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**CZBANK**  **浙商银行**

**CHINA ZHESHANG BANK CO., LTD.**

**浙商银行股份有限公司**

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

(Stock Code: 2016)

(Stock Code of Preference Shares: 4610)

## **THIRD QUARTERLY REPORT OF 2020**

Pursuant to the regulations of the China Securities Regulatory Commission, the Company is required to publish a quarterly report for each of the first and third quarter.

The financial information set out in this quarterly report is unaudited and prepared in accordance with the International Financial Reporting Standards.

This announcement is made by the Company pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

# 1 Important Notice

- 1.1 The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Management of the Company warrant that the contents in this report are true, accurate and complete and have no false representation, misleading statement or material omission, and they will take legal responsibilities for such contents on a joint and several basis.
- 1.2 The eleventh meeting of the fifth session of the Board of the Company, held on October 29, 2020, approved the Third Quarterly Report of 2020 of the Company. The Company has 15 Directors, all of whom attended the meeting in person, in compliance with the requirements of the Company Law of the People's Republic of China and the Articles of Association of the Company.
- 1.3 The financial statements set out in this report is prepared in accordance with the International Financial Reporting Standards and is unaudited. The unaudited quarterly report of the Company prepared in accordance with China Accounting Standards has been published on the website of Shanghai Stock Exchange. Unless otherwise illustrated, the financial statements herein are consolidated information of the Group and the presentation currency of such information is RMB.
- 1.4 Any of "CZBank", the "Company" and the "Bank" in this report refers to China Zheshang Bank Co., Ltd. The "Group" refers to China Zheshang Bank Co., Ltd. and its subsidiaries.
- 1.5 Shen Renkang (Chairman of the Bank), Xu Renyan (President of the Bank), Liu Long (Principal in charge of Finance) and Jing Feng (Director of the Financial Department) warrant that the financial statements in this report are true, accurate and complete.

## 2 General Information

### 2.1 Key Accounting Information and Financial Indicators

*RMB million, excluding %*

	September 30, 2020	December 31, 2019	Increase (Decrease) as Compared to the End of the Corresponding Period of Last Year (%)
<b>Scale indicators</b>			
Total asset	2,053,099	1,800,786	14.01
Total loans and advances to customers	1,162,538	1,030,171	12.85
Total liabilities	1,922,704	1,672,759	14.94
Customer deposits	1,363,800	1,143,741	19.24
Equity attributable to shareholders of the Bank	128,408	126,246	1.71
Net assets per share attributable to shareholders of ordinary shares of the Bank (RMB yuan/share)	5.33	5.23	1.91

*RMB million, excluding %*

	January- September 2020	January- September 2019	Increase (Decrease) as Compared to the Corresponding Period of Last Year (%)
<b>Operating results</b>			
Operating income	35,288	34,448	2.44
Profit before taxation	11,889	12,914	(7.94)
Net profit attributable to shareholders of the Bank	10,144	11,239	(9.74)
Basic earnings per share (RMB yuan/share)	0.43	0.55	(21.82)
Diluted earnings per share (RMB yuan/share)	0.43	0.55	(21.82)

	January- September 2020	January- September 2019	Increase (Decrease) as Compared to the Corresponding Period of Last Year (%)
<b>Profitability indicators</b>			
Return on average total assets (annualized) (%)	0.72	0.90	decrease by 0.18 percentage point
Return on average net assets (annualized) (%)	11.21	15.38	decrease by 4.17 percentage points
Net non-interest income to operating income (%)	23.55	28.33	decrease by 4.78 percentage points
Cost-to-income ratio (%)	27.73	26.05	increase by 1.68 percentage points

## 2.2 Capital Adequacy

The indicators of capital adequacy ratio as at the end of the reporting period calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (Trial) (CBRC Order No.1 of 2012) 《商業銀行資本管理辦法(試行)》(中國銀監會令2012年第1號)) are set out as below:

*RMB million, excluding %*

	September 30, 2020		December 31, 2019	
	The Group	The Bank	The Group	The Bank
Net core tier-one capital	114,325	111,136	112,239	109,342
Net tier-one capital	129,434	126,094	127,337	124,299
Net capital	169,724	165,715	165,753	162,098
Core tier-one capital adequacy ratio	8.73%	8.70%	9.64%	9.63%
Tier-one capital adequacy ratio	9.89%	9.87%	10.94%	10.95%
Capital adequacy ratio	12.97%	12.97%	14.24%	14.27%

## 2.3 Leverage ratio

The indicators of leverage ratio as at the end of the reporting period calculated in accordance with the Administrative Measures for the Leverage Ratio of Commercial Banks (Revision) (CBRC Order No.1 of 2015) 《商業銀行槓桿率管理辦法(修訂)》(中國銀監會令2015年第1號)) are set out as below:

*RMB million, excluding %*

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
<b>The Group</b>				
Leverage ratio	5.23%	5.36%	6.10%	5.95%
Net tier-one capital	129,434	127,877	133,095	127,337
Adjusted asset balance inside and outside the balance sheet	2,475,323	2,387,144	2,180,697	2,139,653

## 2.4 Information on Liquidity Coverage Ratio

The indicators of liquidity coverage ratio calculated in accordance with the Administrative Measures for the Liquidity Risk of Commercial Banks (CBRC Order No.3 of 2018) 《商業銀行流動性風險管理辦法》(中國銀監會令2018年第3號)) are set out as below:

*RMB million, excluding %*

The Group	September 30, 2020	December 31, 2019
Liquidity coverage ratio	110.93%	223.49%
Qualified high-quality liquid assets	169,508	157,273
Net cash outflows over the next 30 days	152,804	70,370

## 2.5 Explanation of Differences Between Financial Statements Prepared Under Domestic and International Accounting Policies

The net profit attributable to shareholders of the Bank for the reporting period ended September 30, 2020 and the equity attributable to shareholders of the Bank as at the end of the reporting period presented in the financial statements prepared by the Group under the China Accounting Standards are the same with that presented in the financial statements prepared by the Group under the International Financial Reporting Standards.

## 2.6 Shareholders

### 2.6.1 Table of total number of shareholders and shareholdings of the top ten shareholders and top ten shareholders of circulating shares (or shareholders without selling restrictions) as of the end of the reporting period

Unit: share, %

Name of Shareholder (full name)	Shareholdings of Top Ten Shareholders		Number of Shares Held with Selling Restrictions	Pledge and Freezing		Nature of Shareholders
	Number of Shares Held at the End of the Period	Proportion (%)		Status of Shares	Number	
Total Number of Shareholders	354,874					
HKSCC Nominees Limited	4,553,779,800	21.41	–	Unknown <sup>(Note)</sup>	–	–
Zhejiang Provincial Financial Holdings Co., Ltd.	2,655,443,774	12.49	2,655,443,774	–	–	State-owned legal person
Traveller Automobile Group Co., Ltd.	1,346,936,645	6.33	1,346,936,645	Freezing	1,346,936,645	Domestic non-state-owned legal person
Hengdian Group Holdings Limited	1,242,724,913	5.84	1,242,724,913	–	–	Domestic non-state-owned legal person
Zhejiang Provincial Energy Group Co., Ltd.	841,177,752	3.96	841,177,752	–	–	State-owned legal person
Minsheng Life Insurance Company Ltd. – self-owned capital	803,226,036	3.78	803,226,036	–	–	Domestic non-state-owned legal person
Zhejiang Yongli Industry Group Co., Ltd.	548,453,371	2.58	548,453,371	Pledge	542,622,371	Domestic non-state-owned legal person
Tong Lian Capital Management Co., Ltd.	543,710,609	2.56	543,710,609	–	–	Domestic non-state-owned legal person
Zhejiang RIFA Holding Group Co., Ltd.	518,453,371	2.44	518,453,371	Pledge	518,449,000	Domestic non-state-owned legal person
Zhejiang Hengyi High-tech Material Co., Ltd.	508,069,283	2.39	508,069,283	Pledge	508,069,283	Domestic non-state-owned legal person

Shareholdings of Top Ten Shareholders without Selling Restrictions

Name of Shareholder	Number of Circulating Shares Held without Selling Restrictions	Class and Number of Shares	
		Class	Number
HKSCC Nominees Limited	4,553,779,800	H Shares	4,553,779,800
Aeon Life Insurance Company, Ltd – Traditional Insurance Products (傳統保險產品)	122,188,258	A Shares	122,188,258
Aeon Life Insurance Company, Ltd – Dividend Insurance Products (分紅保險產品)	79,646,607	A Shares	79,646,607
Aeon Life Insurance Company, Ltd – Aeon Tradition (百年傳統)	65,911,276	A Shares	65,911,276
Hong Kong Securities Clearing Company Limited	41,375,576	A Shares	41,375,576
Aeon Life Insurance Company, Ltd – Aeon Dividend Brokerage (百年分紅自營)	9,944,194	A Shares	9,944,194
Industrial Bank Co., Ltd. – Xinjiang Qianhai Alliance Value Selected Mixed Securities Investment Fund (新疆前海聯合價值優選混合型證券投資基金)	9,097,900	A Shares	9,097,900
China Construction Bank Corporation – First Seafront Refinancing Selected Securities Investment Fund (前海開源再融資主題精選股票型證券投資基金)	9,000,083	A Shares	9,000,083
China Merchants Securities Co. Ltd – Tianhong China Securities Bank Index Initiative Securities Investment Fund (天弘中證銀行指數型發起式證券投資基金)	8,666,300	A Shares	8,666,300
China Minsheng Banking Corporation Limited – Golden Eagle Ming An Return One year Time Deposit Open-Mixed Securities Investment Fund (金鷹民安回報一年定期開放混合型證券投資基金)	8,500,968	A Shares	8,500,968
Description on the connected relationship and action in concert of the shareholders above	Except for Aeon Life Insurance Company, Ltd – Traditional Insurance Products (傳統保險產品), Aeon Life Insurance Company, Ltd – Dividend Insurance Products (分紅保險產品), Aeon Life Insurance Company, Ltd – Aeon Tradition (百年傳統) and Aeon Life Insurance Company, Ltd – Aeon Dividend Brokerage (百年分紅自營), all of which are under management by Aeon Life Insurance Company, Ltd, among the aforesaid shareholders, the Bank was not aware of any connected relationships or relationships of acting in concert between the shareholders above.		
Description on shareholders of preference shares with restored voting rights and their number of shares held	Nil		

Note: The number of shares held by HKSCC Nominees Limited was the sum of shares of the Company's holders of H shares which were trading in its transaction system. The shares held by Hong Kong Securities Clearing Company Limited, as a nominee designated by Hong Kong and overseas investors, were the A shares, representing equities tradable through Shanghai Connect, held by them. Except for 490,000,000 shares held by Zhejiang Seaport (Hong Kong) Co., Limited were pledged, whether the rest of the H shares were pledged was unknown to the Bank.

## 2.6.2 Table of total number of preference shareholders and shareholdings of the top ten preference shareholders and top ten preference shareholders without selling restrictions as of the end of the reporting period

Unit: share, %

Total Number of Preference Shareholder	1					
Shareholdings of Top Ten Preference Shareholders						
	Number of Shares Held at the End of the Period	Proportion (%)	Class of Shares Held	Pledge and Freezing Status of Shares	Number	Nature of shareholders
Name of Shareholder (full name)						
The Bank of New York Depository (Nominees) Limited	108,750,000	100	Offshore preference shares	Unknown	Unknown	Foreign shareholders

### Shareholdings of Top Ten Preference Shareholders without Selling Restrictions

Name of Shareholder	Number of Preference Shares without Selling Restrictions Held at the End of the Period	Class and Number of Shares
		Class Number
The Bank of New York Depository (Nominees) Limited	108,750,000	Offshore preference shares 108,750,000
Description on the connected relationship and action in concert of the top ten preference shareholders above, or the said shareholder with the top ten ordinary shareholders		The Bank wasn't aware of any connected relationship between the preference shareholders above and the top ten ordinary shareholders nor any parties acting in concert with each other

Note : (1) Shareholding information on shareholders of Offshore Preference Shares was provided based on the information specified in the register of shareholders of Offshore Preference Shares of the Bank.

(2) Set out in the register of shareholders of Offshore Preference Shares is the information on the Offshore Preference Shares held by The Bank of New York Depository (Nominees) Limited as a nominee on behalf of the placees in the clearing systems of Euroclear Bank S.A./N.V. and Clearstream Banking S.A. as of the end of the reporting period.



### 3 Quarterly Operation Performance

The scope of businesses had a steady growth. As at the end of the reporting period, total assets of the Group amounted to RMB2,053.099 billion, representing an increase of RMB252.313 billion or 14.01% as compared to that at the end of last year, of which total loans and advances to customers amounted to RMB1,162.538 billion, representing an increase of RMB132.367 billion or 12.85% as compared to that at the end of last year. Total liabilities amounted to RMB1,922.704 billion, representing an increase of RMB249.945 billion or 14.94% as compared to that at the end of last year, of which customer deposits amounted to RMB1,363.800 billion, representing an increase of RMB220.059 billion or 19.24% as compared to that at the end of last year.

The operating efficiency was stable and well performed. During the reporting period, operating income of the Group amounted to RMB35.288 billion, representing an increase of RMB840 million or 2.44% as compared to the corresponding period of last year, of which net interest income amounted to RMB26.979 billion, representing an increase of RMB2.291 billion or 9.28% as compared to the corresponding period of last year, and net non-interest income amounted to RMB8.309 billion, representing a decrease of RMB1.451 billion or 14.87% as compared to the corresponding period of last year. Net non-interest income to operating income was 23.55%, representing a decrease of 4.78 percentage points as compared to the corresponding period of last year. Cost-to-income ratio was 27.73%, representing an increase of 1.68 percentage points as compared to the corresponding period of last year. Net profit attributable to shareholders of the Bank amounted to RMB10.144 billion, representing a decrease of RMB1.095 billion or 9.74% as compared to the corresponding period of last year.

The quality of asset remained sound. As at the end of the reporting period, the non-performing loan balance of the Group was RMB16.774 billion, representing an increase of RMB2.627 billion or 18.57% as compared to that at the end of last year; the non-performing loan ratio was 1.44%, representing an increase of 0.07 percentage point as compared to that at the end of last year; allowance to non-performing loan ratio was 196.22%, representing a decrease of 24.58 percentage points as compared to that at the end of last year; the allowance to total loans ratio was 2.83%, representing a decrease of 0.20 percentage point as compared to that at the end of last year.

Capital adequacy ratio maintained a relatively higher level. As at the end of the reporting period, the capital adequacy ratio of the Group amounted to 12.97%, representing a decrease of 1.27 percentage points as compared with that at the end of last year. The tier-one capital adequacy ratio amounted to 9.89%, representing a decrease of 1.05 percentage points as compared with that at the end of last year, and the core tier-one capital adequacy ratio amounted to 8.73%, representing a decrease of 0.91 percentage point as compared with that at the end of last year.

## 4 Significant Events

### 4.1 Significant Changes in Key Financial Data and Financial Indicators and Reasons

√ Applicable    □ Not applicable

The following major items in the consolidated financial statements recorded an increase/decrease of over 30% due to the following reasons:

*RMB million, excluding %*

Major Items	September 30, 2020	December 31, 2019	Change as Compared to the End of Last Year (%)	Main Reasons
Precious metal	11,573	21,251	(45.54)	Decreased volume of precious metal for sale
Deposits with banks and other financial institutions	68,743	17,725	287.83	Increased deposits with banks and other financial institutions
Placements with banks and other financial institutions	3,149	9,184	(65.71)	Decreased advance to customers through placements with banks and other financial institutions
Loans from banks and other financial institutions	51,274	33,853	51.46	Increased advance received through loans from banks and other financial institutions business
Financial liabilities at fair value through profit or loss	20,032	15,143	32.29	Increased amount of financial liabilities at fair value through profit or loss
Financial assets sold under repurchase agreements	14,292	6,002	138.12	Increase in the balance of repurchase of bonds
Tax payable	2,943	4,669	(36.97)	Decreased current income tax payable
Other comprehensive income	322	2,268	(85.80)	Decreased valuation of assets at fair value through other comprehensive income

Major Items	January - September 2020	January - September 2019	Change as Compared to the Corresponding Period of Last Year (%)	Main Reasons
Net trading gains	2,478	4,079	(39.25)	Decreased net trading gains

## 4.2 Description of Progress of Significant Events, Related Impacts and Solutions

Applicable     Not applicable

## 4.3 Unfulfilled Commitments Overdue in the Reporting Period

Applicable     Not applicable

## 4.4 Alerts and Explanations of Potential Loss or Significant Changes as Compared to the Corresponding Period of Last Year in the Forecasted Accumulated Net Profit for the Period from the Beginning of the Year to the End of the Next Reporting Period

Applicable     Not applicable

## 5 Appendix

The financial statements prepared in accordance with the International Financial Reporting Standards set out in Appendix I to this report

By order of the Board  
**China Zheshang Bank Co., Ltd.**  
**Shen Renkang**  
*Chairman*

Hangzhou, the PRC  
October 29, 2020

*As at the date of this announcement, the executive directors of the Bank are Mr. Shen Renkang and Mr. Xu Renyan; the non-executive directors are Mr. Huang Zhiming, Mr. Wei Dongliang, Ms. Gao Qinhong, Mr. Hu Tiangao, Mr. Zhu Weiming and Ms. Lou Ting; the independent non-executive directors are Mr. Tong Benli, Mr. Yuan Fang, Mr. Dai Deming, Mr. Liu Pak Wai, Mr. Zheng Jindu, Mr. Zhou Zhifang and Mr. Wang Guocai.*

## APPENDIX I

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

(Expressed in millions of RMB unless otherwise stated)

	For three months from July to September 2020 (Unaudited)	For three months from July to September 2019 (Unaudited)	For nine months ended 30 September 2020 (Unaudited)	For nine months ended 30 September 2019 (Unaudited)
Interest income	21,840	20,049	63,258	58,799
Interest expense	(12,824)	(11,312)	(36,279)	(34,111)
<b>NET INTEREST INCOME</b>	<b>9,016</b>	<b>8,737</b>	<b>26,979</b>	<b>24,688</b>
Fee and commission income	1,162	1,154	4,376	4,005
Fee and commission expense	(135)	(120)	(386)	(404)
<b>NET FEE AND COMMISSION INCOME</b>	<b>1,027</b>	<b>1,034</b>	<b>3,990</b>	<b>3,601</b>
Net trading gains	123	999	2,478	4,079
Net (loss) gains on financial investments	(140)	1,003	1,525	1,770
Other operating income	81	102	316	310
<b>OPERATING INCOME</b>	<b>10,107</b>	<b>11,875</b>	<b>35,288</b>	<b>34,448</b>
Operating expenses	(3,990)	(3,322)	(10,233)	(9,386)
Impairment losses	(2,133)	(4,383)	(13,166)	(12,148)
<b>PROFIT BEFORE TAXATION</b>	<b>3,984</b>	<b>4,170</b>	<b>11,889</b>	<b>12,914</b>
Income tax expense	(546)	(386)	(1,539)	(1,506)
<b>PROFIT FOR THE PERIOD</b>	<b>3,438</b>	<b>3,784</b>	<b>10,350</b>	<b>11,408</b>
Attributable to:				
Shareholders of the Bank	3,369	3,711	10,144	11,239
Non-controlling interests	69	73	206	169

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(CONTINUED)****FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020***(Expressed in millions of RMB unless otherwise stated)*

	For three months from July to September 2020 (Unaudited)	For three months from July to September 2019 (Unaudited)	For nine months ended 30 September 2020 (Unaudited)	For nine months ended 30 September 2019 (Unaudited)
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss:</b>				
Fair value changes on financial assets at fair value through other comprehensive income	(836)	430	(1,817)	338
Impairment losses of financial assets at fair value through other comprehensive income	(339)	81	295	(91)
Exchange difference from the translation of foreign operations	(789)	796	(424)	955
<b>Other comprehensive income, net of tax</b>	<b>(1,964)</b>	<b>1,307</b>	<b>(1,946)</b>	<b>1,202</b>
<b>Total comprehensive income</b>	<b>1,474</b>	<b>5,091</b>	<b>8,404</b>	<b>12,610</b>
Attributable to:				
Shareholders of the Bank	1,405	5,018	8,198	12,441
Non-controlling interests	69	73	206	169
Basic and diluted earnings per share attributable to the shareholders of the Bank:				
Basic earnings per share (RMB yuan/share)	0.16	0.20	0.43	0.55
Diluted earnings per share (RMB yuan/share)	0.16	0.20	0.43	0.55

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

(Expressed in millions of RMB unless otherwise stated)

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
<b>ASSETS</b>		
Cash and balances with central bank	140,368	131,029
Precious metals	11,573	21,251
Deposits with banks and other financial institutions	68,743	17,725
Placements with banks and other financial institutions	3,149	9,184
Derivative financial assets	17,828	13,892
Financial assets purchased under resale agreements	25,045	28,950
Loans and advances to customers	1,129,624	998,933
Financial investments		
– Financial investments measured at fair value through profit or loss	125,055	129,266
– Financial investments measured at fair value through other comprehensive income	92,290	83,612
– Financial investments measured at amortized cost	371,194	305,160
Fixed assets	13,413	12,673
Right-of-use assets	4,816	5,081
Intangible assets	268	268
Deferred income tax assets	13,663	11,831
Other assets	36,070	31,931
<b>TOTAL ASSETS</b>	<b>2,053,099</b>	<b>1,800,786</b>
<b>LIABILITIES</b>		
Due to central bank	79,215	94,065
Deposits from banks and other financial institutions	145,866	132,950
Placements from banks and other financial institutions	51,274	33,853
Financial liabilities at fair value through profit or loss	20,032	15,143
Derivative financial liabilities	18,804	14,911
Financial assets sold under purchase agreements	14,292	6,002
Customer deposits	1,363,800	1,143,741
Employee benefits payable	4,930	4,439
Tax payable	2,943	4,669
Provision	5,639	5,544
Lease liabilities	3,002	3,108
Debt securities issued	204,507	206,241
Other liabilities	8,400	8,093
<b>TOTAL LIABILITIES</b>	<b>1,922,704</b>	<b>1,672,759</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)****AS AT 30 SEPTEMBER 2020***(Expressed in millions of RMB unless otherwise stated)*

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
<b>EQUITY</b>		
Share capital	21,269	21,269
Other equity instruments	14,958	14,958
Capital reserve	32,018	32,018
Other comprehensive income	322	2,268
Surplus reserve	7,294	7,294
Statutory general reserve	21,013	19,454
Retained earnings	31,534	28,985
Equity attributable to shareholders of the Bank	128,408	126,246
Non-controlling interests	1,987	1,781
<b>TOTAL EQUITY</b>	<b>130,395</b>	<b>128,027</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,053,099</b>	<b>1,800,786</b>

The condensed consolidated financial statements were approved by the board of directors on October 29, 2020.

Shen Renkang  
Chairman

Xu Renyan  
President

Liu Long  
Principal in charge  
of Finance

Jing Feng  
Director of the  
Financial Department



## CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

(Expressed in millions of RMB unless otherwise stated)

	For nine months ended	
	30 September 2020 (Unaudited)	2019 (Unaudited)
<b>Cash flows from operating activities:</b>		
Profit before taxation	11,889	12,914
Adjustments for:		
Impairment losses	13,166	12,148
Depreciation and amortization	1,165	1,010
Interest income from financial investments	(11,819)	(14,023)
Net investment income	(5,017)	(5,639)
Net losses from changes in fair value	2,133	696
Net foreign exchange losses/(gains)	69	(691)
Net losses on disposal of fixed assets	3	1
Interest expense on debt securities issued	4,813	6,419
Interest expense on lease liabilities	99	117
Increase of deferred income tax assets	(1,324)	(1,521)
<b>Net change in operating assets and operating liabilities:</b>		
Net (increase)/decrease in balances with central bank	(21,327)	1,973
Net increase in deposits with banks and other financial institutions	(2,697)	(2,616)
Net (increase)/decrease in placements with banks and other financial institutions	(2,296)	6,514
Net decrease in financial assets purchased under resale agreements	12,482	16,498
Net increase in loans and advances to customers	(136,550)	(105,793)
Net decrease/(increase) in financial assets held for trading	2,170	(1,505)
Net decrease/(increase) in other operating assets	11,380	(14,066)
Net (decrease)/increase in due to central bank	(14,524)	25,160
Net increase/(decrease) in deposits from banks and other financial institutions	13,290	(36,068)
Net increase/(decrease) in placements from banks and other financial institutions	17,498	(7,721)
Net increase/(decrease) in financial assets sold under repurchase agreements	7,134	(3,977)
Net increase in customer deposits	217,014	115,155
Net (decrease)/increase in other operating liabilities	(2,151)	12,421
<b>Net cash flows from operating activities before tax</b>	<b>116,600</b>	<b>17,406</b>
Income tax paid	(4,762)	(2,689)
<b>Net cash generate from operating activities</b>	<b>111,838</b>	<b>14,717</b>

## CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (CONTINUED)

### FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

(Expressed in millions of RMB unless otherwise stated)

	For nine months ended	
	30 September 2020 (Unaudited)	2019 (Unaudited)
<b>Cash flows from investing activities:</b>		
Dividends received	–	2
Proceeds from disposal of fixed assets	21	1
Purchases of fixed assets, intangible assets and other long-term assets	(1,400)	(2,493)
Proceeds from interest and sale of financial investments	15,545	21,534
Proceeds from redemption of financial investments	1,666,133	2,276,655
Purchases of financial investments	(1,742,026)	(2,264,600)
<b>Net cash (used in)/generated from investing activities</b>	<b>(61,727)</b>	<b>31,099</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt securities	155,781	191,610
Cash paid for repayment of debt securities	(156,704)	(229,491)
Interest paid on debt securities issued	(10,474)	(6,768)
Cash paid for dividend distribution	(932)	(881)
Payment of lease liabilities	(451)	(272)
<b>Net cash used in financing activities</b>	<b>(12,780)</b>	<b>(45,802)</b>
Effect of exchange rate changes on cash and cash equivalents	(500)	93
<b>Net increase in cash and cash equivalents</b>	<b>36,831</b>	<b>107</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>46,944</b>	<b>37,639</b>
<b>Cash and cash equivalents at end of the period</b>	<b>83,775</b>	<b>37,746</b>
<b>Net cash flows from operating activities include:</b>		
Interest received	50,486	44,088
Interest paid	(27,889)	(27,141)