郑州银行
BANK OF ZHENGZHOU

Bank of Zhengzhou Co., Ltd.*
鄭州銀行股份有限公司*

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

(H Shares Stock Code: 6196)
(Preference Shares Stock Code: 4613)

FIRST QUARTERLY REPORT OF 2020

The board of directors (the "**Board**") of Bank of Zhengzhou Co., Ltd.* (the "**Bank**") hereby announces the unaudited first quarterly results of the Bank and its subsidiaries for the three months ended 31 March 2020 (the "**Reporting Period**"), which was 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 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board
Bank of Zhengzhou Co., Ltd.*
WANG Tianyu
Chairman

Zhengzhou, Henan, China
26 April 2020

As at the date of this announcement, the Board comprises Mr. WANG Tianyu and Mr. SHEN Xueqing as executive directors, Mr. FAN Yutao, Mr. ZHANG Jingguo, Mr. JI Hongjun, Mr. LIANG Songwei and Mr. WANG Shihao as non-executive directors, Mr. XIE Taifeng, Mr. WU Ge, Ms. CHAN Mei Bo Mabel and Ms. LI Yanyan as independent non-executive directors.

* *The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*

SECTION I IMPORTANT NOTICES

I. The Board, the board of supervisors, directors, supervisors and senior management of the Bank warrant the truthfulness, accuracy and completeness of the contents of this first quarterly report of 2020 of the Bank (the "**Report**"), and that there are no false representations or misleading statements contained in or material omissions from the Report, and they jointly and severally accept responsibility for the Report.

II. On 24 April 2020, the Report was considered and approved at the ninth meeting of the sixth session of the Board of the Bank. There were 11 directors eligible for attending the meeting, of whom 11 directors attended the meeting in person.

III. Financial information set out in the Report has been prepared in accordance with the IFRS. Unless otherwise specified, the financial information contained herein was derived from the consolidated financial statements of the Bank and its subsidiaries, i.e. Henan Jiuding Financial Leasing Co., Ltd., Fugou Zhengyin County Bank Co., Ltd., Xinmi Zhengyin County Bank Co., Ltd., Xunxian Zhengyin County Bank Co., Ltd. and Queshan Zhengyin County Bank Co., Ltd. (collectively, the "**Group**" or "**Bank**").

IV. Mr. WANG Tianyu, the legal representative of the Bank and chairman of the Board, Mr. SHEN Xueqing, the president, Mr. FU Chunqiao, the person-in-charge of accounting, and Ms. GAO Chenxin, the head of accounting department of the Bank hereby declare and warrant the truthfulness, accuracy and completeness of the financial statements in the Report.

V. The quarterly financial report of the Bank has not been audited.

SECTION II BASIC INFORMATION

I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(I) Major accounting data

During the Reporting Period, the Bank is not required to make retrospective adjustments to or restatements of the accounting data of the previous years.

Unit: RMB'000

Item	January to March 2020	January to March 2019	Increase/ decrease as compared with the corresponding period of the previous year *(%)*
Operating income[1]	**3,707,702**	2,852,186	30.00
Net profit attributable to shareholders of the Bank	**1,095,067**	1,047,174	4.57
Net cash flows generated from operating activities	**14,694,164**	5,981,824	145.65
Net cash flows generated from operating activities per share *(RMB/share)*	**2.48**	1.01	145.54
Basic earnings per share *(RMB/share)*[2]	**0.18**	0.18	–
Diluted earnings per share *(RMB/share)*	**0.18**	0.18	–
Weighted average return on net assets *(%)* (on annualized basis)[2]	**13.94**	14.26	Decreased by 0.32 percentage point

Notes:

(1) Operating income includes net interest income, net fee and commission income, net trading gains/(losses), net gains arising from investments and other operating income.

(2) Basic earnings per share and weighted average return on net assets were calculated according to 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).

(3) The relevant indicators are arrived at by calculating in accordance with the relevant requirements under Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No.13): Contents and Formats of Quarterly Reports (2016 Revision).

Unit: RMB'000

Scale indicators	31 March 2020	31 December 2019	Increase/ decrease as compared with the end of the previous year (%)
Total assets	**532,678,261**	500,478,127	6.43
Loans and advances to customers			
Corporate loans	**133,361,798**	124,565,616	7.06
Personal loans	**63,068,579**	59,593,823	5.83
Discounted bills	**12,236,936**	11,752,226	4.12
Gross loans and advances to customers	**208,667,313**	195,911,665	6.51
Add: Accrued interests	**852,393**	682,722	24.85
Less: Provision for impairment losses(1)	**7,853,058**	7,327,846	7.17
Book value of loans and advances to customers	**201,666,648**	189,266,541	6.55
Total liabilities	**491,437,665**	460,586,505	6.70
Deposits from customers			
Corporate deposits	**182,695,065**	166,446,634	9.76
Personal deposits	**106,192,623**	95,587,216	11.10
Other deposits(2)	**29,923,894**	27,183,010	10.08
Total deposits from customers	**318,811,582**	289,216,860	10.23
Add: Accrued interests	**2,730,358**	2,908,926	(6.14)
Book value of deposits from customers	**321,541,940**	292,125,786	10.07
Share capital	**5,921,932**	5,921,932	–
Shareholders' equity	**41,240,596**	39,891,622	3.38
Equity attributable to shareholders of the Bank	**39,905,619**	38,590,322	3.41
Equity attributable to ordinary shareholders of the Bank	**32,080,111**	30,764,814	4.28
Net assets per Share attributable to ordinary shareholders of the Bank *(RMB/share)*	**5.42**	5.20	4.23

Notes:

(1) Provision for impairment losses excludes provision for impairment losses on forfeiting and discounted bills, which is included in other comprehensive income.

(2) Other deposits include pledged deposits, remittances outstanding and temporary deposit.

(II) Explanations on differences between consolidated financial statements prepared in accordance with IFRSs and China Accounting Standards for Business Enterprises

There are no differences between the net profit attributable to shareholders of the Bank for the Reporting Period ended 31 March 2020 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period as presented in the Group's consolidated financial statements prepared under IFRSs and those prepared under China Accounting Standards for Business Enterprises.

(III) Supplementary financial indicators

Regulatory indicators	**Regulatory standards**	**31 March 2020**	31 December 2019	31 December 2018	31 December 2017
Core tier-one capital adequacy ratio *(%)*(1)	≥7.5	7.95	7.98	8.22	7.93
Tier-one capital adequacy ratio *(%)*(1)	≥8.5	9.93	10.05	10.48	10.49
Capital adequacy ratio *(%)*(1)	≥10.5	11.98	12.11	13.15	13.53
Leverage ratio *(%)*(2)	≥4	6.09	6.34	6.79	6.49
Liquidity ratio *(%)*(2)	≥25	46.86	56.44	56.39	61.72
Liquidity coverage ratio *(%)*(2)	≥100	323.81	300.37	304.42	225.20
Non-performing loan ratio *(%)*(3)	≤5	2.35	2.37	2.47	1.50
Allowance to non-performing loans *(%)*(3)	≥150	162.04	159.85	154.84	207.75
Allowance to total loans *(%)*(3)	≥2.5	3.81	3.79	3.82	3.11
Loan to deposit ratio *(%)*(2)		70.29	72.33	66.06	50.29
Return on total assets *(%)* (on annualized basis)		0.87	0.70	0.69	1.08
Cost-to-income ratio *(%)*(4)		19.27	26.62	28.06	26.18

Notes:

(1) The capital adequacy ratios and relevant data are calculated by the Bank in accordance with the Administrative Measures for the Capital of Commercial Banks (Trial Implementation) issued by the former China Banking Regulatory Commission ("**Former CBRC**") in 2012 and relevant requirements and based on statutory financial statements prepared under the Accounting Standards for Business Enterprises.

(2) Among the above regulatory indicators, leverage ratio, liquidity ratio, liquidity coverage ratio and loan to deposit ratio are all data reported to the regulatory departments.

(3) Non-performing loan ratio was calculated by dividing total non-performing loan principal (excluding accrued interests) by gross loans and advances to customers (excluding accrued interests); the allowance to non-performing loans was calculated by dividing allowance for impairment losses on loans and advances to customers by total non-performing loan principal (excluding accrued interests); and the allowance to total loans was calculated by dividing allowance for impairment losses on loans and advances to customers by gross loans and advances to customers (excluding accrued interests).

(4) Calculated by dividing operating expenses (after deducting tax and surcharges) by operating income.

(IV) Analysis on capital adequacy ratios and leverage ratio

Capital adequacy ratios

Unit: RMB'000

Item	**31 March 2020**	31 December 2019
Net core tier-one capital	**31,759,886**	30,448,435
Net tier-one capital	**39,665,716**	38,353,128
Net tier-two capital	**8,226,044**	7,862,368
Net total capital	**47,891,760**	46,215,496
Total risk-weighted assets	**399,646,564**	381,759,225
Core tier-one capital adequacy ratio *(%)*	**7.95**	7.98
Tier-one capital adequacy ratio *(%)*	**9.93**	10.05
Capital adequacy ratio *(%)*	**11.98**	12.11

Leverage ratio

Unit: RMB'000

Item	**31 March 2020**	31 December 2019	30 September 2019	30 June 2019
Net tier-one capital	**40,921,229**	39,563,666	40,592,640	39,624,410
Balance of on/off-balance sheet assets after adjustment	**672,368,001**	624,365,354	609,094,715	578,299,950
Leverage ratio *(%)*	**6.09**	6.34	6.66	6.85

Note: Indicators related to leverage ratio as at the end of the Reporting Period, the end of 2019, the end of the third quarter of 2019 and the end of the first half of 2019 are all calculated in accordance with the requirements of the Administrative Measures on the Leverage Ratio of Commercial Banks (Revised) (Former CBRC Order [2015] No.1) implemented since 1 April 2015, and are consistent with the data reported to the regulatory authorities.

(V) Analysis on liquidity coverage ratio

Unit: RMB'000

Item	31 March 2020
Qualified quality liquid assets	**66,608,437**
Net cash outflow for the next 30 days	**20,569,938**
Liquidity coverage ratio *(%)*	**323.81**

(VI) Analysis on the five-category loan classification

Unit: RMB'000

Five-category loan classification	31 March 2020		31 December 2019		
	Amount	**Proportion** *(%)*	Amount	Proportion *(%)*	Change *(%)*
Normal	**198,987,312**	**95.36**	187,187,713	95.55	6.30
Special-mention	**4,771,452**	**2.29**	4,079,072	2.08	16.97
Sub-standard	**3,178,744**	**1.53**	2,669,799	1.36	19.06
Doubtful	**1,699,871**	**0.81**	1,961,656	1.00	(13.35)
Loss	**29,934**	**0.01**	13,425	0.01	122.97
Total	**208,667,313**	**100.00**	195,911,665	100.00	6.51

II. DISCUSSION AND ANALYSIS ON OPERATION

During the Reporting Period, the Bank tackled the difficulties and marched forward, implemented policies precisely, and persisted with both pandemic prevention and control and operation development, achieving staged results.

Major business indicators improved steadily. As at the end of the Reporting Period, the Bank's total assets amounted to RMB532,678 million, representing an increase of RMB32,200 million or 6.43% from the beginning of the year; total loans and advances to customers reached RMB208,667 million, representing an increase of RMB12,756 million or 6.51% from the beginning of the year; total deposits from customers amounted to RMB318,812 million, representing an increase of RMB29,595 million or 10.23% from the beginning of the year. In the first quarter of 2020, the Bank recorded an operating income of RMB3,708 million, representing an increase of 30.00% year on year, and a net profit of RMB1,126 million, representing an increase of 4.76% year on year. The cost-to-income ratio was 19.27%, down 7.35 percentage points from the previous year. The non-performing loan ratio was 2.35%, down 0.02 percentage point from the beginning of the year; the allowance to non-performing loans was 162.04%, and the capital adequacy ratio was 11.98%. All major regulatory indicators met the regulatory requirements.

Breakthroughs were made in key areas of business. During the Reporting Period, the Bank focused on high-quality development strategy, achieving breakthroughs in multiple key areas of its business. The Bank launched its 2020 asset circulation plan and obtained the approval of the People's Bank of China for the registration of its "Henan Tripod" series of securities backed by personal housing mortgages; established the first batch of white list of non-real estate and non-government high-quality customers in seven industries including advanced construction, logistics, and wholesale of pharmaceutical and medical equipment industries; implemented the first debt financing plan matching business; and carried out the first domestic bond pledged repo of foreign currency in the province.

The Bank's socially responsible image was further deepened. During the COVID-19 pandemic period, the Bank issued the Nine Measures to Prevent and Control the Pandemic, Guiding Opinions on Supporting the Resumption of Work and Production of Enterprises, Eight Preference Policies to Assist Small and Micro Enterprises, supporting the resumption of work and production of enterprises. As at the end of the Reporting Period, the Bank has donated more than RMB7.6 million of money and materials. The Bank carried out a series of charity activities including the "Women's Federation" family care services, consumption subsidy programme for poverty alleviation, and caring for medical and nursing personnel supporting Hubei; launched the "Breathing Together" campaign with Cailianshe and Lanjinger.com; and sent a number of party member pioneer teams to the community frontline to help prevent and control the pandemic, further demonstrating the Bank's commitment to shouldering social responsibility.

III. TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDING OF THE TOP 10 SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD

(I) Total number of holders of ordinary shares, shareholding of the top 10 holders of ordinary shares and shareholding of the top 10 holders of ordinary shares not subject to trading moratorium

As at the end of the Reporting Period, the Bank had a total of 119,144 holders of ordinary shares, including 119,088 holders of A shares and 56 holders of H shares.

Unit: share

Shareholding of the top 10 holders of ordinary shares							
					Number of shares held subject to trading moratorium	Pledged or frozen	
Name of shareholder	Nature of shareholder	Type of shares	Number of shares held	Shareholdings percentage *(%)*		Status of shares	Number
HKSCC Nominees Limited[2]	Overseas legal person	H shares	1,517,864,830	25.63	–	Unknown	–
Zhengzhou Finance Bureau (鄭州市財政局)	State-owned	A shares	490,904,755	8.29	490,904,755	Pledged	220,900,000
Yutai International (Henan) Real Estate Development Co., Ltd. (豫泰國際(河南)房地產開發有限公司)	Domestic non state-owned legal person	A shares	262,000,000	4.42	262,000,000	Pledged	262,000,000
Henan Xingye Real Estate Development Co., Ltd. (河南興業房地產開發有限公司)	Domestic non state-owned legal person	A shares	250,000,000	4.22	250,000,000	Pledged	107,270,000
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	State-owned legal person	A shares	239,426,471	4.04	239,426,471	–	–
Henan Chendong Industry Co., Ltd. (河南晨東實業有限公司)	Domestic non state-owned legal person	A shares	226,000,000	3.82	226,000,000	Pledged	112,999,999
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	State-owned legal person	A shares	215,678,764	3.64	215,678,764	–	–
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	Domestic non state-owned legal person	A shares	199,046,474	3.36	199,046,474	Pledged	149,500,000
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	State-owned legal person	A shares	114,697,149	1.94	114,697,149	–	–
Henan Shengrun Holding Group Co., Ltd. (河南盛潤控股集團有限公司)	Domestic non state-owned legal person	A shares	100,000,000	1.69	100,000,000	Pledged Frozen	100,000,000 5,285,412
Henan Zhenghong Real Estate Co., Ltd. (河南正弘置業有限公司)	Domestic non state-owned legal person	A shares	100,000,000	1.69	100,000,000	Pledged	50,010,000

Unit: share

Shareholdings of the top 10 holders of ordinary shares not subject to trading moratorium

Name of Shareholder	Number of shares held not subject to trading moratorium at the end of the Reporting Period	Type of shares	
		Type of shares	Number
HKSCC Nominees Limited[2]	1,517,864,830	H shares	1,517,864,830
Henan Communications Industrial Development Co., Ltd. (河南交通實業發展有限公司)	41,886,506	A shares	41,886,506
Henan Shenli Concrete Co., Ltd. (河南神力混凝土有限公司)	30,000,000	A shares	30,000,000
Zhengzhou Hailong Industrial Co., Ltd. (鄭州海龍實業有限公司)	30,000,000	A shares	30,000,000
Wugang Sino-Canada Mining Development Co., Ltd. (舞鋼中加礦業發展有限公司)	30,000,000	A shares	30,000,000
Henan Hongbao Group Co., Ltd. (河南鴻寶集團有限公司)	27,000,000	A shares	27,000,000
Henan Nonferrous Geological and Minerals Group Co., Ltd. (河南有色地質礦產集團有限公司)	22,964,093	A shares	22,964,093
Henan Zhiqiang Real Estate Co., Ltd. (河南志強置業有限公司)	20,000,000	A shares	20,000,000
Changge Xianghe Aluminum Materials Co., Ltd. (長葛市祥合鋁材有限責任公司)	20,000,000	A shares	20,000,000
Henan Juhe Real Estate Co., Ltd. (河南省聚合置業有限責任公司)	20,000,000	A shares	20,000,000
Zhengzhou Yijian Group Co., Ltd. (鄭州一建集團有限公司)	20,000,000	A shares	20,000,000
Henan Meijing Group Co., Ltd. (河南省美景集團有限公司)	20,000,000	A shares	20,000,000

Description of related party relationships or concerted actions of the above shareholders	Mr. Fan Yutao, deputy director of Zhengzhou Finance Bureau, is a director of Bridge Trust Co., Ltd. Zhengzhou Finance Bureau wholly owns Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司), which in turn wholly owns Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司). The Bank is not aware of whether the above other shareholders have any related party relationships or belong to any act-in-concert parties under the Administration Measures on the Acquisition of Listed Companies (《上市公司收購管理辦法》).
Description of the top 10 ordinary shareholders participating in margin financing and securities lending business (if any)	None

Notes:

(1) The figures above are sourced from the register of shareholders of the Bank as at 31 March 2020.

(2) The shares held by HKSCC Nominees Limited are held by it in the capacity of agent and represent the aggregate number of H shares held by all institutional and individual investors registered in HKSCC Nominees Limited as at the end of the Reporting Period.

During the Reporting Period, none of the top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to trading moratorium of the Bank carried out any agreed buy-back transaction.

(II) Total number of holders of offshore preference shares and shareholding of the top 10 holders of offshore preference shares

As at the end of the Reporting Period, the total number of holder of offshore preference shares (or nominee) of the Bank amounted to one. During the Reporting Period, there was no resumption of voting rights for offshore preference shares of the Bank.

Unit: share

Shareholding of the top 10 holders of offshore preference shares

Name of shareholder	Nature of shareholder	Type of shares	Number of shares held	Shareholdings Percentage[3] (%)	Number of shares held subject to trading moratorium	Pledged or frozen: Status of shares	Pledged or frozen: Number
The Bank of New York Depository (Nominees) Limited	Overseas legal person	Offshore preference shares	59,550,000	100	–	Unknown	Unknown
Description of related party relationships or concerted actions of the above shareholders	The Bank is not aware of whether the above holders of offshore preference shares, the top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to trading moratorium have any related party relationships or belong to any act-in-concert parties under the Administration Measures on the Acquisition of Listed Companies (《上市公司收購管理辦法》).						

Notes:

(1) The figures above are sourced from the register of shareholders of offshore preference shares of the Bank as at 31 March 2020.

(2) The above offshore preference shares were issued by way of private offering, and the register of shareholders of offshore preference shares presented the information on nominees of placees.

(3) "Shareholdings percentage" refers to the percentage of the number of offshore preference shares held by holders of offshore preference shares to the total issued number of offshore preference shares.

SECTION III SIGNIFICANT EVENTS

I. CHANGES OF MORE THAN 30% IN MAJOR FINANCIAL DATA AND FINANCIAL INDICATORS DURING THE REPORTING PERIOD AND THE REASONS THEREFOR

Unit: RMB'000

Item	January to March 2020	January to March 2019	Increase/ decrease as compared with the corresponding period of the previous year (%)	Main reason
Net trading gains/(losses)	**430,217**	(68,676)	(726.44)	Due to the receipt of dividends from, and changes in the fair value of, financial investments at fair value through profit or loss during the Reporting Period.
Net investment gains	**238,456**	645,728	(63.07)	
Other operating income	**2,632**	9,225	(71.47)	The decrease in government subsidies related to income.
Credit impairment losses	**1,582,424**	601,753	162.97	Mainly due to the Bank's increased provision for impairment of assets based on changes in operating environment and asset structure in order to further enhance its ability to resist risks.
Share of profits of associates	**22,000**	11,709	87.89	Increase in profits of associates.
Other comprehensive income net of tax	**223,035**	52,804	322.38	Mainly due to the increase in the valuation of financial investments at fair value through other comprehensive income during the Reporting Period.

Unit: RMB'000

Item	**31 March 2020**	31 December 2019	Increase/ decrease as compared with the end of the previous year *(%)*	Main reason
Placements with banks and other financial institutions	**1,921,676**	2,784,681	(30.99)	Maturity of all placements with foreign banks as of the end of the Reporting Period.
Financial assets held under resale agreements	**16,770,853**	2,998,744	459.26	The Bank adjusted the structure of such assets in consideration of asset-liability matching and market liquidity.
Derivative financial assets	**3,647**	94,602	(96.14)	Due to maturity of some derivative financial instruments as at the end of the Reporting Period.
Financial investments at fair value through other comprehensive income	**24,169,408**	15,751,610	53.44	The increase in debt investments at fair value through other comprehensive income.
Amounts due to the central bank	**15,664,139**	9,954,864	57.35	Mainly due to the increase in re-lending for epidemic prevention and control and medium-term lending facility.
Financial assets sold under repurchase agreements	**24,694,024**	16,385,737	50.70	The Bank adjusted the structure of such assets in consideration of asset-liability matching and market liquidity.
Taxes payable	**1,055,193**	745,840	41.48	Mainly due to the increase in corporate income tax payable at the end of the Reporting Period.
Investment revaluation reserves	**317,293**	97,063	226.89	Mainly due to the increase in the valuation of financial investments at fair value through other comprehensive income during the Reporting Period.

II. ANALYSIS AND EXPLANATION ON THE PROGRESS OF SIGNIFICANT EVENTS AND THEIR IMPACTS AND SOLUTIONS

On 30 March 2020, the Board approved the revised proposal for non-public issuance of A shares in order to amend certain terms of the proposed non-public issuance of A shares approved at the 2019 first extraordinary general meeting, the 2019 first A shareholders class meeting and H shareholders class meeting of the Bank held on 3 September 2019. Pursuant to the revised proposal for non-public issuance of A shares, the Bank will issue no more than 1,000,000,000 A shares (inclusive) to no more than 35 specific target subscribers, including Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司), Bridge Trust Co., Ltd. (百瑞信託有限責任公司) and Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司), and the total proceeds to be raised will not exceed RMB6,000,000,000 (inclusive). The relevant resolutions are still subject to consideration and approval by the independent shareholders of the Bank at the 2019 annual general meeting, 2020 first A shareholders class meeting and 2020 first H shareholders class meeting. As a part of the revised non-public issuance of A shares, on 30 March 2020, the Bank entered into supplemental subscription agreements with each of Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司), Bridge Trust Co., Ltd. (百瑞信託有限責任公司) and Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司) to amend certain terms of the conditional share subscription agreements so as to reflect the amendments made under the revised proposal for non-public issuance of A shares. For details of the matters, please refer to the announcements dated 31 March 2020 published by the Bank on the website of www.cninfo.com.cn, and the announcements dated 30 March 2020 published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The Bank will also disclose further details and progress of the non-public issuance of A shares in due course.

During the Reporting Period, save as disclosed in this Report, other announcements and circulars of the Bank, the Bank had no other significant events which should be disclosed.

During the Reporting Period, the Bank did not repurchase any shares or reduce buy-back shares through centralized bidding.

III. UNDERTAKINGS NOT FULLY PERFORMED BY THE BANK'S DE FACTO CONTROLLER, SHAREHOLDERS, RELATED PARTIES, PURCHASERS AND THE BANK DURING THE REPORTING PERIOD

There are no undertakings not fully performed by the Bank's de facto controller, shareholders, related parties, purchasers and the Bank during the Reporting Period.

IV. SECURITIES INVESTMENT

As at the end of the Reporting Period, the book value of the securities assets held by the Bank amounted to RMB87,162 million. The details of the ten largest financial bonds (by nominal value) are as follows：

Unit: RMB'000

No.	Type of bonds	Nominal value balance	Interest rate (%)	Maturity date	Impairment
1	2016 debt securities issued by policy banks	3,250,000	3.33	2026/02/22	145
2	2019 debt securities issued by policy banks	3,020,000	3.86	2029/05/20	141
3	2016 debt securities issued by policy banks	2,490,000	3.33	2026/01/06	112
4	2016 debt securities issued by policy banks	2,200,000	3.24	2023/02/25	98
5	2016 debt securities issued by policy banks	1,900,000	3.32	2023/01/06	85
6	2019 debt securities issued by policy banks	1,730,000	3.74	2029/07/12	25
7	2015 debt securities issued by policy banks	1,510,000	3.86	2022/02/05	70
8	2019 debt securities issued by policy banks	1,480,000	3.45	2029/09/20	54
9	2016 debt securities issued by policy banks	1,150,000	3.18	2026/04/05	52
10	2018 debt securities issued by policy banks	1,030,000	4.62	2021/03/09	–

V. ENTRUSTED WEALTH MANAGEMENT

During the Reporting Period, there was no event in respect of entrusted wealth management beyond the Bank's normal business.

VI. DERIVATIVES INVESTMENT

Unit: RMB'000

	As at 31 March 2020			As at 31 December 2019		
Derivative financial instruments	**Contract/ Notional amount**	**Fair value of assets**	**Fair value of liabilities**	Contract/ Notional amount	Fair value of assets	Fair value of liabilities
Forward foreign exchange contracts	**10,911,054**	**3,647**	**(74,289)**	11,022,396	94,602	(4,944)
Credit risk mitigation	**80,000**	**–**	**(1,600)**	–	–	–
Total	**10,991,054**	**3,647**	**(75,889)**	11,022,396	94,602	(4,944)

VII. IRREGULAR EXTERNAL GUARANTEES

The Bank had no irregular external guarantees during the Reporting Period.

VIII. MISAPPROPRIATION OF THE BANK'S FUNDS BY ITS CONTROLLING SHAREHOLDERS AND RELATED PARTIES FOR NON-OPERATIONAL PURPOSE

The Bank did not have a controlling shareholder, neither was there any misappropriation of the Bank's funds by its controlling shareholder or its related parties for non-operational purpose during the Reporting Period.

IX. RECEPTION OF SURVEY RESEARCH, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD

There was no reception of survey research, communications and interviews by the Bank during the Reporting Period.

SECTION IV RELEASE OF QUARTERLY REPORT

The Report is published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.zzbank.cn) simultaneously. The first quarterly report of 2020 of the Bank prepared in accordance with China Accounting Standards for Business Enterprises is also published on the website of the Shenzhen Stock Exchange (www.szse.cn) and the website of the Bank (www.zzbank.cn) simultaneously.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three months ended 31 March 2020 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2020	2019
	(unaudited)	(unaudited)
Interest income	**5,722,543**	5,115,247
Interest expense	**(3,109,024)**	(3,211,259)
Net interest income	**2,613,519**	1,903,988
Fee and commission income	**455,270**	392,396
Fee and commission expense	**(32,392)**	(30,475)
Net fee and commission income	**422,878**	361,921
Net trading gains/(losses)	**430,217**	(68,676)
Net gains arising from investments	**238,456**	645,728
Other operating income	**2,632**	9,225
Operating income	**3,707,702**	2,852,186
Operating expenses	**(748,789)**	(912,539)
Impairment losses on assets	**(1,582,424)**	(601,753)
Operating profit	**1,376,489**	1,337,894
Share of profits of associates	**22,000**	11,709
Profit before taxation	**1,398,489**	1,349,603
Income tax expense	**(272,550)**	(274,782)
Profit for the period	**1,125,939**	1,074,821

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three months ended 31 March 2020 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2020	2019
	(unaudited)	(unaudited)
Net profit attributable to:		
Equity shareholders of the Bank	**1,095,067**	1,047,174
Non-controlling interests	**30,872**	27,647
	1,125,939	1,074,821
Profit for the period	**1,125,939**	1,074,821
Other comprehensive income:		
Other comprehensive income net of tax attributable to equity shareholders of the Bank	**220,230**	52,314
Items that may be reclassified subsequently to profit or loss		
－Net gain from debt instruments measured at fair value through other comprehensive income	**220,230**	52,314
Non-controlling interests	**2,805**	490
Other comprehensive income net of tax	**223,035**	52,804
Total comprehensive income	**1,348,974**	1,127,625
Total comprehensive income attributable to:		
Equity shareholders of the Bank	**1,315,297**	1,099,488
Non-controlling interests	**33,677**	28,137
	1,348,974	1,127,625
Basic and diluted earnings per share *(in RMB)*	**0.18**	0.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2020 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	31 March 2020 (unaudited)	31 December 2019 (audited)
Assets		
Cash and deposits with central bank	**32,595,824**	38,465,676
Deposits with banks and other financial institutions	**2,164,995**	1,930,394
Placements with banks and other financial institutions	**1,921,676**	2,784,681
Derivative financial assets	**3,647**	94,602
Financial assets held under resale agreements	**16,770,853**	2,998,744
Loans and advances to customers	**201,666,648**	189,266,541
Financial investments:		
Financial investments at fair value through profit or loss	**56,848,386**	55,062,294
Financial investments at fair value through other comprehensive income	**24,169,408**	15,751,610
Financial investments measured at amortised cost	**174,287,322**	173,168,422
Finance lease receivables	**13,689,116**	12,501,697
Interest in associates	**392,634**	376,874
Property and equipment	**2,371,946**	2,372,354
Deferred tax assets	**2,834,990**	2,834,990
Other assets	**2,960,816**	2,869,248
Total assets	**532,678,261**	500,478,127
Liabilities		
Due to central bank	**15,664,139**	9,954,864
Deposits from banks and other financial institutions	**17,829,249**	18,906,118
Placements from banks and other financial institutions	**14,854,398**	14,113,018
Financial liabilities at fair value through profit or loss	**103,297**	–
Derivative financial liabilities	**75,889**	4,944
Financial assets sold under repurchase agreements	**24,694,024**	16,385,737
Deposits from customers	**321,541,940**	292,125,786
Tax payable	**1,055,193**	745,840
Debt securities issued	**92,467,066**	105,245,667
Other liabilities	**3,152,470**	3,104,531
Total liabilities	**491,437,665**	460,586,505

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 March 2020 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	31 March 2020 (unaudited)	31 December 2019 (audited)
Equity		
Share capital	**5,921,932**	5,921,932
Other equity instruments		
Include: preference shares	**7,825,508**	7,825,508
Capital reserve	**5,163,655**	5,163,655
Surplus reserve	**2,675,548**	2,675,548
General reserve	**6,619,553**	6,619,553
Fair value reserve	**317,293**	97,063
Remeasurement of net defined benefit liability	**(46,424)**	(46,424)
Retained earnings	**11,428,554**	10,333,487
Total equity attributable to equity shareholders of the Bank	**39,905,619**	38,590,322
Non-controlling interests	**1,334,977**	1,301,300
Total equity	**41,240,596**	39,891,622
Total liabilities and equity	**532,678,261**	500,478,127

Wang Tianyu
Chairman of the Board of Directors
Executive Director

Shen Xueqing
President
Executive Director

Fu Chunqiao
Person in-charge-of accounting affairs

Gao Chenxin
Head of accounting department

(Company chop)

CONSOLIDATED CASH FLOW STATEMENT

for the three months ended 31 March 2020 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2020	2019
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before tax	**1,398,489**	1,349,603
Adjustments for:		
Impairment losses on assets	**1,582,424**	601,753
Depreciation and amortisation	**78,943**	114,253
Unrealised foreign exchange (gains)/losses	**(175,732)**	218,275
Net losses from disposal of long-term assets	**–**	115
Net trading (gains)/losses of financial investments at fair value through profit or loss	**(138,808)**	2,156
Net gains arising from investments	**(238,456)**	(619,584)
Share of profits of associates	**(22,000)**	(11,709)
Interest expense on debt securities issued	**798,903**	851,060
Interest income on financial investments	**(2,463,521)**	(2,368,984)
	820,242	136,938
Changes in operating assets		
Net decrease in deposits with central bank	**659,048**	968,299
Net decrease/(increase) in deposits and placements with banks and other financial institutions	**103,455**	(296,763)
Net increase in financial investments at fair value through profit or loss	**(1,748,883)**	(5,057,775)
Net increase in loans and advances to customers	**(13,321,792)**	(13,276,633)
Net increase in financial assets held under resale agreements	**(13,772,518)**	(2,608,277)
Net (increase)/decrease in finance lease receivables	**(1,183,197)**	595,743
Net increase in other operating assets	**(283,556)**	(573,699)
	(29,547,443)	(20,249,105)

CONSOLIDATED CASH FLOW STATEMENT

for the three months ended 31 March 2020 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2020	2019
	(unaudited)	(unaudited)
Changes in operating liabilities		
Net increase/(decrease) in amounts due to central bank	**5,620,000**	(14,522)
Net decrease in deposits and placements from banks and other financial institutions	**(384,137)**	(2,064,041)
Net increase in financial assets sold under repurchase agreements	**8,312,154**	1,981,163
Net increase in deposits from customers	**29,594,722**	25,531,382
Net increase in other operating liabilities	**293,935**	662,202
	43,436,674	26,096,184
Cash generated from operations	**14,709,473**	5,984,017
Income tax paid	**(15,309)**	(2,193)
Net cash flows generated from operating activities	**14,694,164**	5,981,824

CONSOLIDATED CASH FLOW STATEMENT

for the three months ended 31 March 2020 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2020	2019
	(unaudited)	(unaudited)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	**34,286,252**	31,954,731
Proceeds from disposal of property and equipment and other assets	**–**	9,378
Payments on acquisition of investments	**(43,945,099)**	(33,057,421)
Dividends and interest received	**2,869,531**	2,142,030
Payments on acquisition of property and equipment and other assets	**(72,802)**	(138,238)
Net cash flows (used in)/generated from investing activities	**(6,862,118)**	910,480
Cash flows from financing activities		
Proceeds received from debt securities issued	**13,514,760**	15,068,589
Repayment of debt securities issued	**(26,405,204)**	(21,222,813)
Interest paid on debt securities issued	**(687,060)**	(910,654)
Dividends paid	**(1,019)**	–
Net cash flows used in financing activities	**(13,578,523)**	(7,064,878)
Net decrease in cash and cash equivalents	**(5,746,477)**	(172,574)
Cash and cash equivalents as at 1 January	**17,766,563**	22,521,117
Effect of foreign exchange rate changes on cash and cash equivalents	**19,420**	(285,960)
Cash and cash equivalents as at 31 March	**12,039,506**	22,062,583
Net cash flows generated from operating activities include:		
Interest received	**3,446,848**	2,778,196
Interest paid	**(2,581,229)**	(2,382,849)