

# Financial Review

## Highlights

In 2020, the Group achieved revenue of HK\$552,949 million, up by 4.5% year on year on a comparable basis<sup>note</sup>, of which 41% came from the financial segment and 59% from the non-financial segments. After the COVID-19 pandemic was brought under control, the Group resumed business and production and in the second half of 2020 recorded an increased net profit attributable to ordinary shareholders of 45% year on year. This enabled the Group as a whole to achieve a profit growth rate of 5.1% year on year that reached HK\$56,628 million, of which 1.6% was in the financial segment and 15% in the non-financial segments.

The business performance of the Group's comprehensive financial services showed a year-on-year improvement in 2020. Net profit attributable to the shareholders of CITIC Bank increased by 2.0%; net profit attributable to ordinary shareholders of CITIC-Prudential Life increased by 40%, exceeding the industry average; and profit attributable to ordinary shareholders of CITIC Securities and CITIC Trust increased by 22% and 7.3% respectively, which maintained these businesses' top ranking in the industry.

In the non-financial segments, net profit attributable to ordinary shareholders increased by 15% year on year, with a year-on-year growth rate of 85% in the second half of the year. The performance of the advanced materials segment was robust, with net profit attributable to ordinary shareholders of CITIC Metal and CITIC Pacific Special Steel increasing by 80% and 12% respectively, both hitting record highs. For a second consecutive year, the Sino Iron Project achieved a sharp increase in profit year on year. In addition, the Group's domestic property development and engineering construction projects benefited from the improved policy environment after COVID-19, with a year-on-year improvement of nearly 21% in net profit attributable to ordinary shareholders. In addition, CITIC Heavy Industries' offshore wind power business continued to develop rapidly, while CITIC Press's overall market share in book publishing rose to the number one position in the country, with an increase in net profit attributable to ordinary shareholders for both businesses of 67% and 12% respectively.

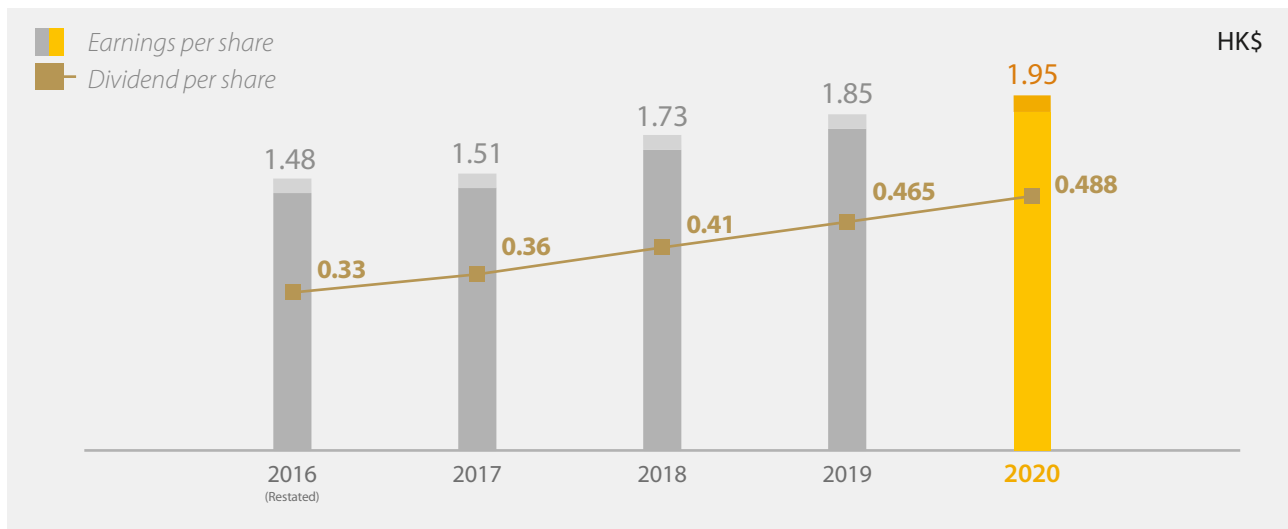
<sup>note</sup>

The comparable basis refers to the assumption that CITIC Dicastal's financial statements were consolidated for the whole year of 2020, while McDonald's China's financial statements consolidated for the year of 2019 were consistent with the year of 2020.

## Earnings per share and dividends

Earnings per share of profit attributable to ordinary shareholders was HK\$1.95 in 2020, an increase of 5.1% from HK\$1.85 in 2019. As at 31 December 2020, the number of ordinary shares outstanding was 29,090,262,630.

At the forthcoming annual general meeting, the Board will recommend a final dividend of HK\$0.388 per share to ordinary shareholders. Together with the interim dividend of HK\$0.1 per share paid in September 2020, the total ordinary dividend will be HK\$0.488 (2019: HK\$0.465 per share). This equates to an aggregate cash distribution of HK\$14,196 million.



## Segment Results

### Comprehensive Financial Services

HK\$ million	2020	2019	Increase/(Decrease)		Increase/(decrease) excluding the effect of currency translation (%)
			Amount	%	
Revenue from external customers	229,103	222,316	6,787	3.1%	4.4%
Net profit	65,437	63,533	1,904	3.0%	4.4%
Profit attributable to ordinary shareholders	43,516	42,845	671	1.6%	2.9%
Business assets	9,113,747	7,703,980	1,409,767	18%	11%

In 2020, this segment achieved revenue of HK\$229,103 million, with a net profit of HK\$65,437 million and net profit attributable to ordinary shareholders of HK\$43,516 million, up by 3.1%, 3.0% and 1.6% year on year respectively. These figures exclude the translation impact caused by RMB exchange rate depreciation, which rose 4.4%, 4.4% and 2.9% year on year respectively. All financial subsidiaries achieved results growth, among which insurance, securities and trust businesses were the major profit drivers.

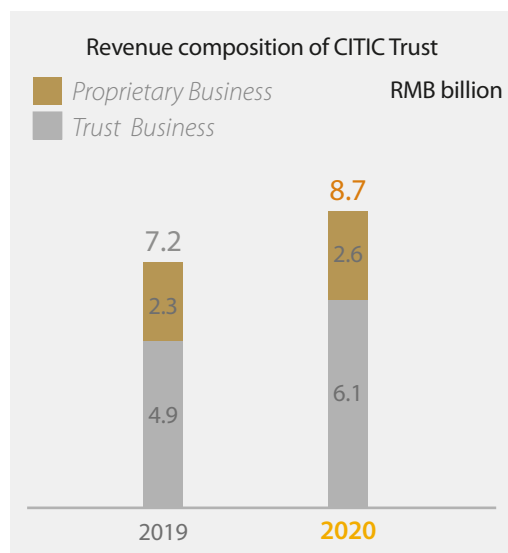
**CITIC Bank** achieved revenue of RMB195,399 million in 2020, with a profit before provisions of RMB140,846 million for the year, representing a year-on-year growth of 4.0% and 5.3% respectively. CITIC Bank continued to increase its loans to organisations in key industries, such as inclusive financing, manufacturing and the private sector. Its year-end deposit and loan size increased by 12% compared with the beginning of the year, contributing to a year-on-year increase of 11% in average interest-earning assets and a year-on-year increase of 2.4% in net interest income. The average net interest margin fell to 2.26% due to the downward impact of market interest rates. Non-interest income increased by 9.6% year on year, driven by an increase in fee and commission income from wealth management and fund custody services and income from bond investment. The proportion of non-interest income rose by 1.2 percentage points to 23.0%.

CITIC Bank achieved a net profit attributable to its shareholders of RMB48,980 million for the year, up by 2.0% year on year, but the Group's equity profit decreased by 1.5% year on year due to the issuance of up to RMB40,000 million in perpetual bonds. In order to strengthen asset quality and prevent risk, CITIC Bank steadily and orderly promoted the disposal of non-performing assets. The provision for credit impairment loss and other impairment losses increased by 7.4% year on year to RMB82,989 million, while the total disposal of non-performing loans increased by 13% to about RMB92,700 million and the recovery from written-off loans rose to approximately RMB10,000 million. The non-performing loan ratio at the end of the year decreased by 0.01 percentage point from the beginning of the year to 1.64%.

**CITIC Trust** achieved revenue of RMB8,746 million for the year, up 22% year-on-year, with net profit attributable to ordinary shareholders of RMB3,855 million, up 7.3% year-on-year; both hit new record highs and rankings at the forefront of the trust industry, according to core indicators, for 13 consecutive years. In 2020, the company continued to promote its transformation by accelerating innovation and optimising the business structure. As at the end of the year, the proportion of trust assets under active management had increased by 8 percentage points to 54% and the trust business generated revenue of RMB6,142 million, up 24% year-on-year, that put it in the top ranking of trust companies.

**CITIC Securities**<sup>note</sup> achieved revenue of RMB71,869 million for the year, up 26% year-on-year. In 2020, net profit attributable to ordinary shareholders was RMB14,902 million, up 22% year-on-year. Benefiting from improvements in capital market sentiment, the company achieved stable growth in each business and remained an industry leader in investment banking, wealth management, financial market business and asset management.

**CITIC-Prudential Life**<sup>note</sup> achieved premium income of RMB23,361 million for the year, up 9.4% year-on-year, while net profit attributable to ordinary shareholders was RMB2,509 million, up 40% year-on-year, both exceeding the average growth rates of the industry. This was due primarily to the company's adherence to its diversified and differentiated distribution strategy and synergy advantage. Premium income from bancassurance recorded a significant increase of 31%, accounting for 47% of overall premium income. The size and efficiency of assets under management has also been improving, with an increase of 40% in size to RMB127,524 million at the end of 2020 as compared with the beginning of the year. The investment return rate increased 1.31 percentage points year-on-year to 6.05%.



<sup>note</sup> CITIC Securities and CITIC-Prudential Life are both associates and joint ventures of CITIC Limited, which holds 15.47% and 50% equity interests respectively, without consolidating their financial statements.

To capitalise on its competitive advantages and promote business collaboration, the Group set up a special committee in 2020. The role of this committee is to coordinate the Group's cornerstone financial businesses with external enterprises and enhance their competitiveness and ability to serve its non-financial businesses.

**Collaboration among the Group's financial businesses has increased significantly.** In 2020, the Group provided co-financing of RMB1,078.2 billion and achieved RMB45.1 billion in cross-sales (excluding monetary funds), up by 68% and 142% year on year respectively. By year end, the scale of asset custody, annuity cooperation and family trust had reached RMB845.8 billion, RMB67.6 billion and RMB37.2 billion respectively, an increase of 20%, 80% and 48% over the beginning of the year.

**External cooperation was further strengthened in 2020** by focusing on regional development and the implementation of the Group's key customer strategy, as well as greater cooperation with major regions and leading enterprises. By the end of 2020, the Group had signed strategic cooperation agreements with 32 governments and 43 corporations from the banking, insurance, energy, manufacturing and other sectors.

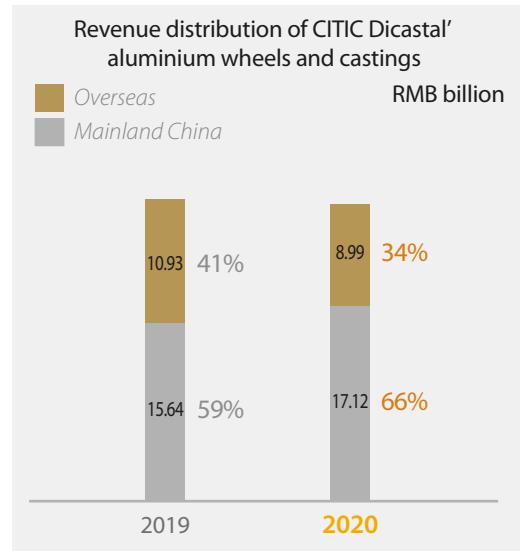
**A number of key projects were implemented** during the year that reflected the extent of the cooperation achieved between financial and non-financial businesses. For example, in 2020 the Group was involved in the largest mixed-owner reform project (XCMG) in the country, which will help to support the development of this company. Investment in Ivanhoe, together with the cooperative efforts of CITIC Metal, CITIC Heavy Industry, CITIC Construction and CITIC finance, enabled the Group to bring made-in-China equipment to Africa and solidify its position in the global mining industry.

## Advanced Intelligent Manufacturing

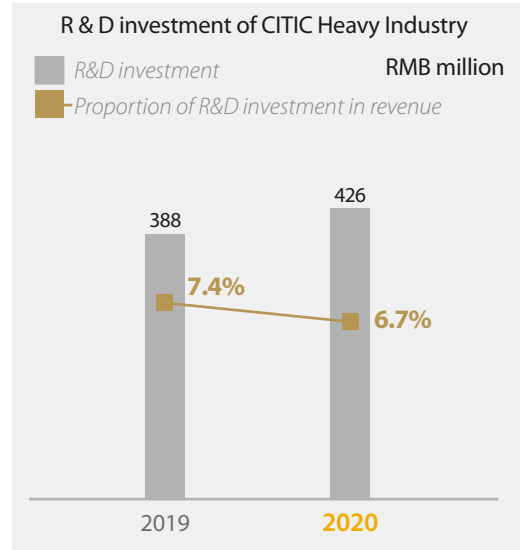
HK\$ million	2020	2019	Increase/(Decrease)		Comparable Basis	Increase/(decrease) excluding the effect of currency translation (%)
			Amount	%		
Revenue from external customers	13,759	35,942	(22,183)	(62%)	1.0%	(61%)
Net profit	623	1,197	(574)	(48%)	(17%)	(47%)
Profit attributable to ordinary shareholders	453	1,132	(679)	(60%)	(60%)	(59%)
Business assets	58,719	27,930	30,789	110%	N/A	98%

In 2020, it achieved revenue of HK\$13,759 million, up by 1.0% year on year on a comparable basis, as well as net profit of HK\$623 million and net profit attributable to ordinary shareholders of HK\$453 million, down by 17% and 60% respectively on a comparable basis, mainly due to reduced shareholding in CITIC Dicatal, as well as a loss recorded at the company's subsidiary KSM production facility in Germany.

**CITIC Dicastal** seized the opportunity of the post-COVID-19 recovery in China’s auto market and expanded its domestic market share. In the second half of the year, the year-on-year growth rate of sales of aluminium wheel and castings turned from negative to positive, reaching 17% and 19% respectively, and the cumulative sales for the year achieved growth, with aluminium wheel production and sales ranking first in the world for twelve consecutive years. However, due to the lower prices of domestic products than those in overseas markets, the company achieved revenue of RMB26,103 million, basically the same as that of the previous year. The net profit attributable to ordinary shareholders dropped by 26% to RMB718 million due to the loss caused by the suspension of production of its subsidiary KSM in Germany as a result of the COVID-19 in Europe.



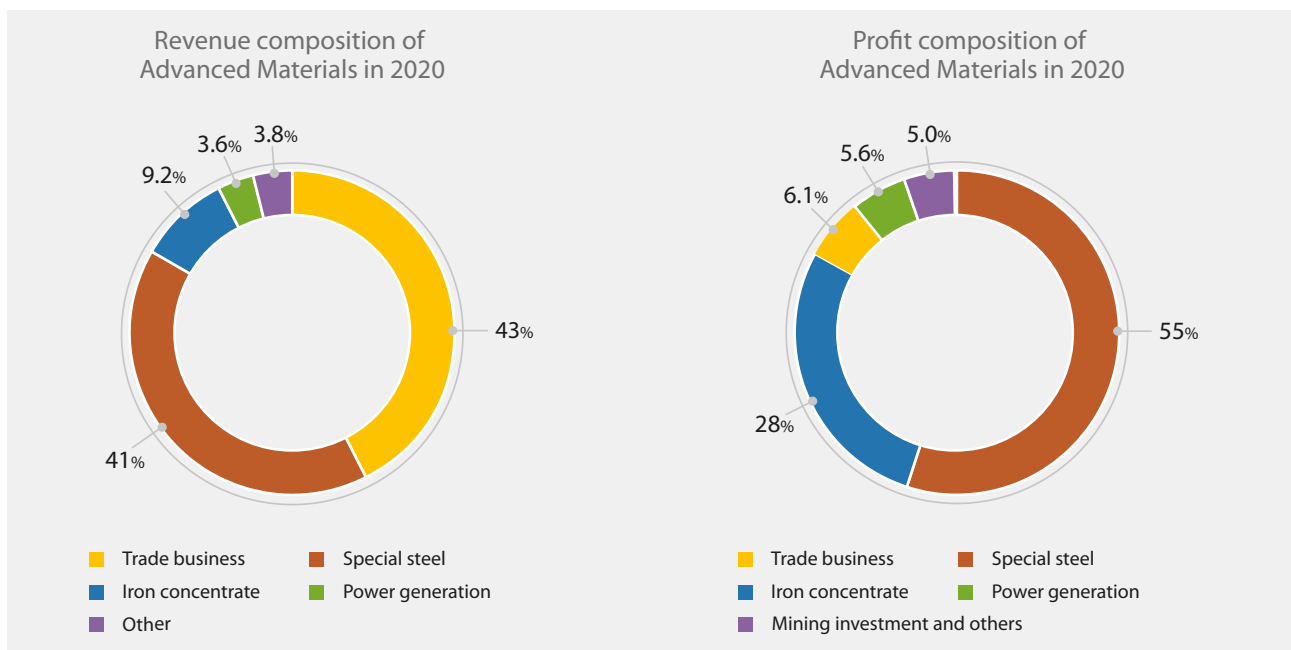
**CITIC Heavy Industries’** heavy machinery business improved, driving revenue up by 21% to RMB6,318 million, and new orders in force exceeded RMB10,000 million, up by 48% year on year, reaching a record high. The increase in revenue boosted gross profit, and the net profit attributable to ordinary shareholders increased by 67% year on year to RMB195 million. The specialised robotics and intelligent equipments business remained an important part of the company’s profit, contributing RMB101 million. The company made great efforts to seek breakthroughs in the “bottleneck” fields such as high-end casting manufacturing and specialised robots and invested RMB426 million in research and development this year, accounting for 6.7% of its revenue.



## Advanced Materials

HK\$ million	2020	2019	Increase/(Decrease)		
			Amount	%	Increase/(decrease) excluding the effect of currency translation (%)
Revenue from external customers	195,754	178,399	17,355	9.7%	9.7%
Net profit	11,463	9,619	1,844	19%	19%
Profit attributable to ordinary shareholders	10,149	7,925	2,224	28%	28%
Business assets	239,155	227,711	11,444	5.0%	5.0%

In 2020, this segment achieved revenue of HK\$195,754 million, net profit of HK\$11,463 million and net profit attributable to ordinary shareholders of HK\$10,149 million, up by 9.7%, 19% and 28% respectively year-on-year. These increases were mainly contributed by the Sino Iron Project, CITIC Metal and CITIC Pacific Special Steel.



**CITIC Pacific Special Steel** recorded revenue of RMB74,728 million, representing a year-on-year increase of 2.9%. Through linkages in production, sales and research, the company was able to record a 5.4% year-on-year increase in sales of special steel to reach nearly 14 million tons. This was made possible by developing new products, new customers and new fields as well as making timely adjustments to its product mix and taking advantage of opportunities under national policies encouraging new infrastructure. Advantages of scale, cost reductions and efficiency enhancements all helped the company achieve an increased net profit attributable to ordinary shareholders of 12% year on year to RMB6,024 million, with record highs achieved in all major operating and business indicators.

The **Sino Iron Project** recorded revenue of HK\$18,978 million and net profit attributable to ordinary shareholders of HK\$3,392 million for the year, driven by a strong iron ore price and continued improvements in operating efficiency and ongoing cost control efforts.

**CITIC Metal** recorded revenue of HK\$88,505 million with a net profit attributable to ordinary shareholders of HK\$1,731 million, representing a year-on-year growth of 21% and 80%, respectively. Niobium products continued to maintain their 80% domestic market share in 2020, during which trading volumes of iron ore exceeded 53 million tons and the profitability of the trading business increased by 34% year on year. Due to the impact of the COVID-19 pandemic, the equity profit of mining investments declined year on year. Nevertheless, the decrease in profit from the company's overseas mining investment was made up by realising the equity in domestic investment projects such as China Platinum.

Affected by the drop in prices of commodities such as crude oil, **CITIC Resources** recorded revenue of HK\$2,850 million, representing a drop of 17% year-on-year and marking a turn from profit to loss. By optimising production technology, reducing costs and enhancing efficiency, the company recorded a year-on-year decrease in oilfield cash costs and full costs of 25% and 11%, respectively, to achieve an operating profit of HK\$49 million in the crude oil business. In addition, the company disposed of its equity interest in CITIC Dameng during the year for a return of HK\$1,080 million in cash, effectively replenishing the company's liquidity. The interest-bearing debt ratio was the lowest in recent years.

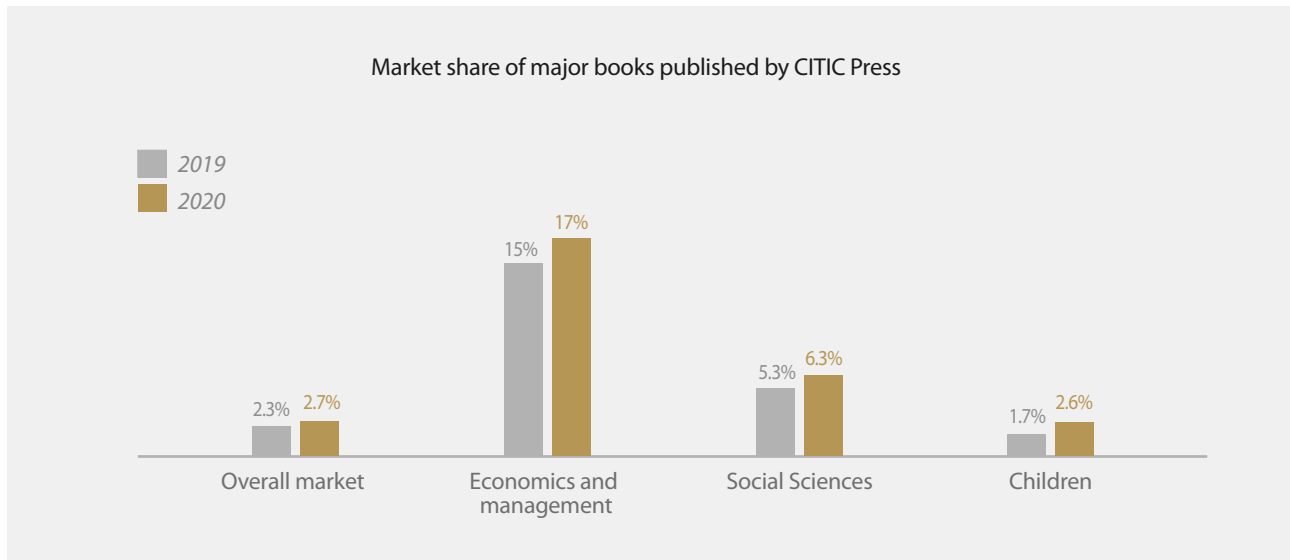
The Ligang Power Plant, in which **CITIC Pacific Energy** has an investment, grew by 2.5% year on year and continued to deliver satisfactory operating results. However, the net profit attributable to ordinary shareholders fell by 51% year on year to HK\$707 million due to lower coal sales of the Xin Julong coal mine in which the company also has an investment.

## New Consumption

HK\$ million	2020	2019	Increase/(Decrease)		Comparable Basis	Increase/(decrease) excluding the effect of currency translation (%)
			Amount	%		
Revenue from external customers	70,056	89,017	(18,961)	(21%)	(4.4%)	(21%)
Net profit	1,278	2,451	(1,173)	(48%)	(41%)	(48%)
Profit attributable to ordinary shareholders	894	1,134	(240)	(21%)	(21%)	(21%)
Business assets	76,157	98,713	(22,556)	(23%)	N/A	(24%)

In 2020, this segment achieved revenue of HK\$70,056 million, with a net profit of HK\$1,278 million and net profit attributable to ordinary shareholders of HK\$894 million. This represented a year-on-year decline of 4.4%, 41% and 21% respectively on a comparable basis, mainly due to the impact of COVID-19 on the McDonald's business in China.

**CITIC Press** sustained positive growth with revenue of RMB1,892 million for the year and a rise in net profit attributable to ordinary shareholders of 12% year on year to RMB282 million. This was the result of the rapid migration to online sales, leading to increases in online revenue of 11% year on year, effectively compensating for the impact of COVID-19 on the offline business. CITIC Press ranked first in the overall book market in China, including books on economics, management and social science. Revenue from children’s books achieved a 31% year-on-year increase, making this a counter-trend in the overall decline of the book market.



**Dah Chong Hong** recorded revenue of HK\$49,361 million, which was basically the same as that of the previous year, and the automobile business accounted for 80% of this company’s revenue. Reliant on consumer purchases, the motor and consumer businesses of DCH were deeply affected by the COVID-19, particularly in the first half of 2020, but the market had gradually improved in the second half of the year. Net profit attributable to ordinary shareholders fell 15% year on year to RMB136 million, but the Group’s share of net profit from equity rose 49% year on year as a result of DCH became a wholly-owned subsidiary after privatization.

**CITIC Telecom International** achieved revenue of HK\$8,923 million and a net profit attributable to ordinary shareholders of HK\$1,023 million, which was basically the same as that of the previous year. The combined effect of growth in the international telecommunications and other businesses as well as a decline in mobile businesses continued to generate stable cash inflows for the company.

**CITIC Agriculture’s** main investment projects, Longping High-tech and Longping Brazil, recorded sales growth in hybrid rice and corn seeds, which drove overall performance and a turnaround to profitability. Net profit attributable to ordinary shareholders was RMB52 million, with Longping Brazil achieving profitability for the first time after the investment.



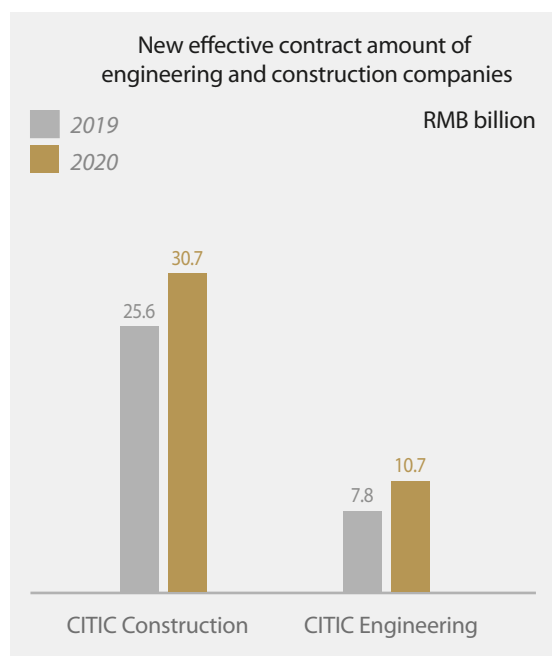
## New-Type Urbanisation

HK\$ million	2020	2019	Increase/(Decrease)		Increase/ (decrease) excluding the effect of currency translation (%)
			Amount	%	
Revenue from external customers	44,224	40,718	3,506	8.6%	9.7%
Net profit	9,920	8,546	1,374	16%	17%
Profit attributable to ordinary shareholders	9,409	8,025	1,384	17%	18%
Business assets	309,736	277,700	32,036	12%	7.8%

In 2020, this segment realised revenue of HK\$44,224 million, a net profit of HK\$9,920 million and net profit attributable to ordinary shareholders of HK\$9,409 million, up by 8.6%, 16% and 17% year on year respectively. The year-on-year profit growth was mainly due to the improvement in domestic property development and engineering construction, as well as the write-down of the carrying cost of equity investment in COLI in the same period last year.

Property development, operation and management companies such as **CITIC Pacific Properties** and **CITIC Urban Development** registered total revenue of HK\$10,288 million and a net profit attributable to ordinary shareholders of HK\$6,649 million for the year, up by 73% and 50% year on year respectively. In addition to the share of net profit from COLI' equity and rental income from investment properties, profits were mainly derived from the sales of projects such as Lujiazui Harbour City, Shanghai and The Entrance at Ma On Shan, Hong Kong, as well as the settlement of primary land developments that included the Guangzhou Shipyard Project, Ningbo FengHua Project and Shantou Coast New Town.

Construction and engineering companies such as **CITIC Construction** and **CITIC Engineering** achieved total revenue of HK\$25,814 million, up by 10% and a net profit attributable to ordinary shareholders of HK\$1,891 million, down by 10% year on year. These companies benefited from resumption of work after COVID-19 had subsided and the acquisition of new domestic projects, with revenue and profit increasing by 17% and 7.4% year on year respectively in the second half of the year. New contracts in force for the year were valued at RMB41.4 billion, up by 24% year on year.



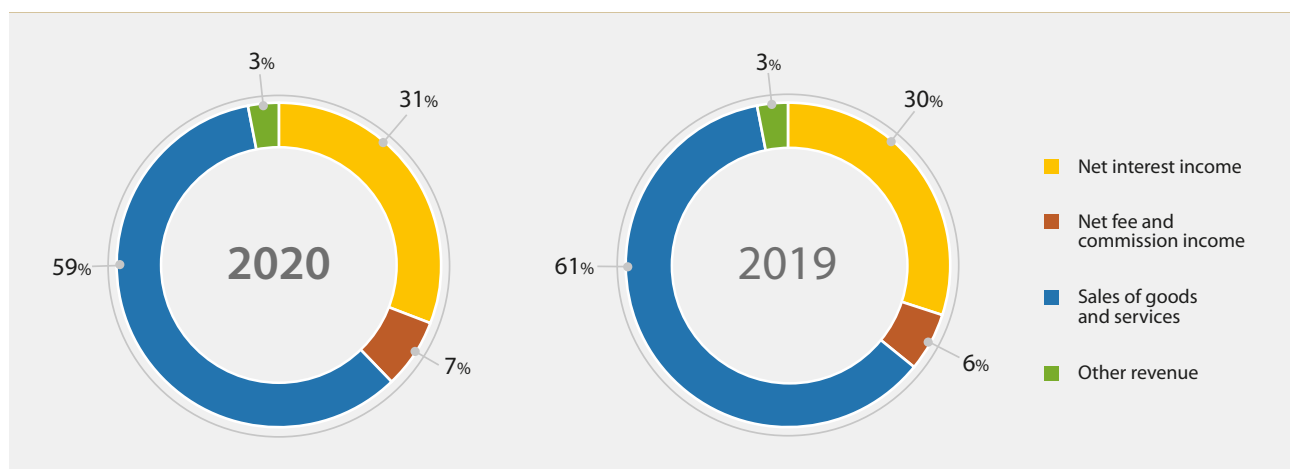
**CITIC Industrial Investment**, **CITIC Environment**, **CITIC Pacific Healthcare**, **CITIC COHC** and other urban operation companies achieved total revenue of HK\$9,345 million and a net profit attributable to ordinary shareholders of HK\$817 million for the year, down by 19% and 50% year on year respectively, mainly due to a weaker performance of healthcare businesses and others.

## Group Financial Results

### Revenue

#### By nature

HK\$ million	Year ended 31 December		Increase/(Decrease)	
	2020	2019	Amount	%
Net interest income	172,018	170,142	1,876	1.1%
Net fee and commission income	39,178	35,963	3,215	8.9%
Sales of goods and services	323,808	344,076	(20,268)	(5.9%)
– Sales of goods	268,964	293,731	(24,767)	(8.4%)
– Revenue from construction contracts	24,984	22,853	2,131	9.3%
– Revenue from other services	29,860	27,492	2,368	8.6%
Other revenue	17,945	16,316	1,629	10%



Note: The CITIC Bank reclassified the instalment income of credit card-based consumption from fee income to interest income as of 2020, and financial indicators related to net interest income and net fee and commission income during the comparable periods were restated.

### Expected credit losses and other impairment losses

In 2020, expected credit losses and other impairment losses of HK\$100,576 million were recorded, an increase of 5.0% from the year before. CITIC Bank accounted for HK\$93,141 million of these losses, including HK\$77,761 million expected credited losses in its loans and advances to customers.

### Net finance charges

In 2020, The finance costs of the Group amounted to HK\$11,150 million, a year-on-year decrease of HK\$1,553 million, or 12%, mainly due to the decrease in interest expenses from loans.

In 2020, the finance income of the Group amounted to HK\$1,266 million, a year-on-year decrease of HK\$998 million, or 44%, mainly due to the decrease in interest income from bank deposits.

## Income tax

In 2020, income tax of the Group was HK\$16,790 million, a decrease of HK\$1,037 million as compared with last year, mainly due to the increase in tax-free income from CITIC bank and other subsidiaries.

## Group Cash Flows

HK\$ million	CITIC Limited Year ended 31 December				CITIC Bank Year ended 31 December			
	2020	2019	Increase/ (Decrease)	%	2020	2019	Increase/ (Decrease)	%
<b>Net cash generated from operating activities</b>	<b>193,225</b>	160,082	33,143	21%	<b>176,053</b>	133,039	43,014	32%
<b>Net cash used in investing activities</b>	<b>(256,167)</b>	(296,511)	40,344	14%	<b>(244,948)</b>	(287,831)	42,883	15%
Including: Proceeds from disposal and redemption of financial investments	3,043,255	2,239,189	804,066	36%	2,885,470	2,207,127	678,343	31%
Payments for purchase of financial investments	(3,292,092)	(2,519,759)	(772,333)	(31%)	(3,123,840)	(2,491,588)	(632,252)	(25%)
<b>Net cash generated from financing activities</b>	<b>36,018</b>	84,080	(48,062)	(57%)	<b>51,596</b>	114,397	(62,801)	(55%)
Including: Proceeds from new bank and other loans and new debt instruments issued	1,052,516	788,417	264,099	33%	905,749	666,815	238,934	36%
Repayment of bank and other loans and debt instruments issued	(951,030)	(685,251)	(265,779)	(39%)	(808,299)	(553,670)	(254,629)	(46%)
Interest paid on bank and other loans and debt instruments issued	(36,566)	(37,043)	477	1.3%	(25,049)	(25,965)	916	3.5%
Dividends paid to ordinary shareholders	(11,200)	(12,799)	1,599	12%	(16,941)	(14,845)	(2,096)	(14%)
Dividends paid to non-controlling interests	(9,987)	(8,369)	(1,618)	(19%)	-	-	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(26,924)</b>	(52,349)	25,425	49%	<b>(17,299)</b>	(40,395)	23,096	57%
<b>Cash and cash equivalents at 1 January</b>	<b>463,038</b>	522,808	(59,770)	(11%)	<b>382,291</b>	429,136	(46,845)	(11%)
<b>Effect of exchange rate changes</b>	<b>16,588</b>	(7,421)	24,009	324%	<b>14,702</b>	(6,450)	21,152	328%
<b>Cash and cash equivalents at 31 December</b>	<b>452,702</b>	463,038	(10,336)	(2.2%)	<b>379,694</b>	382,291	(2,597)	(0.7%)

## Capital Expenditure

<i>HK\$ million</i>	Year ended 31 December		Increase/(Decrease)	
	2020	2019	Amount	%
Comprehensive financial services	7,909	4,975	2,934	59%
Advanced intelligent manufacturing	579	1,638	(1,059)	(65%)
Advanced materials	9,761	10,278	(517)	(5.0%)
New consumption	2,994	8,671	(5,677)	(65%)
New-type urbanisation	8,373	6,756	1,617	24%
<b>Total</b>	<b>29,616</b>	<b>32,318</b>	<b>(2,702)</b>	<b>(8.4%)</b>

## Capital Commitments

As at 31 December 2020, the contracted capital commitments of the Group amounted to approximately HK\$27,075 million. Details are disclosed in note 47(f) to the financial statements.

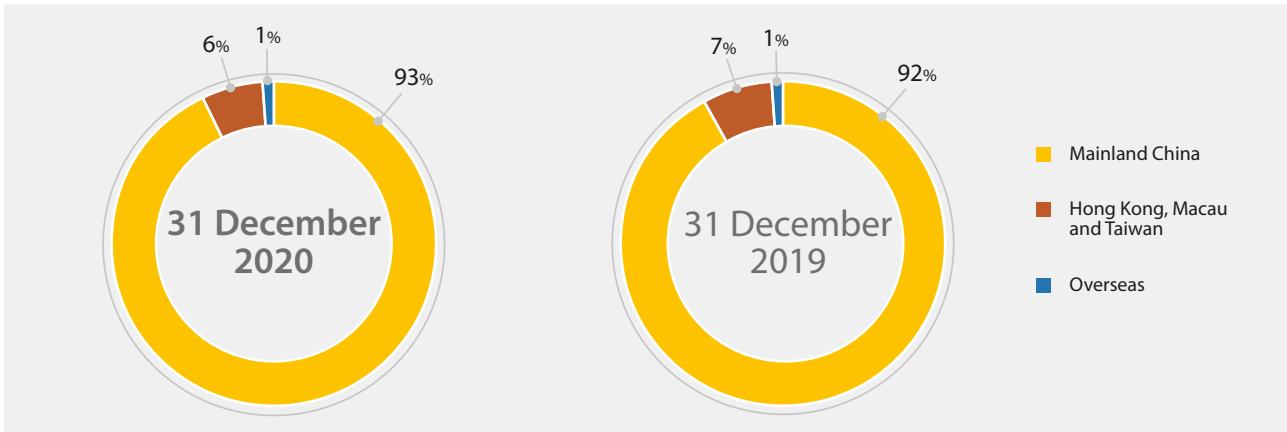
## Group Financial Position

<i>HK\$ million</i>	As at	As at	Increase/(Decrease)	
	31 December 2020	31 December 2019	Amount	%
<b>Total assets</b>	<b>9,740,828</b>	<b>8,289,924</b>	<b>1,450,904</b>	<b>18%</b>
Loans and advances to customers and other parties	5,206,155	4,366,639	839,516	19%
Investments in financial assets	2,553,067	2,153,729	399,338	19%
Cash and deposits	755,386	740,434	14,952	2.0%
Placement with banks and non-bank financial institutions	198,513	226,686	(28,173)	(12%)
Trade and other receivables	169,723	167,427	2,296	1.4%
Fixed assets	167,840	150,075	17,765	12%
<b>Total liabilities</b>	<b>8,732,186</b>	<b>7,395,433</b>	<b>1,336,753</b>	<b>18%</b>
Deposits from customers	5,427,694	4,541,841	885,853	20%
Deposits from banks and non-bank financial institutions	1,370,439	1,061,380	309,059	29%
Debt instruments issued	973,858	823,964	149,894	18%
Borrowing from central banks	266,611	268,256	(1,645)	(0.6%)
Bank and other loans	163,604	151,312	12,292	8.1%
Trade and other payables	160,943	148,908	12,035	8.1%
<b>Total ordinary shareholders' funds</b>	<b>674,276</b>	<b>591,526</b>	<b>82,750</b>	<b>14%</b>

### Total assets

Total assets increased from HK\$8,289,924 million as at 31 December 2019 to HK\$9,740,828 million as at 31 December 2020, mainly attributable to an increase in loans and advances to customers and other parties as well as Investments in financial assets.

### By geography



## Loans and advances to customers and other parties

As at 31 December 2020, the loans and advances to customers and other parties of the Group was HK\$5,206,155 million, an increase of HK\$839,516 million or 19% compared to 31 December 2019. The proportion of loans and advances to customers and other parties to total assets was 53.45%, an increase of 0.78 percentage point compared to 31 December 2019.

<i>HK\$ million</i>	As at 31 December 2020	As at 31 December 2019	Increase/(Decrease)	
			Amount	%
<b>Loans and advances to customers and other parties measured at amortised cost</b>				
Corporate loans	2,595,572	2,201,477	394,095	18%
Discounted bills	7,947	7,995	(48)	(0.6%)
Personal loans	2,246,396	1,927,346	319,050	17%
Accrued interest	15,182	11,388	3,794	33%
<b>Total loans and advances to customers and other parties measured at amortised cost</b>	<b>4,865,097</b>	<b>4,148,206</b>	<b>716,891</b>	<b>17%</b>
Impairment allowances	(156,218)	(134,001)	(22,217)	(17%)
<b>Carrying amount of loans and advances to customers and other parties measured at amortised cost</b>	<b>4,708,879</b>	<b>4,014,205</b>	<b>694,674</b>	<b>17%</b>
<b>Loans and advances to customers and other parties at fair value through other comprehensive income</b>				
Personal loans	8,465	7,719	746	10%
<b>Loans and advances to customers and other parties measured at fair value through other comprehensive income</b>				
Corporate loans	3,203	1,029	2,174	211%
Discounted bills	485,608	343,686	141,922	41%
<b>Carrying amount of loans and advances to customers and other parties measured at fair value through other comprehensive income</b>	<b>488,811</b>	<b>344,715</b>	<b>144,096</b>	<b>42%</b>
<b>Net loans and advances to customers and other parties</b>	<b>5,206,155</b>	<b>4,366,639</b>	<b>839,516</b>	<b>19%</b>

## Investments in financial assets

As at 31 December, the Investments in financial assets of the Group was HK\$2,553,067 million, an increase of HK\$399,338 million, increased 19% compared with 31 December 2019. The proportion of Investments in financial assets to total assets was 26.21%, an increase of 0.23% compared with 31 December 2019.

### (a) Analysed by types

<i>HK\$ million</i>	As at	As at	Increase/(Decrease)	
	31 December 2020	31 December 2019	Amount	%
Debt securities	1,713,503	1,384,079	329,424	24%
Investment management products managed by securities companies	128,035	212,055	(84,020)	(40%)
Investment funds	368,171	268,230	99,941	37%
Trust investment plans	235,803	190,837	44,966	24%
Certificates of deposit and certificates of interbank deposit	70,127	57,780	12,347	21%
Equity investment	26,185	25,178	1,007	4.0%
Wealth management products	6,532	4,157	2,375	57%
Investments in creditor's rights on assets	96	570	(474)	(83%)
Others	2,109	484	1,625	336%
<b>Subtotal</b>	<b>2,550,561</b>	<b>2,143,370</b>	<b>407,191</b>	<b>19%</b>
<b>Accrued interest</b>	<b>19,968</b>	<b>19,029</b>	<b>939</b>	<b>4.9%</b>
<b>Less: allowance for impairment losses</b>	<b>(17,462)</b>	<b>(8,670)</b>	<b>(8,792)</b>	<b>(101%)</b>
<b>Total</b>	<b>2,553,067</b>	<b>2,153,729</b>	<b>399,338</b>	<b>19%</b>

### (b) Analysed by measurement attribution

<i>HK\$ million</i>	As at	As at	Increase/(Decrease)	
	31 December 2020	31 December 2019	Amount	%
Financial assets at amortised cost	1,156,496	1,040,997	115,499	11%
Financial assets at FVPL	528,293	403,776	124,517	31%
Debt investments at FVOCI	860,255	701,936	158,319	23%
Equity investments at FVOCI	8,023	7,020	1,003	14%
<b>Total</b>	<b>2,553,067</b>	<b>2,153,729</b>	<b>399,338</b>	<b>19%</b>

## Deposits from customers

As at 31 December 2020, deposits from customers of the financial institutions under the Group were HK\$5,427,694 million, an increase of HK\$885,853 million or 20% compared to 31 December 2019. The proportion of deposits from customers to total liabilities was 62.16%, an increase of 0.74 percentage point compared to 31 December 2019.

HK\$ million	As at	As at	Increase/(Decrease)	
	31 December 2020	31 December 2019	Amount	%
<b>Corporate deposits</b>				
Time deposits	1,991,042	1,653,630	337,412	20%
Demand deposits	2,258,627	1,862,591	396,036	21%
<b>Subtotal</b>	<b>4,249,669</b>	<b>3,516,221</b>	<b>733,448</b>	<b>21%</b>
<b>Personal deposits</b>				
Time deposits	726,173	672,759	53,414	7.9%
Demand deposits	388,658	307,582	81,076	26%
<b>Subtotal</b>	<b>1,114,831</b>	<b>980,341</b>	<b>134,490</b>	<b>14%</b>
<b>Outward remittance and remittance payables</b>	<b>10,763</b>	<b>7,227</b>	<b>3,536</b>	<b>49%</b>
<b>Accrued interest</b>	<b>52,431</b>	<b>38,052</b>	<b>14,379</b>	<b>38%</b>
<b>Total</b>	<b>5,427,694</b>	<b>4,541,841</b>	<b>885,853</b>	<b>20%</b>

## Bank and other loans

HK\$ million	As at	As at	Increase/(Decrease)	
	31 December 2020	31 December 2019	Amount	%
Comprehensive financial services	2,382	3,927	(1,545)	(39%)
Advanced intelligent manufacturing	15,867	7,342	8,525	116%
Advanced materials	53,753	53,264	489	0.9%
New consumption	10,301	11,673	(1,372)	(12%)
New-type urbanisation	39,217	31,874	7,343	23%
Operation management	82,529	83,431	(902)	(1.1%)
Elimination	(40,878)	(40,833)	(45)	(0.1%)
<b>Sub-total</b>	<b>163,171</b>	<b>150,678</b>	<b>12,493</b>	<b>8.3%</b>
<b>Accrued interest</b>	<b>433</b>	<b>634</b>	<b>(201)</b>	<b>(32%)</b>
<b>Total</b>	<b>163,604</b>	<b>151,312</b>	<b>12,292</b>	<b>8.1%</b>



## Debt instruments issued

<i>HK\$ million</i>	As at	As at	Increase/(Decrease)	
	31 December 2020	31 December 2019	Amount	%
Comprehensive financial services	872,734	725,589	147,145	20%
Advanced intelligent manufacturing	–	141	(141)	(100%)
Advanced materials	772	670	102	15%
New consumption	3,496	3,493	3	0.1%
New-type urbanisation	360	352	8	2.3%
Operation management	121,736	115,644	6,092	5.3%
Elimination	(30,567)	(27,860)	(2,707)	(9.7%)
<b>Sub-total</b>	<b>968,531</b>	<b>818,029</b>	<b>150,502</b>	<b>18%</b>
<b>Accrued interest</b>	<b>5,327</b>	<b>5,935</b>	<b>(608)</b>	<b>(10%)</b>
<b>Total</b>	<b>973,858</b>	<b>823,964</b>	<b>149,894</b>	<b>18%</b>

## Total ordinary shareholders' funds

As at 31 December 2020, total ordinary shareholders' funds of the Group amounted to HK\$674,276 million, an increase of HK\$82,750 million as compared with 31 December 2019. This was mainly attributable to the growth in net profits.