change	Main reasons for change
Net interest income	75,283	55,167	36.46	Increase in interest-earning assets and improvement of net interest margin
Net trading gains	457	1,003	-54.44	Decrease in the earnings of investment on held-for-trading bonds
Net gains arising from investment securities	4,523	9,052	-50.03	Decrease in investment income from fund and decrease in scale of fund
Net foreign exchange gains	1,171	465	151.83	Increase in net foreign exchange gains
Credit impairment losses	(33,406)	(23,326)	43.21	Increase in allowance set aside

Note: As of 1 January 2019, the Group reclassified the installment income of credit cards from fee and commission income to interest income. The above data for the same period have been restated. Meanwhile, the data for the same period of 2018 were restated according to the *Format of Financial Statements of Financial Enterprises for 2018* issued by Ministry of Finance. Specifically, interest income on bonds measured at fair value through profit or loss is reclassified to net gains/(losses) arising from investment securities and net trading gains/(losses), and gains/(losses) on revaluation of foreign exchange derivative financial instruments from net trading gains/(losses) to net foreign exchange gains.

3.2 Progress and impact of significant events and analysis and explanation of the solutions

Applicable Inapplicable

3.2.1 Second issuance of the preference shares

In March 2019, CSRC approved the Bank's non-public offering of up to 350 million preference shares. In July 2019, the Bank issued 350 million preference shares with a coupon rate of 4.80% and raised funds amounting to RMB35 billion.

3.2.2 Issuance of non-fixed term capital bonds

In March 2019, the 35th Meeting of the Seventh Session of the Board of Directors of the Bank reviewed and approved the Proposal on Issuance of Non-fixed Term Capital Bonds, and agreed to issue non-fixed term capital bonds of no more than RMB40 billion or equivalent in foreign currencies. In May 2019, the Shareholders' General Meeting of the Bank considered and approved the proposal. As at the disclosure date of this Report, this matter is in progress.

3.2.3 Complete the election of the Board of Directors and the Board of Supervisors

Members of the Eighth Session of the Board of Directors and the Board of Supervisors were elected at the 2019 Second Extraordinary General Meeting held in July 2019. The Board of Directors consists of 17 members, including 9 Non-Executive Directors, 2 Executive Directors and 6 Independent Non-Executive Directors. The re-elected directors shall perform their duties right upon their election. The newly appointed directors shall begin to perform their duties after their qualifications are approved by China Banking and Insurance Regulatory Commission (the “CBIRC”). The Board of Supervisors consists of 9 members, including 3 Shareholder Supervisors, 3 External Supervisors and 3 Employee Supervisors. As at the date of this report disclosure, the qualification of the newly appointed directors Mr. Lu Hong, Mr. Dou Hongquan, Mr. Shao Ruiqing, Mr. Hong Yongmiao has been approved by CBIRC.

3.2.4 Commencement of operation of Everbright Wealth Management Co., Ltd.

In September 2019, CBIRC approved the commencement of operation of Everbright Wealth Management Co., Ltd., a wholly-owned subsidiary of the Bank. With a registered capital of RMB5.0 billion and registered in Qingdao, Everbright Wealth Management Co., Ltd. specializes in asset management related businesses such as the issuance of publicly-offered wealth management products, the issuance of privately-offered wealth management products, wealth management advisory and consultation. Commencing operation in 26 September 2019, it is the first wealth management subsidiary of a joint-stock commercial bank in China.

3.3 Undertakings overdue and not fulfilled during the Reporting Period

Applicable Inapplicable

3.4 Warnings and explanations of any forecasted loss or significant changes in accumulated net profit for the period from the beginning of the year to the end of the next Reporting Period or in comparison to the same period of the previous year.

Applicable Inapplicable

3.5 Changes in accounting policies

Applicable Inapplicable

IFRS 16 has taken effect from 1 January 2019. As the Bank has implemented the above accounting standards when preparing the third quarterly financial statements in 2019, it does not need to restate prior-year comparable data according to relevant rules in the new standards.

3.6 Other significant events

Applicable Inapplicable

IV. PUBLICATION OF QUARTERLY REPORT

The Third Quarterly Report of 2019 prepared in accordance with PRC GAAP and IFRS respectively are available on the websites of Shanghai Stock Exchange (www.sse.com.cn), The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Bank (www.cebbank.com).

V. APPENDIX

The consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of financial position, and the consolidated cash flow statement (prepared under IFRS) are attached below.

Chairman of the Board of Directors: **Li Xiaopeng**
Board of Directors
China Everbright Bank Company Limited
30 October 2019

China Everbright Bank Company Limited
Consolidated Statement of Profit or Loss
For the nine months ended 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	For the nine months ended 30 September	
	<u>2019</u>	<u>2018</u> (Restated)
Interest income	156,535	136,549
Interest expense	<u>(81,252)</u>	<u>(81,382)</u>
Net interest income	<u>75,283</u>	<u>55,167</u>
Fee and commission income	20,301	17,221
Fee and commission expense	<u>(2,117)</u>	<u>(1,936)</u>
Net fee and commission income	<u>18,184</u>	<u>15,285</u>
Net trading gains	457	1,003
Dividend income	35	8
Net gains arising from investment securities	4,523	9,052
Net foreign exchange gains	1,171	465
Other net operating income	<u>679</u>	<u>469</u>
Operating income	100,332	81,449
Operating expenses	<u>(29,402)</u>	<u>(25,207)</u>
Operating profit before impairment	70,930	56,242
Credit impairment losses	(33,406)	(23,326)
Other impairment losses	<u>(189)</u>	<u>(40)</u>
Profit before tax	37,335	32,876
Income tax	<u>(5,869)</u>	<u>(5,078)</u>
Net profit	<u>31,466</u>	<u>27,798</u>
Net profit attributable to:		
Equity shareholders of the Bank	31,399	27,760
Non-controlling interests	<u>67</u>	<u>38</u>
	<u>31,466</u>	<u>27,798</u>
Earnings per share		
Basic earnings per share (in RMB/share)	0.57	0.50
Diluted earnings per share (in RMB/share)	<u>0.51</u>	<u>0.45</u>

China Everbright Bank Company Limited
Consolidated Statement of Comprehensive Income
For the nine months ended 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	For the nine months ended 30 September	
	2019	2018
Net profit	31,466	27,798
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Equity instruments at fair value through other comprehensive income		
- Net change in fair value	5	4
- Related income tax effect	(1)	(1)
Subtotal	4	3
Items that will be reclassified to profit or loss:		
- Debt instruments at fair value through other comprehensive income		
- Net change in fair value	1,490	1,668
- Changes in allowance for expected credit losses	290	(298)
- Reclassified to the profit or loss upon disposal	(169)	474
- Related income tax effect	(382)	(511)
- Exchange differences on translation of financial statements	91	82
Subtotal	1,320	1,415
Other comprehensive income, net of tax	1,324	1,418
Total comprehensive income	32,790	29,216
Total comprehensive income attributable to:		
Equity shareholders of the Bank	32,722	29,177
Non-controlling interests	68	39
	32,790	29,216

China Everbright Bank Company Limited
Consolidated Statement of Profit or Loss
For the three months from 1 July to 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	<u>For the three months from 1 July to 30 September</u>	
	<u>2019</u>	<u>2018</u> (Restated)
Interest income	53,485	48,310
Interest expense	<u>(27,385)</u>	<u>(27,627)</u>
Net interest income	<u>26,100</u>	<u>20,683</u>
Fee and commission income	6,204	5,439
Fee and commission expense	<u>(769)</u>	<u>(632)</u>
Net fee and commission income	<u>5,435</u>	<u>4,807</u>
Net trading gains	388	318
Dividend income	24	-
Net gains arising from investment securities	1,549	2,775
Net foreign exchange gains	393	375
Other net operating income	<u>219</u>	<u>188</u>
Operating income	34,108	29,146
Operating expenses	<u>(11,039)</u>	<u>(9,132)</u>
Operating profit before impairment	23,069	20,014
Credit impairment losses	(10,075)	(8,815)
Other impairment losses	<u>(141)</u>	<u>17</u>
Profit before tax	12,853	11,216
Income tax	<u>(1,871)</u>	<u>(1,519)</u>
Net profit	<u>10,982</u>	<u>9,697</u>
Net profit attributable to:		
Equity shareholders of the Bank	10,955	9,685
Non-controlling interests	<u>27</u>	<u>12</u>
	<u>10,982</u>	<u>9,697</u>
Earnings per share		
Basic earnings per share (in RMB/share)	0.20	0.18
Diluted earnings per share (in RMB/share)	<u>0.18</u>	<u>0.16</u>

China Everbright Bank Company Limited
Consolidated Statement of Comprehensive Income
For the three months from 1 July to 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	For the three months from 1 July to 30 September	
	2019	2018
Net profit	10,982	9,697
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
- Equity instruments at fair value through other comprehensive income		
- Net change in fair value	-	1
- Related income tax effect	-	-
	-	1
Subtotal	-	1
Items that will be reclassified to profit or loss:		
- Debt instruments at fair value through other comprehensive income		
- Net change in fair value	762	600
- Changes in allowance for expected credit losses	42	52
- Reclassified to the profit or loss upon disposal	(8)	264
- Related income tax effect	(199)	(225)
- Exchange differences on translation of financial statements	87	66
	684	757
Subtotal	684	757
Other comprehensive income, net of tax	684	758
Total comprehensive income	11,666	10,455
Total comprehensive income attributable to:		
Equity shareholders of the Bank	11,638	10,442
Non-controlling interests	28	13
	11,666	10,455

China Everbright Bank Company Limited
Consolidated Statement of Financial Position
As at 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	30 September <u>2019</u>	31 December <u>2018</u>
Assets		
Cash and deposits with the central bank	349,976	366,575
Deposits with banks and other financial institutions	50,559	41,005
Precious metals	15,726	23,628
Placements with banks and other financial institutions	73,460	96,685
Derivative financial assets	25,630	15,212
Financial assets held under resale agreements	70,677	37,773
Loans and advances to customers	2,594,529	2,361,278
Finance lease receivables	78,157	63,333
Financial investments	1,366,187	1,301,080
- Financial assets at fair value through profit or loss	207,828	222,737
- Debt instruments at fair value through other comprehensive income	215,781	153,987
- Equity instruments at fair value through other comprehensive income	623	367
- Financial investments measured at amortised cost	941,955	923,989
Fixed assets	18,904	18,241
Right-of-use assets	11,485	-
Goodwill	1,281	1,281
Deferred tax assets	17,151	10,794
Other assets	49,525	20,447
Total assets	<u><u>4,723,247</u></u>	<u><u>4,357,332</u></u>

China Everbright Bank Company Limited
Consolidated Statement of Financial Position (continued)
As at 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	30 September <u>2019</u>	31 December <u>2018</u>
Liabilities and equity		
Liabilities		
Due to the central bank	238,503	267,193
Deposits from banks and other financial institutions	425,182	490,091
Placements from banks and other financial institutions	177,728	152,037
Financial liabilities at fair value through profit or loss	72	354
Derivative financial liabilities	24,297	14,349
Financial assets sold under repurchase agreements	20,756	40,411
Deposits from customers	2,962,741	2,571,961
Accrued staff costs	10,119	8,028
Taxes payable	9,936	5,666
Lease liabilities	10,936	-
Debts securities issued	401,049	440,449
Other liabilities	61,609	44,320
Total liabilities	<u>4,342,928</u>	<u>4,034,859</u>

China Everbright Bank Company Limited
Consolidated Statement of Financial Position (continued)
As at 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	30 September <u>2019</u>	31 December <u>2018</u>
Liabilities and equity (Continued)		
Equity		
Share capital	52,489	52,489
Other equity instrument	70,067	35,108
of which: preference shares	64,906	29,947
Capital reserve	53,533	53,533
Other comprehensive income	2,978	1,655
Surplus reserve	24,371	24,371
General reserve	54,037	54,036
Retained earnings	121,793	100,296
Total equity attributable to equity shareholders of the Bank	379,268	321,488
Non-controlling interests	1,051	985
Total equity	380,319	322,473
Total Liabilities and equity	4,723,247	4,357,332

Approved and authorized for issue by the board of directors on 30 October 2019.

Li Xiaopeng
Chairman of Board of Directors,
Non-executive Director

Yao Zhongyou
Vice President
in Charge of Finance

Sun Xinhong
General Manager of Financial
Accounting Department

China Everbright Bank Company Limited
Consolidated Cash Flow Statement
For the nine months ended 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	For the nine months ended 30 September	
	2019	2018 (Restated)
Cash flows from operating activities		
Net profit	31,466	27,798
<i>Adjustments for:</i>		
Impairment losses on assets	33,595	23,366
Depreciation and amortisation	3,640	1,600
Unwinding of discount	(553)	(590)
Dividend income	(35)	(8)
Unrealised foreign exchange gains	(306)	(388)
Net gains on investment securities	(41,005)	(43,620)
Net gains on disposal of trading securities	(771)	(305)
Revaluation losses/(gains) on financial instruments at fair value through profit or loss	1,006	(1,062)
Interest expense on debt securities issued	11,991	14,130
Interest expense on lease liabilities	368	-
Net losses on disposal of fixed assets	17	7
Income tax	5,869	5,078
	45,282	26,006
<i>Changes in operating assets:</i>		
Net (increase)/decrease in deposits with the central bank, banks and other financial institutions	(29,021)	45,868
Net decrease/(increase) in placements with banks and other financial institutions	18,766	(4,920)
Net (increase)/decrease in financial assets held for trading	(19,928)	3,197
Net increase in loans and advances to customers	(264,581)	(361,566)
Net (increase)/decrease in financial assets held under resale agreements	(32,900)	58,455
Net increase in other operating assets	(47,531)	(15,912)
	(375,195)	(274,878)

China Everbright Bank Company Limited
Consolidated Cash Flow Statement (continued)
For the nine months ended 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	For the nine months ended 30 September	
	<u>2019</u>	<u>2018</u> (Restated)
Cash flows from operating activities (continued)		
<i>Changes in operating liabilities:</i>		
Net (decrease)/increase in deposits from banks and other financial institutions	(64,811)	10,202
Net increase in placements from banks and other financial institutions	25,454	52,738
Net decrease in financial assets sold under repurchase agreements	(19,629)	(24,379)
Net (decrease)/increase in amount due to the central bank	(27,700)	66,540
Net increase in deposits from customers	388,629	212,320
Income tax paid	(8,524)	(6,123)
Net increase in other operating liabilities	27,652	13,326
	321,071	324,624
Net cash flows from operating activities	(8,842)	75,752
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	444,649	286,032
Investment income received	43,941	38,482
Proceeds from disposal of fixed assets and other long-form assets	368	167
Payments on acquisition of investments	(490,723)	(295,518)
Payments on acquisition of fixed assets, intangible assets and other long-form assets	(2,731)	(3,270)
Net cash flows from investing activities	(4,496)	25,893

China Everbright Bank Company Limited
Consolidated Cash Flow Statement (continued)
For the nine months ended 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	For the Nine months ended 30 September	
	<u>2019</u>	<u>2018</u> (Restated)
Cash flows from financing activities		
Capital contribution by non-controlling interests	-	110
Net proceeds from issue of preference shares	34,959	-
Repayments of debts issued	(37,900)	(76,142)
Interest paid on debt securities issued	(13,491)	(15,500)
Dividends paid	(9,902)	(10,952)
Payments on other financing activities	(2,110)	-
Net cash flows from financing activities	<u>(28,444)</u>	<u>(102,484)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>1,605</u>	<u>2,162</u>
Net (decrease)/increase in cash and cash equivalents	(40,177)	1,323
Cash and cash equivalents as at 1 January	<u>187,680</u>	<u>147,923</u>
Cash and cash equivalents as at 30 September	<u>147,503</u>	<u>149,246</u>
Interest received	<u>117,829</u>	<u>101,543</u>
Interest paid (excluding interest expense on debts securities issued)	<u>(67,934)</u>	<u>(63,837)</u>