

China CITIC Bank International to join first-batch market makers in Southbound Trading under Bond Connect

**Providing comprehensive cross-border bond trading services on the back of
collaboration with parent bank China CITIC Bank**

(Hong Kong: 20 September 2021) China CITIC Bank International Limited (the “Bank” or “CNCBI”) takes pleasure in announcing that the Bank has become one of the first-batch designated Southbound Trading under Bond Connect market makers. The Bank is geared for the 24 September 2021 official launch of Southbound Trading under Bond Connect.

The annual quota for Southbound Trading under Bond Connect is set at RMB500 billion per year with a daily cap of RMB20 billion. CNCBI’s parent bank China CITIC Bank Corporation Limited (“CNCB”) is one of the three first-batch onshore clearing custodians while CNCBI has become one of the 13 Southbound Trading under Bond Connect market makers as announced by the Hong Kong Monetary Authority on 17 September 2021.

Mr Xie Zhibin, Vice President, CNCB, noted: “As a first-batch Southbound Trading under Bond Connect onshore clearing custodian and a first-batch investing institution, CNCB will spare no effort to facilitate connectivity between the two regions and will coordinate group companies to play to the CITIC brand advantage in order to provide integrated, streamlined services to cross-border investor partners while contributing the CITIC strength to the pursuit of national strategies and Hong Kong’s prosperity.”

Since the 2017 launch of Northbound Trading under Bond Connect, CNCBI has been committed to providing related bond investment services to customers and was named “Bond Connect Outstanding Commercial Bank” in Bond Connect Company Limited’s Bond Connect Awards in both 2019 and 2020.

Mr Jeffery Bai, Executive Director and Deputy Chief Executive Officer, CNCBI, said, “In its role as CNCB’s Hong Kong subsidiary, CNCBI focuses its sights on providing offshore markets such market-making services as in RMB FX and interest rates as well as Chinese-issued USD bonds while offering underwriting and custodian services to customers looking to issue foreign bonds. Riding on the successful experience from Northbound Trading under Bond Connect, CNCBI will continue to take advantage of the close collaboration with parent bank CNCB and provide customers with a more comprehensive range of professional cross-border services through Bond Connect and other mainland connectivity related financial products.”

Mr Tristan Zhuo, Chief Economist, CNCBI, believed that Southbound Trading under Bond Connect will create great development opportunities for investors from mainland China and Hong Kong as well as the financial markets and banks. This signifies another new connectivity milestone between the financial markets on both sides of the Chinese border, he added, pointing out that the official launch of Southbound

Trading under Bond Connect carries the following five significant meanings:

1. Increasing investment channels and asset management options for mainland investors: The increase in offshore investment channels will have a positive impact on the efficiency of investment return improvement, risk control optimisation and asset allocation enhancement;
2. Expanding Hong Kong's RMB capital pool: This will help cement Hong Kong's global standing as a leading offshore RMB centre. Meanwhile, the Hong Kong bond market's liquidity will be increased significantly, driving bond price discovery process and the overall development of the bond market while raising the efficiency of asset allocation;
3. Further opening up mainland's capital account and driving RMB internationalisation: Southbound Trading under Bond Connect is in line with the opening-up direction of mainland's financial market, providing another important option for two-way cross-border capital flows while putting into practice the opening of the country's capital account. In the long run, two-way investment will become more convenient and more comprehensive for mainland investors investing in offshore markets with RMB-FX convertability as well as international investors tapping into the mainland's RMB-denominated assets. This will propel the RMB internationalisation process further;
4. Certain Southbound Trading under Bond Connect restrictions at launch may be relaxed in the future, giving Hong Kong financial institutions more business opportunities: Southbound Trading under Bond Connect has limits over the number of market participants, investment targets and transaction quotas. In time, as long as the going is smooth and the risks controllable, there is ample chance for adjustments such as for the scope of market participants to expand and the transaction quotas to relax. Investment targets may also be extended to beyond Hong Kong to global bonds. The development potential is huge for Hong Kong in its role as the window for mainland capital to be invested abroad;
5. Scopes of financial services can be more comprehensive on the back of Greater Bay Area (GBA) financial infrastructure: Although the majority of Southbound Trading under Bond Connect participants are mainland institutional investors (beyond the GBA), the recent launch of Cross-boundary Wealth Management Connect and Southbound Trading under Bond Connect have created unprecedented opportunities and favourable conditions for the GBA banking industry for expanding their financial services scope and enhancing their service levels.

Risk disclosure statements and disclaimer:

Investment involves risks and value of investments may go up as well as down. Past performance of investment products may not be indicative of future performance. It is likely that losses will be incurred rather than profits made as a result of buying and selling of investment products.

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China CITIC Bank International Limited

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By providing value-creating financial solutions to define and exceed both wealth management and international business objectives of Greater China and overseas customers, CNCBI aspires to be "the best integrated financial services provider", with the highest international standards and capabilities.

CNCBI's footprint in Greater China includes 27 branches and two business banking centres in Hong Kong, as well as branches and presence in Beijing, Shanghai, Shenzhen and Macau. CNCBI also has overseas branches in New York, Los Angeles and Singapore. More information about CNCBI can be found on its website at www.cncbinternational.com.

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