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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)

FIRST QUARTERLY REPORT OF 2023

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 March 31, 2023 (the “**Reporting Period**”), which was prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”). 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.

The Board of Directors of
Bank of Zhengzhou Co., Ltd.*

Zhengzhou, Henan, the PRC
April 27, 2023

As at the date of this announcement, the Board comprises Mr. XIA Hua as executive director, 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, and directors, supervisors and senior management of the Bank other than Mr. MA Baojun warrant the truthfulness, accuracy and completeness of the contents of this first quarterly report of 2023 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. Mr. MA Baojun, an external supervisor, has resigned but is required to continue to perform his duties under relevant regulations. He has not signed written confirmation for the Report due to personal reasons. For details, please refer to the announcement of the Bank dated April 27, 2023 in relation to the resignation of supervisor.
2. Financial information set out in the Report has been prepared in accordance with the IFRSs. 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. ZHAO Fei, the president of the Bank (performing the duties of the Chairman), 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	January to March 2023	January to March 2022	Increase/ decrease as compared with the corresponding period of the previous year (%)
Operating income ⁽¹⁾	3,294,537	3,419,896	(3.67)
Net profit attributable to shareholders of the Bank	1,188,068	1,166,426	1.86
Net cash flows used in operating activities	(685,074)	(19,460,535)	(96.48)
Net cash flows used in operating activities per share (<i>RMB/share</i>) ⁽²⁾	(0.08)	(2.35)	(96.60)
Basic earnings per share (<i>RMB/share</i>) ⁽²⁾	0.14	0.14	–
Diluted earnings per share (<i>RMB/share</i>) ⁽²⁾	0.14	0.14	–
Weighted average return on net assets (%) (on annualised basis) ⁽²⁾	11.49	11.50	Decreased by 0.01 percentage point

Notes:

- (1) Operating income includes net interest income, net fee and commission income, investment gains, net trading gains, net gains/(losses) 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). Weighted average net assets deducted other equity instruments.

Unit: RMB'000

Scale indicators	31 March 2023	31 December 2022	Increase/ decrease as compared with the end of the previous year (%)
Total assets	606,378,430	591,513,618	2.51
Loans and advances to customers			
Corporate loans	241,978,988	232,762,479	3.96
Personal loans	81,574,608	81,316,327	0.32
Discounted bills	18,820,454	16,842,291	11.75
Gross loans and advances to customers	342,374,050	330,921,097	3.46
Add: Accrued interests	1,810,734	1,594,573	13.56
Less: Provision for impairment losses ⁽¹⁾	10,248,156	10,308,636	(0.59)
Book value of loans and advances to customers	333,936,628	322,207,034	3.64
Total liabilities	552,511,416	538,888,382	2.53
Deposits from customers			
Corporate deposits	158,112,805	159,075,016	(0.60)
Personal deposits	156,788,968	141,062,865	11.15
Other deposits ⁽²⁾	37,697,214	37,570,281	0.34
Total deposits from customers	352,598,987	337,708,162	4.41
Add: Accrued interests	4,146,032	4,089,604	1.38
Book value of deposits from customers	356,745,019	341,797,766	4.37
Share capital	8,265,538	8,265,538	–
Shareholders' equity	53,867,014	52,625,236	2.36
Equity attributable to shareholders of the Bank	51,962,493	50,772,566	2.34
Equity attributable to ordinary shareholders of the Bank	41,963,638	40,773,711	2.92
Net assets per share attributable to ordinary shareholders of the Bank (RMB/share)	5.08	4.93	3.04

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 2023 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 2023	31 December 2022	31 December 2021	31 December 2020
Core tier-one capital adequacy ratio (%) ⁽¹⁾	≥7.5	9.42	9.29	9.49	8.92
Tier-one capital adequacy ratio (%) ⁽¹⁾	≥8.5	11.73	11.63	13.76	10.87
Capital adequacy ratio (%) ⁽¹⁾	≥10.5	12.74	12.72	15.00	12.86
Leverage ratio (%) ⁽²⁾	≥4	7.55	7.69	8.72	6.63
Liquidity ratio (%) ⁽²⁾	≥25	65.66	72.34	63.72	70.41
Liquidity coverage ratio (%) ⁽²⁾	≥100	285.83	300.13	339.61	353.94
Non-performing loan ratio (%) ⁽³⁾	≤5	1.88	1.88	1.85	2.08
Allowance to non-performing loans (%) ⁽³⁾	≥150	159.23	165.73	156.58	160.44
Allowance to total loans (%) ⁽³⁾	≥2.5	2.99	3.12	2.90	3.33
Return on total assets (%) (on annualised basis)		0.83	0.45	0.61	0.63
Cost-to-income ratio (%) ⁽⁴⁾		19.10	22.98	23.06	22.53

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.
- (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 2023	31 December 2022
Net core tier-one capital	41,886,205	40,383,351
Net tier-one capital	52,139,340	50,566,245
Net tier-two capital	4,510,010	4,725,436
Net total capital	56,649,350	55,291,681
Total risk-weighted assets	444,502,690	434,769,547
Core tier-one capital adequacy ratio (%)	9.42	9.29
Tier-one capital adequacy ratio (%)	11.73	11.63
Capital adequacy ratio (%)	12.74	12.72

Leverage ratio

Unit: RMB'000

Item	31 March 2023	31 December 2022	30 September 2022	30 June 2022
Net tier-one capital	53,123,456	53,412,155	63,249,653	62,035,237
Balance of on/off-balance sheet assets after adjustment	703,165,029	694,826,669	696,935,859	689,343,458
Leverage ratio (%)	7.55	7.69	9.08	9.00

Note: Indicators related to leverage ratio as at the end of the Reporting Period, the end of 2022, the end of the third quarter of 2022 and the end of the first half of 2022 are all calculated in accordance with 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	31 March 2023
Qualified quality liquid assets	70,724,366
Net cash outflow for the next 30 days	24,743,314
Liquidity coverage ratio (%)	285.83

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

Five-category loan classification	31 March 2023		31 December 2022		Change (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Normal	328,940,790	96.08	318,041,852	96.11	3.43
Special-mention	6,995,277	2.04	6,657,470	2.01	5.07
Sub-standard	5,234,642	1.53	4,706,514	1.42	11.22
Doubtful	1,104,799	0.32	1,336,681	0.40	(17.35)
Loss	98,542	0.03	178,580	0.06	(44.82)
Total	<u>342,374,050</u>	<u>100.00</u>	<u>330,921,097</u>	<u>100.00</u>	3.46

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

Item	January to March 2023	January to March 2022	Increase/ decrease as compared with the corresponding period of the previous year (%)	Main reason
Net fee and commission income	161,462	232,520	(30.56)	Because the Bank actively responded to the regulatory fee reduction policy and the scale of business decreased during the Reporting Period.
Net investment gains/(loss)	130,294	(91,373)	(242.60)	Due to the change in investment income of bonds held for trading during the Reporting Period as compared with the corresponding period of the previous year.
Other operating income	12,508	3,951	216.58	Due to the increase in government grants relating to revenue as compared with the corresponding period of the previous year.
Share of profits of associates	24,420	2,870	750.87	Due to the increase in the profit of the subsidiaries during the Reporting Period as compared with the corresponding period of the previous year.
Other comprehensive income (net of tax)	1,859	67,324	(97.24)	Mainly due to the decrease in fair value change of financial investment at fair value through other comprehensive income during the Reporting Period as compared with the corresponding period of the previous year.

Item	31 March 2023	31 December 2022	Increase/ decrease as compared with the end of the previous year (%)	Main reason
Placements with banks and other financial institutions	3,721,637	2,410,452	54.40	Mainly because the Bank adjusted the structure of such assets in consideration of asset-liability matching and market liquidity.
Financial assets sold under repurchase agreements	12,564,472	19,098,195	(34.21)	
Derivative financial liabilities	-	100,456	(100.00)	
Investments in associates	646,171	273,881	135.93	Mainly because the Bank increased its investment in associates during the Reporting Period.

II. DISCUSSION AND ANALYSIS ON OPERATION

The Bank aimed to build itself as a policy-oriented financial institution featuring sci-tech innovation. The Bank learnt proactively from the beneficial experience in the development of sci-tech innovation finance in Ningbo, Chengdu and Chongqing by improving its mechanism governing sci-tech innovation finance and by optimizing its operation mechanism on an ongoing basis. It maximized the playing of its main role in policy-oriented sci-tech innovation financial operations, optimized the pre-credit line model and risk control regulations, and launched the “R&D loan” product for the first time across the province to fully meet the scientific research and operation needs of enterprises. It met with the municipal governments in various places on its own initiative to boost the implementation of government supporting policies, and stepped up communications with venture capital companies, guarantors, intellectual property departments and scientific research institutions to create a sci-tech innovation eco chain.

High-quality development strategy proceeded steadily. During the Reporting Period, the Bank launched a strategic management project for 2023 by clarifying key strategic tasks and strengthening the leading role in transformation. Under the financial strategy for citizens, more diverse special features as well as rights-interests matching activities were made available; exclusive wealth management products were rolled out to optimize its financial services for “new citizens” and to proceed with retail transformation firmly. Its rural financial strategy continued to serve the market below the third-tier cities, counties and rural areas with the launch of more than 300 events for benefited farmers to increase the stickiness of the customer base for benefited farmers. The strategy for small and micro enterprise parks covered all of the key parks across the province, and a number of departments worked together on marketing to continuously strengthen the quality and efficiency of nesting and expand the size of customer base.

Key businesses continued to make breakthroughs. The Bank carried out various tasks on the digital transformation and upgrade project as planned by launching the online wealth management platform and the new-generation bill system, and by strengthening the joint development between technology and business. Agriculture-related loans and inclusive agriculture-related loans increased steadily compared with the beginning of the year, and achieved the indicators for performance appraisal in terms of both an increase in borrowings and an increase in the number of borrowers. With the use of an innovative issuance mechanism based on “basic issuance size + excessive additional issuance”, it issued the first tranche of RMB5 billion financial bonds in 2023, which was over subscribed 2.3 times. It proactively pushed forward with the steady implementation of the “dual carbon” strategy, and was named by the People’s Bank of China as one of the financial institutions that used support tools to reduce carbon emissions.

III. SHAREHOLDER INFORMATION

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 101,100 holders of ordinary shares, including 101,047 holders of A shares and 53 holders of H shares.

Unit: shares

Name of shareholder	Nature of shareholder	Class of shares	Number of shares held	Shareholding of the top 10 holders of ordinary shares			
				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	1,836,589,934	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	552,822,891	6.69	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 Frozen	317,020,000 24,200,000
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	145,792,928	1.76	–	Pledged	145,731,811
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	137,583,921	1.66	–	–	–
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	Class of shares	Type of shares
			Number
HKSCC Nominees Limited ⁽²⁾	1,836,589,934	H shares	1,836,589,934
Zhengzhou Finance Bureau (鄭州市財政局)	597,496,646	A shares	597,496,646
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	364,172,891	A shares	364,172,891
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
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)	145,792,928	A shares	145,792,928
Henan Xingye Real Estate Development Co., Ltd. (河南興業房地產開發有限公司)	137,583,921	A shares	137,583,921
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 12,532 A shares through general securities account and 137,571,389 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 137,583,921 A shares.

Notes:

- (1) The figures above are sourced from the register of shareholders of the Bank as at 31 March 2023.
- (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.

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 first quarterly report of 2023 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 three months ended 31 March 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2023 (unaudited)	2022 (unaudited)
Interest income	6,152,198	6,354,872
Interest expense	(3,206,663)	(3,275,754)
Net interest income	2,945,535	3,079,118
Fee and commission income	192,919	268,611
Fee and commission expense	(31,457)	(36,091)
Net fee and commission income	161,462	232,520
Net trading gains	44,738	195,680
Net gains/(losses) arising from investments	130,294	(91,373)
Other operating income	12,508	3,951
Operating income	3,294,537	3,419,896
Operating expenses	(669,454)	(571,705)
Credit impairment losses	(1,131,115)	(1,346,495)
Operating profit	1,493,968	1,501,696
Share of profits of associates	24,420	2,870
Profit before taxation	1,518,388	1,504,566
Income tax expense	(278,469)	(280,441)
Profit for the period	1,239,919	1,224,125
Net profit attributable to:		
Equity shareholders of the Bank	1,188,068	1,166,426
Non-controlling interests	51,851	57,699
	1,239,919	1,224,125

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three months ended 31 March 2023 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
Profit for the period	1,239,919	1,224,125
Other comprehensive income:		
Other comprehensive income net of tax attributable to equity shareholders of the Bank	1,859	67,324
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	1,859	67,324
Non-controlling interests	–	–
Other comprehensive income net of tax	1,859	67,324
Total comprehensive income	1,241,778	1,291,449
Total comprehensive income attributable to:		
Equity shareholders of the Bank	1,189,927	1,233,750
Non-controlling interests	51,851	57,699
	1,241,778	1,291,449
Basic and diluted earnings per share (<i>in RMB</i>)	0.14	0.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	31 March 2023 (unaudited)	31 December 2022 (audited)
Assets		
Cash and deposits with central bank	24,364,461	26,487,450
Deposits with banks and other financial institutions	2,275,899	1,922,266
Placements with banks and other financial institutions	3,721,637	2,410,452
Financial assets held under resale agreements	9,642,844	12,386,501
Loans and advances to customers	333,936,628	322,207,034
Financial investments:		
Financial investments at fair value through profit or loss	45,431,612	44,441,710
Financial investments at fair value through other comprehensive income	20,377,053	17,150,060
Financial investments measured at amortised cost	121,503,252	121,679,176
Finance receivables	31,662,629	30,633,447
Interest in associates	646,171	273,881
Property and equipment	3,069,209	3,049,807
Deferred tax assets	4,883,484	4,880,568
Other assets	4,863,551	3,991,266
Total assets	606,378,430	591,513,618
	31 March 2023 (unaudited)	31 December 2022 (audited)
Liabilities		
Due to central bank	24,233,101	20,105,825
Deposits from banks and other financial institutions	22,836,877	29,541,040
Placements from banks and other financial institutions	33,679,775	29,548,795
Derivative financial liabilities	–	100,456
Financial assets sold under repurchase agreements	12,564,472	19,098,195
Deposits from customers	356,745,019	341,797,766
Tax payable	720,864	557,405
Debt securities issued	98,883,494	94,992,906
Other liabilities	2,847,814	3,145,994
Total liabilities	552,511,416	538,888,382

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at 31 March 2023 – unaudited (continued)**(Expressed in thousands of Renminbi, unless otherwise stated)*

	31 March 2023 (unaudited)	31 December 2022 (audited)
Equity		
Share capital	8,265,538	8,265,538
Other equity instruments	9,998,855	9,998,855
Include: perpetual debts	9,998,855	9,998,855
Capital reserve	6,811,655	6,811,655
Surplus reserve	3,505,562	3,505,562
General reserve	7,767,704	7,767,704
Fair value reserve	(124,304)	(126,163)
Remeasurement of net defined benefit liability	(68,635)	(68,635)
Retained earnings	15,806,118	14,618,050
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Total equity attributable to equity shareholders of the Bank	51,962,493	50,772,566
Non-controlling interests	1,904,521	1,852,670
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Total equity	53,867,014	52,625,236
	<hr/>	<hr/>
Total liabilities and equity	606,378,430	591,513,618
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Zhao Fei
President (Acting Chairman of
the Board of Directors)

Sun Haigang
Person in Charge of
Accounting Affairs

Gao Chenxin
Head of accounting department

Bank of Zhengzhou Co., Ltd.
(Company Chop)

CONSOLIDATED CASH FLOW STATEMENT

for the three months ended 31 March 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

Three months ended 31 March

2023
(unaudited) 2022
(unaudited)

Cash flows from operating activities

Profit before tax	1,518,388	1,504,566
<i>Adjustments for:</i>		
Credit impairment losses	1,131,115	1,346,495
Depreciation and amortisation	84,557	80,451
Unrealised foreign exchange (gains)/losses	(4,551)	225,022
Net losses from disposal of long-term assets	–	31
Net trading losses/(gains) of financial investments at fair value through profit or loss	100,983	(189,468)
Net (gains)/losses arising from investments	(130,294)	91,373
Share of profits of associates	(24,420)	(2,870)
Interest expense on debt securities issued	601,088	668,674
Interest income on financial investments	(1,327,326)	(1,662,255)
	<u>1,949,540</u>	<u>2,062,019</u>
<i>Changes in operating assets</i>		
Net decrease/(increase) in deposits with central bank	986,659	(686,823)
Net (increase)/decrease in deposits and placements with banks and other financial institutions	(1,000,211)	723,640
Net increase in financial investments at fair value through profit or loss	(302,995)	(3,297,957)
Net increase in loans and advances to customers	(12,508,632)	(17,652,288)
Net decrease in financial assets held under resale agreements	2,732,862	4,124,922
Net increase in finance receivables	(1,227,458)	(1,238,688)
Net increase in other operating assets	(919,628)	(631,477)
	<u>(12,239,403)</u>	<u>(18,658,671)</u>

CONSOLIDATED CASH FLOW STATEMENT

for the three months ended 31 March 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
<i>Changes in operating liabilities</i>		
Net increase/(decrease) in amounts due to central bank	4,112,198	(1,120,906)
Net decrease in deposits and placements from banks and other financial institutions	(2,579,091)	(5,828,829)
Net (decrease)/increase in financial assets sold under repurchase agreements	(6,530,655)	1,072,606
Net increase in deposits from customers	14,890,826	3,416,348
Net decrease in other operating liabilities	(172,493)	(372,959)
	9,720,785	(2,833,740)
Cash used in operations	(569,078)	(19,430,392)
Income tax paid	(115,996)	(30,143)
Net cash flows used in operating activities	(685,074)	(19,460,535)

CONSOLIDATED CASH FLOW STATEMENT

for the three months ended 31 March 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Three months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	25,944,107	38,240,138
Proceeds from disposal of property and equipment and other assets	277	448
Payments on acquisition of investments	(29,952,291)	(30,822,179)
Dividends and interest received	1,365,650	2,075,763
Payments on acquisition of property and equipment and other assets	(94,558)	(49,057)
Cash flows from other investing activities	(347,870)	–
Net cash flows (used in)/generated from investing activities	(3,084,685)	9,445,113
Cash flows from financing activities		
Proceeds received from debt securities issued	41,949,499	30,163,256
Repayment of debt securities issued	(37,815,953)	(29,044,462)
Interest paid on debt securities issued	(844,046)	(561,538)
Net cash flows generated from financing activities	3,289,500	557,256
Net decrease in cash and cash equivalents	(480,259)	(9,458,166)
Cash and cash equivalents as at 1 January	10,515,331	21,412,333
Effect of foreign exchange rate changes on cash and cash equivalents	(1,879)	(19,064)
Cash and cash equivalents as at 31 March	10,033,193	11,935,103
Net cash flows generated from operating activities include:		
Interest received	4,806,099	4,209,046
Interest paid	(2,531,230)	(2,097,234)