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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)

THIRD QUARTERLY REPORT OF 2022

The board of directors (the “**Board**”) of Bank of Zhengzhou Co., Ltd.* (the “**Bank**”) hereby announces the unaudited third quarterly results of the Bank and its subsidiaries for the nine months ended 30 September 2022 (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, the PRC
30 October 2022

As at the date of this announcement, the Board comprises Mr. WANG Tianyu and Mr. XIA Hua as executive directors, Ms. WANG Dan, Mr. LIU Bingheng, Mr. JI Hongjun and Mr. WANG Shihao as non-executive directors, and Ms. LI Yanyan, Mr. LI Xiaojian, Mr. SONG Ke and Ms. LI Shuk Yin Edwina 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.*

IMPORTANT NOTICES

1. 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 third quarterly report of 2022 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.
2. 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., Queshan Zhengyin County Bank Co., Ltd. and Xinzheng Zhengyin County Bank Co., Ltd. (collectively, the “**Group**” or “**Bank**”).
3. Mr. WANG Tianyu, the legal representative of the Bank and chairman of the Board, Mr. ZHAO Fei, the acting president, Mr. SUN Haigang, 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 information in the Report.
4. The quarterly financial report of the Bank has not been audited.

I. MAJOR FINANCIAL DATA

(I) Major accounting data and financial indicators

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

Unit: RMB'000

Item	July to September 2022	Increase/decrease as compared with the corresponding period of the previous year (%)	January to September 2022	Increase/decrease as compared with the corresponding period of the previous year (%)
Operating income ⁽¹⁾	4,258,469	22.17	11,822,857	13.35
Net profit attributable to shareholders of the Bank	872,379	(0.63)	3,403,445	2.15
Net cash flows used in operating activities	(4,614,560)	(77.25)	(22,743,754)	(12.00)
Net cash flows used in operating activities per share (<i>RMB/share</i>)	(0.56)	(77.14)	(2.75)	(12.14)
Basic earnings per share (<i>RMB/share</i>) ⁽²⁾	0.11	–	0.41	2.50
Diluted earnings per share (<i>RMB/share</i>) ⁽²⁾	0.11	–	0.41	2.50
Weighted average return on net assets (%) (on annualised basis) ⁽²⁾	8.10	Decreased by 0.67 percentage point	10.87	Decreased by 0.64 percentage point

Notes:

- (1) Operating income includes net interest income, net fee and commission income, net trading gains, net gains arising from investments and other operating income.
- (2) Basic earnings per share, diluted earnings per share and weighted average return on net assets were all 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).

In December 2021, the Bank issued one new share to the ordinary shareholders for every 10 shares held by way of capitalisation issue. After the implementation of the capitalisation issue, the number of ordinary shares of the Bank increased from 7,514,125,090 shares to 8,265,537,599 shares. Net cash flows used in operating activities per share, basic earnings per share and diluted earnings per share for the comparison periods were recalculated based on the number of shares after the capitalisation issue.

During the Reporting Period, the Bank did not distribute dividends of the offshore preference shares, and did not pay interests on indefinite-term capital bonds. No dividend of the offshore preference shares and interests on indefinite-term capital bonds had to be deducted from the net profit attributable to shareholders of the Bank, and net proceeds raised from the offshore preference shares issuance and indefinite-term capital bonds issuance were deducted from the weighted average net assets.

Unit: RMB'000

Scale indicators	30 September 2022	31 December 2021	Increase/ decrease as compared with the end of the previous year (%)
Total assets	596,131,114	574,979,662	3.68
Loans and advances to customers			
Corporate loans and advances	230,515,826	199,784,576	15.38
Personal loans and advances	82,072,520	76,138,099	7.79
Discounted bills	14,604,482	13,104,993	11.44
Gross loans and advances to customers	327,192,828	289,027,668	13.20
Add: Accrued interests	1,838,168	1,439,787	27.67
Less: Provision for impairment losses ⁽¹⁾	9,735,752	8,068,364	20.67
Book value of loans and advances to customers	319,295,244	282,399,091	13.07
Total liabilities	532,939,613	515,568,122	3.37
Deposits from customers			
Corporate deposits	165,331,789	163,370,197	1.20
Personal deposits	134,509,693	121,680,427	10.54
Other deposits ⁽²⁾	36,561,162	33,762,826	8.29
Total deposits from customers	336,402,644	318,813,450	5.52
Add: Accrued interests	3,481,527	2,760,765	26.11
Book value of deposits from customers	339,884,171	321,574,215	5.69
Share capital	8,265,538	8,265,538	–
Shareholders' equity	63,191,501	59,411,540	6.36
Including: Equity attributable to shareholders of the Bank	61,376,098	57,766,182	6.25
Equity attributable to ordinary shareholders of the Bank	43,551,735	39,941,819	9.04
Net assets per share attributable to ordinary shareholders of the Bank (RMB/share)	5.27	4.83	9.11

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 China Accounting Standards for Business Enterprises and IFRSs

There are no differences between the net profit attributable to shareholders of the Bank for the Reporting Period ended 30 September 2022 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 China Accounting Standards for Business Enterprises and those prepared under IFRSs.

(III) Supplementary financial indicators

Regulatory indicators	Regulatory standards	30 September 2022	31 December 2021	31 December 2020	31 December 2019
Core tier-one capital adequacy ratio (%) ⁽¹⁾	≥7.5	9.54	9.49	8.92	7.98
Tier-one capital adequacy ratio (%) ⁽¹⁾	≥8.5	13.48	13.76	10.87	10.05
Capital adequacy ratio (%) ⁽¹⁾	≥10.5	14.51	15.00	12.86	12.11
Leverage ratio (%) ⁽²⁾	≥4	9.08	8.72	6.63	6.34
Liquidity ratio (%) ⁽²⁾	≥25	71.37	63.72	70.41	56.44
Liquidity coverage ratio (%) ⁽²⁾	≥100	305.59	339.61	353.94	300.37
Non-performing loan ratio (%) ⁽³⁾	≤5	1.76	1.85	2.08	2.37
Allowance to non-performing loans (%) ⁽³⁾	≥150	169.12	156.58	160.44	159.85
Allowance to total loans (%) ⁽³⁾	≥2.5	2.98	2.90	3.33	3.79
Loan to deposit ratio (%) ⁽²⁾		97.26	90.66	75.73	67.74
Return on total assets (%) (on annualised basis)		0.81	0.61	0.63	0.70
Cost-to-income ratio (%) ⁽⁴⁾		17.47	23.06	22.53	26.62

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 China Banking and Insurance Regulatory Commission and relevant requirements and based on statutory financial statements prepared under China Accounting Standards for Business Enterprises.
- (2) Among the above regulatory indicators, leverage ratio, liquidity ratio, and liquidity coverage ratio are all data reported to the regulatory departments, and loan to deposit ratio is recalculated by dividing the audited (reviewed) total loan principal by the total deposit principal.
- (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	30 September 2022	31 December 2021
Net core tier-one capital	43,607,123	39,949,166
Net tier-one capital	61,608,129	57,931,340
Net tier-two capital	4,708,431	5,235,294
Net total capital	66,316,560	63,166,634
Total risk-weighted assets	457,135,570	421,013,820
Core tier-one capital adequacy ratio (%)	9.54	9.49
Tier-one capital adequacy ratio (%)	13.48	13.76
Capital adequacy ratio (%)	14.51	15.00

Leverage ratio

Unit: RMB'000

Item	30 September 2022	30 June 2022	31 March 2022	31 December 2021
Net tier-one capital	63,249,653	62,035,237	60,807,166	59,551,505
Balance of on/off-balance sheet assets after adjustment	696,935,859	689,343,458	681,162,861	683,259,572
Leverage ratio (%)	9.08	9.00	8.93	8.72

Note: Indicators related to leverage ratio as at the end of the Reporting Period, the end of the first half of 2022, the end of the first quarter of 2022 and the end of 2021 are all calculated in accordance with the requirements of the Administrative Measures on the Leverage Ratio of Commercial Banks (Revised) issued by China Banking and Insurance Regulatory Commission, and are consistent with the data reported to the regulatory authorities.

(V) Analysis on liquidity coverage ratio

Unit: RMB'000

Item	30 September 2022
Qualified quality liquid assets	69,208,289
Net cash outflow for the next 30 days	22,647,589
Liquidity coverage ratio (%)	305.59

(VI) Analysis on the five-category loan classification*Unit: RMB'000*

Five-category loan classification	30 September 2022		31 December 2021		Change (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Normal	313,810,791	95.91	277,294,011	95.94	13.17
Special-mention	7,620,443	2.33	6,388,575	2.21	19.28
Sub-standard	4,398,489	1.34	4,593,529	1.59	(4.25)
Doubtful	1,168,334	0.36	711,808	0.25	64.14
Loss	194,771	0.06	39,745	0.01	390.05
Total	327,192,828	100.00	289,027,668	100.00	13.20

(VII) Changes in major accounting data and financial indicators and the reasons therefor*Unit: RMB'000*

Item	January to September 2022	January to September 2021	Increase/decrease as compared with the corresponding period of the previous year (%)	Main reason
Fee and commission income	732,513	1,109,637	(33.99)	Mainly because the Bank actively responded to the regulatory fee reduction policy and the scale of the agency and custody business decreased during the Reporting Period.
Fee and commission expense	(184,830)	(116,341)	58.87	Mainly due to the increase in fee expenses of the asset business as compared with the same period of the previous year.
Net trading gains	1,527,702	553,939	175.79	Mainly due to the influence of the change in the exchange rate of US dollar against RMB on the financial assets at fair value through profit or loss during the Reporting Period.
Net gains arising from investments	189,472	101,981	85.79	Mainly due to the impact of interest rates in the bond market during the Reporting Period.
Other operating income	102,537	44,622	129.79	Mainly due to the increase in government subsidies received during the Reporting Period as compared to the same period of the previous year.
Share of profits of associates	(93,454)	12,760	(832.40)	Mainly due to the decrease in the profits of associates during the Reporting Period as compared with the same period of the previous year.

Unit: RMB'000

Item	30 September 2022	31 December 2021	Increase/ decrease as compared with the end of the previous year (%)	Main reason
Deposits with banks and other financial institutions	1,758,453	2,919,058	(39.76)	Mainly because the Bank adjusted the structure of such assets in consideration of asset-liability matching and market liquidity.
Placements with banks and other financial institutions	9,849,058	4,182,213	135.50	
Derivative financial assets	–	173,981	(100.00)	Mainly due to the impact of changes in the exchange rate of the US dollar against the RMB on the Bank's non-deliverable forwards.
Derivative financial liabilities	124,181	–	–	
Investments in associates	282,441	407,086	(30.62)	Mainly due to the decrease in the profits of associates during the Reporting Period as compared with the same period of the previous year.
Tax payable	1,179,152	359,712	227.80	Mainly due to the increase in income tax payable during the Reporting Period.
Fair value reserve	31,576	(173,457)	(118.20)	Mainly due to the change in fair value of financial assets at fair value through other comprehensive income during the Reporting Period

II. DISCUSSION AND ANALYSIS ON OPERATION

Operating indicators remain robust. As at the end of the Reporting Period, the Bank's total assets amounted to RMB596,131 million, representing an increase of 3.68% from the end of the previous year; the balance of deposits reached RMB336,403 million, representing an increase of 5.52% from the end of the previous year; the balance of loans amounted to RMB327,193 million, representing an increase of 13.20% from the end of the previous year. During the first three quarters of 2022, the Bank recorded a net profit of RMB3,544 million, representing an increase of 2.54% as compared with the corresponding period of the previous year. The net profit attributable to shareholders of the Bank was RMB3,403 million, representing an increase of 2.15% as compared with the corresponding period of the previous year. The Bank's non-performing loan ratio was 1.76%; allowance to non-performing loans was 169.12%; and capital adequacy ratio was 14.51%, all meeting the regulatory requirements.

Further implement the “Five & Four Strategy”. In terms of policy-based technological innovation financing, as the operation entity of policy-based technological innovation financing business of Henan Province, the Bank highly supported the development of science and technology enterprises by implementing the “three specializations and five separations (三專五單獨)” operation mechanism. We delivered pre-credit extension notices to 3,740 customers, with a pre-credit extension amount of RMB30,853 million. We granted loans aggregating to RMB5,474 million to various technology companies and loans of RMB9,517 million to enterprises meeting the “sole proprietor to enterprise, small enterprise to EADS, EADS to joint-stock company, joint-stock company to listing (個轉企、小升規、規改股、股上市)”, totaling RMB14,991 million, to help innovation-driven development of science and technology enterprises. In terms of small and micro enterprise finance, we fully promoted the “Partnership Project (夥伴工程)” program. During the Reporting Period, we engaged with all key small and micro enterprise parks in Henan Province, carried out credit cooperation with 83 such enterprise parks, and newly cooperated with 647 enterprises settling in the parks, providing new credit support of RMB15,464 million accumulatively. In terms of rural finance, the Bank adhered to the guidance of party building and service-orientation, constructed characteristic benchmark rural service outlets, launched the “Rural Service Connect” (惠農通) mini program, carried out the “Financial Knowledge for Every Family” (金融知識進萬家) and “Social Security Payment Subsidy” (社保繳費補貼) campaigns in rural areas, continued to further construct multiple service scenarios, and comprehensively improved the service level of “finance aid for farmers (金融惠農)”. In terms of citizen finance, the Bank carried out the campaign of offering citizen finance in communities to optimize customer rights activities and product experience. We issued exclusive debit cards for new citizens, developed exclusive consumer loan products and wealth management products, and improved the quality and efficiency of services for new citizens. In terms of the “Five Clouds (五朵雲)”, we launched the cloud business 2.0 system and launched the visual bulletin board, optimizing and re-innovating products to fully meet the personalized needs of customers.

Earnestly carry out the special campaign of financial support for “property delivery guarantee”. With a keen sense of political responsibility and historical mission, the Bank resolutely shouldered the responsibility of serving the real economy, and played a leading role in the special campaign of “property delivery guarantee (保交樓)” in Zhengzhou, demonstrating its commitment to financial responsibilities. We immediately set up a special working group, strictly implemented the work requirements of the provincial and municipal governments and regulatory authorities, actively met the financing needs of loan borrowers at municipal level and platform companies and real estate companies in various districts and counties, and formulated special credit extension and marketing plans, setting out the “5 major support paths (5大支持路徑)” as well as the principle of “one bank, one policy (一行一策)” to optimize services and “one building, one policy (一樓一策)” to ensure implementation. We focused on key areas, innovated working models, established a “four-way linkage (四方聯動)” promotion mechanism that coordinated marketing, approving and bookkeeping entities and handling banks, and abode by the principle of “market-orientation” to provide credit capital support for enterprises with controllable risks. We adhered to the coordination between the head office and the branches, accurately carried out our plans, and made full use of every minute to advance the work of property delivery guarantee (保交樓). As at the end of the Reporting Period, the Bank had completed the approval of RMB5,692 million of loans in financial support for the special campaign of “property delivery guarantee” and completed the issuance of RMB1,842 million of loans. Relevant success cases have been recognized and promoted by regulatory authorities.

III. SHAREHOLDER INFORMATION

(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 98,460 holders of ordinary shares, of whom 98,405 were holders of A shares and 55 were holders of H shares.

Unit: shares

Shareholding of the top 10 holders of ordinary shares

Name of shareholder	Nature of shareholder	Class of shares	Number of shares held	Shareholding percentage (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen Status of shares	Number
HKSCC Nominees Limited ⁽²⁾	Overseas legal person	H shares	1,836,587,514	22.22	-	Unknown	-
Zhengzhou Finance Bureau (鄭州市財政局)	State-owned	A shares	597,496,646	7.23	-	Pledged	84,799,000
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	State-owned legal person	A shares	449,810,819	5.44	188,650,000	-	-
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	State-owned legal person	A shares	350,846,279	4.24	-	-	-
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	Domestic non-state-owned legal person	A shares	350,846,233	4.24	110,000,000	Pledged	240,295,000
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	317,020,000	3.84	-	Pledged	317,020,000
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	State-owned legal person	A shares	289,706,030	3.50	-	-	-
Henan Chendong Industry Co., Ltd. (河南晨東實業有限公司)	Domestic non-state-owned legal person	A shares	233,582,665	2.83	-	Pledged	136,729,997
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	151,953,912	1.84	-	Pledged	151,250,000
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	121,000,000	1.46	-	Pledged Frozen	121,000,000 121,000,000

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

Name of shareholder	Number of ordinary shares held not subject to trading moratorium at the end of the Reporting Period	Type of shares	
		Class of shares	Number
HKSCC Nominees Limited ⁽²⁾	1,836,587,514	H shares	1,836,587,514
Zhengzhou Finance Bureau (鄭州市財政局)	597,496,646	A shares	597,496,646
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	350,846,279	A shares	350,846,279
Yutai International (Henan) Real Estate Development Co., Ltd. (豫泰國際(河南)房地產開發有限公司)	317,020,000	A shares	317,020,000
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	289,706,030	A shares	289,706,030
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	261,160,819	A shares	261,160,819
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	240,846,233	A shares	240,846,233
Henan Chendong Industry Co., Ltd. (河南晨東實業有限公司)	233,582,665	A shares	233,582,665
Henan Xingye Real Estate Development Co., Ltd. (河南興業房地產開發有限公司)	151,953,912	A shares	151,953,912
Henan Shengrun Holding Group Co., Ltd. (河南盛潤控股集團有限公司)	121,000,000	A shares	121,000,000
Description of related party relationships or concerted actions of the above shareholders	Zhengzhou Finance Bureau (鄭州市財政局) 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 other shareholders above have any related party relationships or belong to any acting-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)	Henan Xingye Real Estate Development Co., Ltd. (河南興業房地產開發有限公司) holds 151,254,525 A shares through ordinary securities account and 699,387 A shares through client account of collateral securities for margin trading at Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), holding a total of 151,953,912 A shares.		

Notes:

- (1) The figures above are sourced from the register of shareholders of the Bank as at 30 September 2022.
- (2) The shares held by HKSCC Nominees Limited are held by it in the capacity of nominee 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 holders of offshore preference shares (or nominees) of the Bank was one. During the Reporting Period, there was no resumption of voting rights under the offshore preference shares of the Bank.

Unit: shares

Shareholding of the top 10 holders of offshore preference shares

Name of shareholder	Nature of shareholder	Class of shares	Number of shares held	Shareholding percentage ⁽³⁾ (%)	Number of shares held subject to trading moratorium	Pledged, marked or frozen Status of shares	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 holder 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 acting-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 above figures are sourced from the register of shareholders of offshore preference shares of the Bank as at 30 September 2022.
- (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) “Shareholding 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.

On 30 August 2022, the Board of the Bank considered and approved the redemption of offshore preference shares. On 18 October 2022, the Bank has redeemed all the offshore preference shares. For details, please refer to the announcements dated 31 August 2022, 15 September 2022 and 20 October 2022 published by the Bank on CNINFO as well as announcements dated 31 August 2022, 15 September 2022 and 19 October 2022 published on the website of The Stock Exchange of Hong Kong Limited.

IV. OTHER SIGNIFICANT EVENTS

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

V. 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 third quarterly report of 2022 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.

VI. QUARTERLY FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the nine months ended 30 September 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
Interest income	19,127,610	19,039,213
Interest expense	<u>(9,672,147)</u>	<u>(10,302,361)</u>
Net interest income	9,455,463	8,736,852
Fee and commission income	732,513	1,109,637
Fee and commission expense	<u>(184,830)</u>	<u>(116,341)</u>
Net fee and commission income	547,683	993,296
Net trading gains	1,527,702	553,939
Net gains arising from investments	189,472	101,981
Other operating income	<u>102,537</u>	<u>44,622</u>
Operating income	11,822,857	10,430,690
Operating expenses	(2,183,144)	(2,205,267)
Credit impairment losses	<u>(5,190,490)</u>	<u>(4,001,737)</u>
Operating profit	4,449,223	4,223,686
Share of profits of associates	<u>(93,454)</u>	<u>12,760</u>
Profit before taxation	4,355,769	4,236,446
Income tax expense	<u>(811,947)</u>	<u>(780,311)</u>
Profit for the period	3,543,822	3,456,135
Net profit attributable to:		
Equity shareholders of the Bank	3,403,445	3,331,814
Non-controlling interests	<u>140,377</u>	<u>124,321</u>
	3,543,822	3,456,135

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the nine months ended 30 September 2022 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
Profit for the period	3,543,822	3,456,135
Other comprehensive income:		
Other comprehensive income net of tax attributable to equity shareholders of the Bank	206,471	529,351
Items that may be reclassified subsequently to profit or loss		
– Change in fair value/credit losses from debt investments measured at fair value through other comprehensive income	162,785	531,180
Item that will not be reclassified subsequently to profit or loss		
– Net income from investments in equity instruments designated as fair value through other comprehensive income	42,248	–
– Remeasurement of net defined benefit liability	1,438	(1,829)
Non-controlling interests	–	–
Other comprehensive income net of tax	206,471	529,351
Total comprehensive income	3,750,293	3,985,486
Total comprehensive income attributable to:		
Equity shareholders of the Bank	3,609,916	3,861,165
Non-controlling interests	140,377	124,321
	3,750,293	3,985,486
Basic and diluted earnings per share (restated for comparative period) <i>(in RMB)</i>	0.41	0.40

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three months from 1 July 2022 to 30 September 2022 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	Three months from	
	1 July to 30 September	
	2022	2021
	(unaudited)	(unaudited)
Interest income	6,416,035	6,424,188
Interest expense	(3,206,285)	(3,455,925)
Net interest income	3,209,750	2,968,263
Fee and commission income	219,805	315,493
Fee and commission expense	(91,428)	(44,913)
Net fee and commission income	128,377	270,580
Net trading gains	833,517	274,671
Net gains/(losses) arising from investments	13,267	(39,226)
Other operating income	73,558	11,538
Operating income	4,258,469	3,485,826
Operating expenses	(820,851)	(825,428)
Credit impairment losses	(2,231,145)	(1,590,803)
Operating profit	1,206,473	1,069,595
Share of profits of associates	(96,394)	5,670
Profit before taxation	1,110,079	1,075,265
Income tax expense	(198,473)	(159,157)
Profit for the period	911,606	916,108
Net profit attributable to:		
Equity shareholders of the Bank	872,379	877,943
Non-controlling interests	39,227	38,165
	911,606	916,108

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three months from 1 July 2022 to 30 September 2022 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Three months from	
	1 July to 30 September	
	2022	2021
	(unaudited)	(unaudited)
Profit for the period	911,606	916,108
Other comprehensive income:		
Other comprehensive income net of tax attributable to equity shareholders of the Bank	99,173	97,590
Items that may be reclassified subsequently to profit or loss		
– Change in fair value/credit losses from debt investments measured at fair value through other comprehensive income	99,173	97,590
Non-controlling interests	–	–
Other comprehensive income net of tax	99,173	97,590
Total comprehensive income	1,010,779	1,013,698
Total comprehensive income attributable to:		
Equity shareholders of the Bank	971,552	975,533
Non-controlling interests	39,227	38,165
	1,010,779	1,013,698
Basic and diluted earnings per share (restated for comparative period) <i>(in RMB)</i>	0.11	0.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	30 September 2022 (unaudited)	31 December 2021 (audited)
Assets		
Cash and deposits with central bank	25,457,383	33,433,058
Deposits with banks and other financial institutions	1,758,453	2,919,058
Placements with banks and other financial institutions	9,849,058	4,182,213
Derivative financial assets	–	173,981
Financial assets held under resale agreements	11,636,939	14,228,603
Loans and advances to customers	319,295,244	282,399,091
Financial investments:		
Financial investments at fair value through profit or loss	47,748,375	41,109,728
Financial investments at fair value through other comprehensive income	13,680,589	17,311,509
Financial investments measured at amortised cost	123,699,584	139,328,387
Lease receivables	30,722,687	28,224,856
Interest in associates	282,441	407,086
Property and equipment	3,020,486	2,874,435
Deferred tax assets	4,685,195	3,900,289
Other assets	4,294,680	4,487,368
Total assets	596,131,114	574,979,662
Liabilities		
Due to central bank	21,413,635	22,785,695
Deposits from banks and other financial institutions	35,438,423	37,666,420
Placements from banks and other financial institutions	31,719,177	27,636,976
Derivative financial liabilities	124,181	–
Financial assets sold under repurchase agreements	11,984,611	12,371,414
Deposits from customers	339,884,171	321,574,215
Tax payable	1,179,152	359,712
Debt securities issued	88,001,246	90,076,717
Other liabilities	3,195,017	3,096,973
Total liabilities	532,939,613	515,568,122

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at 30 September 2022 – unaudited (continued)**(Expressed in thousands of Renminbi, unless otherwise stated)*

	30 September 2022 (unaudited)	31 December 2021 (audited)
Equity		
Share capital	8,265,538	8,265,538
Other equity instruments		
Include: preference shares	7,825,508	7,825,508
perpetual debts	9,998,855	9,998,855
Capital reserve	7,452,490	7,452,490
Surplus reserve	3,281,678	3,281,678
General reserve	7,511,704	7,481,353
Fair value reserve	31,576	(173,457)
Remeasurement of net defined benefit liability	(67,817)	(69,255)
Retained earnings	17,076,566	13,703,472
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Bank	61,376,098	57,766,182
Non-controlling interests	1,815,403	1,645,358
	<hr/>	<hr/>
Total equity	63,191,501	59,411,540
	<hr/>	<hr/>
Total liabilities and equity	596,131,114	574,979,662
	<hr/> <hr/>	<hr/> <hr/>

Wang Tianyu
Chairman of the Board of Directors
Executive Director

Zhao Fei
(Acting President)

Sun Haigang
Person in-charge-of accounting affairs

Gao Chenxin
Head of accounting department

(Company chop)

CONSOLIDATED CASH FLOW STATEMENT

for the nine months ended 30 September 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before tax	4,355,769	4,236,446
<i>Adjustments for:</i>		
Credit impairment losses	5,190,490	4,001,737
Depreciation and amortisation	310,776	305,581
Unrealised foreign exchange (gains)/losses	(946,306)	382,305
Net losses from disposal of long-term assets	6,709	1,140
Net trading gains of financial investments at fair value through profit or loss	(59,914)	(663,829)
Net gains arising from investments	(189,472)	(101,981)
Share of profits of associates	93,454	(12,760)
Interest expense on debt securities issued	1,843,878	2,058,397
Interest income on financial investments	(4,657,724)	(6,596,821)
	<u>5,947,660</u>	<u>3,610,215</u>
<i>Changes in operating assets</i>		
Net (increase)/decrease in deposits with central bank	(263,448)	1,105,430
Net increase in deposits and placements with banks and other financial institutions	(1,349,336)	–
Net (increase)/decrease in financial investments at fair value through profit or loss	(4,522,616)	3,536,500
Net increase in loans and advances to customers	(37,087,605)	(46,323,615)
Net decrease in financial assets held under resale agreements	2,589,878	4,705,398
Net increase in finance lease receivables	(2,594,457)	(5,930,370)
Net decrease/(increase) in other operating assets	800,254	(70,202)
	<u>(42,427,330)</u>	<u>(42,976,859)</u>

CONSOLIDATED CASH FLOW STATEMENT

for the nine months ended 30 September 2022 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
<i>Changes in operating liabilities</i>		
Net decrease in amounts due to central bank	(1,403,852)	(1,851,763)
Net increase in deposits and placements from banks and other financial institutions	861,339	21,263,807
Net decrease in financial assets sold under repurchase agreements	(382,944)	(3,571,716)
Net increase/(decrease) in deposits from customers	15,646,113	(1,364,074)
Net (decrease)/increase in other operating liabilities	(237,918)	249,638
	<u>14,482,738</u>	<u>14,725,892</u>
Cash used in operations	(21,996,932)	(24,640,752)
Income tax paid	(746,822)	(1,205,638)
	<u>(22,743,754)</u>	<u>(25,846,390)</u>

CONSOLIDATED CASH FLOW STATEMENT

for the nine months ended 30 September 2022 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	94,354,711	190,261,432
Proceeds from disposal of property and equipment and other assets	1,144	3,232
Payments on acquisition of investments	(78,570,142)	(170,881,927)
Dividends and interest received	5,170,056	7,183,628
Payments on acquisition of property and equipment and other assets	(343,105)	(375,756)
Other cash related to investment activities	284,432	–
Net cash flows generated from/(used in) investing activities	20,897,096	26,190,609
Cash flows from financing activities		
Proceeds received from debt securities issued	88,608,558	88,497,979
Repayment of debt securities issued	(90,216,099)	(93,388,637)
Interest paid on debt securities issued	(2,311,808)	(1,891,483)
Dividends paid	(4,900)	(4,678)
Cash flows from other financing activities	(83,853)	(96,596)
Net cash flows used in financing activities	(4,008,102)	(6,883,415)
Net decrease in cash and cash equivalents	(5,854,760)	(6,539,196)
Cash and cash equivalents as at 1 January	21,412,333	19,600,052
Effect of foreign exchange rate changes on cash and cash equivalents	644,549	(28,362)
Cash and cash equivalents as at 30 September	16,202,122	13,032,494
Net cash flows generated from operating activities include:		
Interest received	12,970,071	13,894,832
Interest paid	(6,444,253)	(7,791,174)