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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 2023

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

By order of the Board
Bank of Zhengzhou Co., Ltd.*
ZHAO Fei
Chairman

Zhengzhou, Henan, the PRC
30 October 2023

As at the date of this announcement, the Board comprises Mr. ZHAO Fei as executive director, Ms. WANG Dan, Mr. LIU Bingheng 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 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.
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. ZHAO Fei, the legal representative of the Bank and chairman of the Board, Mr. SUN Haigang, the person-in-charge of accounting, and Ms. YUAN Dongyun, 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 2023	Increase/ decrease as compared with the corresponding period of the previous year (%)	January to September 2023	Increase/ decrease as compared with the corresponding period of the previous year (%)
Operating income ⁽¹⁾	3,561,061	(16.38)	10,464,658	(11.49)
Net profit attributable to shareholders of the Bank	704,012	(19.30)	2,750,645	(19.18)
Net cash flows generated from operating activities	(552,685)	(88.02)	(1,019,928)	(95.52)
Net cash flows generated from operating activities per share (<i>RMB/share</i>)	(0.06)	(88.24)	(0.11)	(95.60)
Basic earnings per share (<i>RMB/share</i>) ⁽²⁾	0.08	(20.00)	0.30	(18.92)
Diluted earnings per share (<i>RMB/share</i>) ⁽²⁾	0.08	(20.00)	0.30	(18.92)
Weighted average return on net assets (%) (on annualised basis) ⁽²⁾	6.50	Decreased by 1.60 percentage points	8.69	Decreased by 2.18 percentage points

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 June 2023, 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 8,265,537,599 shares to 9,092,091,358 shares. 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. Weighted average net assets deducted other equity instruments.

During the Reporting Period, the Bank did not distribute interests on indefinite-term capital bonds. No 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 indefinite-term capital bonds issuance were deducted from the “weighted average net assets”.

Unit: RMB'000

Scale indicators	30 September 2023	31 December 2022	Increase/ decrease as compared with the end of the previous year (%)
Total assets	622,051,831	591,513,618	5.16
Loans and advances to customers			
Corporate loans and advances	249,565,313	232,762,479	7.22
Personal loans and advances	82,735,647	81,316,327	1.75
Discounted bills	21,356,684	16,842,291	26.80
Gross loans and advances to customers	353,657,644	330,921,097	6.87
Add: Accrued interests	1,989,947	1,594,573	24.79
Less: Provision for impairment losses ⁽¹⁾	10,710,715	10,308,636	3.90
Book value of loans and advances to customers	344,936,876	322,207,034	7.05
Total liabilities	566,450,568	538,888,382	5.11
Deposits from customers			
Corporate deposits	155,384,814	159,075,016	(2.32)
Personal deposits	164,087,967	141,062,865	16.32
Other deposits ⁽²⁾	38,831,668	37,570,281	3.36
Total deposits from customers	358,304,449	337,708,162	6.10
Add: Accrued interests	4,987,182	4,089,604	21.95
Book value of deposits from customers	363,291,631	341,797,766	6.29
Share capital	9,092,091	8,265,538	10.00
Shareholders' equity	55,601,263	52,625,236	5.66
Including: Equity attributable to shareholders of the Bank	53,650,427	50,772,566	5.67
Equity attributable to ordinary shareholders of the Bank	43,651,572	40,773,711	7.06
Net assets per share attributable to ordinary shareholders of the Bank (RMB/share)	4.80	4.93	(2.64)

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 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 China Accounting Standards for Business Enterprises and those prepared under IFRSs.

(III) Supplementary financial indicators

Regulatory indicators	Regulatory standards	30 September 2023	31 December 2022	31 December 2021	31 December 2020
Core tier-one capital adequacy ratio (%) ⁽¹⁾	≥7.5	9.68	9.29	9.49	8.92
Tier-one capital adequacy ratio (%) ⁽¹⁾	≥8.5	11.99	11.63	13.76	10.87
Capital adequacy ratio (%) ⁽¹⁾	≥10.5	13.05	12.72	15.00	12.86
Leverage ratio (%) ⁽²⁾	≥4	7.75	7.69	8.72	6.63
Liquidity ratio (%) ⁽²⁾	≥25	65.48	72.34	63.72	70.41
Liquidity coverage ratio (%) ⁽²⁾	≥100	225.04	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	161.19	165.73	156.58	160.44
Allowance to total loans (%) ⁽³⁾	≥2.5	3.03	3.12	2.90	3.33
Loan to deposit ratio (%) ⁽²⁾		98.70	97.99	90.66	82.63
Return on total assets (%) (on annualised basis)		0.63	0.45	0.61	0.63
Cost-to-income ratio (%) ⁽⁴⁾		21.31	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 the Former 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 2023	31 December 2022
Net core tier-one capital	42,710,334	40,383,351
Net tier-one capital	52,897,963	50,566,245
Net tier-two capital	4,665,134	4,725,436
Net total capital	57,563,097	55,291,681
Total risk-weighted assets	441,194,282	434,769,547
Core tier-one capital adequacy ratio (%)	9.68	9.29
Tier-one capital adequacy ratio (%)	11.99	11.63
Capital adequacy ratio (%)	13.05	12.72

Leverage ratio

Unit: RMB'000

Item	30 September 2023	30 June 2023	31 March 2023	31 December 2022
Net tier-one capital	54,940,953	54,771,065	53,123,456	53,412,155
Balance of on/off-balance sheet assets after adjustment	709,251,765	708,589,535	703,165,029	694,826,669
Leverage ratio (%)	7.75	7.73	7.55	7.69

Note: Indicators related to leverage ratio as at the end of the Reporting Period, the end of the first half of 2023, the end of the first quarter of 2023 and the end of 2022 are all calculated in accordance with the requirements of the Administrative Measures on the Leverage Ratio of Commercial Banks (Revised) issued by the Former 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 2023
Qualified quality liquid assets	71,987,741
Net cash outflow for the next 30 days	31,989,228
Liquidity coverage ratio (%)	225.04

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

Five-category loan classification	30 September 2023		31 December 2022		Change (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Normal	339,352,427	95.95	318,041,852	96.11	6.70
Special-mention	7,657,701	2.17	6,657,470	2.01	15.02
Sub-standard	4,788,291	1.35	4,706,514	1.42	1.74
Doubtful	1,301,436	0.37	1,336,681	0.40	(2.64)
Loss	557,789	0.16	178,580	0.06	212.35
Total	<u>353,657,644</u>	<u>100.00</u>	<u>330,921,097</u>	<u>100.00</u>	6.87

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

Item	January to September 2023	January to September 2022	Increase/decrease as compared with the corresponding period of the previous year (%)	Main reason
Fee and commission expense	(110,341)	(184,830)	(40.30)	Mainly due to the decrease in fee expenses of the asset business as compared with the same period of the previous year.
Net trading gains	582,277	1,527,702	(61.89)	Mainly due to the change in the fair value of the financial assets at fair value through profit or loss.
Net investment gains	338,807	189,472	78.82	Mainly 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.
Share of profits/(losses) of associates	23,620	(93,454)	(125.27)	Mainly due to the increase in the profit of the associates during the Reporting Period as compared with the corresponding period of the previous year.
Income tax expense	(496,701)	(811,947)	(38.83)	Mainly due to the decrease in taxable income during the Reporting Period as compared with the corresponding period of the previous year.

Unit: RMB'000

Item	30 September 2023	31 December 2022	Increase/decrease as compared with the end of the previous year (%)	Main reason
Placements with banks and other financial institutions	5,480,474	2,410,452	127.36	Mainly due to the change in the scale of placements with banks and other financial institutions during the Reporting Period.
Derivative financial assets	2,024	–	N/A	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	–	100,456	N/A	
Financial assets held under resale agreements	7,070,702	12,386,501	(42.92)	Mainly due to the change in the scale of financial assets held under resale agreements during the Reporting Period.
Financial investments at fair value through other comprehensive income	23,145,290	17,150,060	34.96	Mainly due to the change in the scale of financial assets at fair value through other comprehensive income.
Investments in associates	645,371	273,881	135.64	Mainly because the Bank increased its investment in associates during the Reporting Period.
Due to central bank	28,652,282	20,105,825	42.51	Mainly due to the increase in medium-term lending facility from the beginning of the year.
Deposits from banks and other financial institutions	16,794,083	29,541,040	(43.15)	Mainly due to the decrease in deposits from banks and other financial institutions from the beginning of the year.
Tax payable	790,185	557,405	41.76	Mainly due to the increase in corporate income tax payable from the beginning of the year.
Fair value reserve	5,404	(126,163)	(104.28)	Mainly due to the change in the fair value of the financial investments at fair value through other comprehensive income during the Reporting Period.

II. DISCUSSION AND ANALYSIS ON OPERATION

Steadfastly shouldered the responsibility and mission of serving the real economy. During the Reporting Period, the Bank earnestly implemented the requirements and follow-up measures of the state’s plan to stabilize the broader economy. We fully supported the “Properties Delivery Assurance” campaign, approving project funds of RMB8.6 billion, with RMB4.2 billion already issued. We supported the launch of key projects within the province and 44 projects graded with our “Three First Approval” by issuing loans of RMB8.2 billion. We further promoted the “Assisting Enterprises” and “President Visiting Enterprises” initiatives, visiting and surveying a total of 1,849 enterprises, and reaching cooperation with actual new or renewed loan financing of RMB53.9 billion. We formulated an implementation plan to support the development of green finance, setting forth 7 items and 13 provisions of work measures. The balance of green credit increased by 46% from the beginning of the year.

Steadily advanced transformation of the retail business. During the Reporting Period, the Bank, upholding the “customer-centric” philosophy, created its own flagship products around the daily life of citizens, including food, clothing, housing, and transportation, focusing on implementing the policies of the province and the city to expand consumption. We enhanced the online and offline consumption loan experience, deepened cooperation with Internet and consumer finance companies and constantly diversified and upgraded our comprehensive financial services. We optimized our products and services for the customer base of inclusive loans and small business loans and actively implemented various policies benefitting enterprises, so as to continuously improve the quality and efficiency of financial services for small and micro-enterprises.

Continuously improved the operation of policy-based technological innovation finance. During the Reporting Period, the Bank built a “four-chain integrated” policy-based technological innovation finance operation model centering on strengthening the deep integration of talent chain, technology chain, capital chain, and industrial chain, thereby expanding the policy-based technological innovation financial service. We innovated technological innovation finance around building a cultivation chain that covers the full life cycle of technological enterprises, and customized over 10 technological innovation finance products. The balance of technological innovation finance loans increased by 23% from the beginning of the year. The Bank was awarded the “Outstanding Partner Bank of Henan Province’s ‘Tech Loan’ Business” by the Henan Science and Technology Department.

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 99,773 holders of ordinary shares, of whom 99,723 were holders of A shares and 50 were holders of H shares.

Unit: shares

Name of shareholder	Nature of shareholder	Class of shares	Shareholding of the top 10 holders of ordinary shares		Number of shares held subject to trading moratorium	Pledged, marked or frozen Status of shares	
			Number of shares held	Shareholding percentage (%)		Status of shares	Number
HKSCC Nominees Limited ⁽²⁾	Overseas legal person	H Shares	2,020,253,053	22.22	-	Unknown	-
Zhengzhou Finance Bureau (鄭州市財政局)	State-owned	A Shares	657,246,311	7.23	-	Pledged	93,278,900
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	State-owned legal person	A Shares	608,105,180	6.69	207,515,000	-	-
Bridge Trust Co., Ltd. (百瑞信託有限公司)	State-owned legal person	A Shares	385,930,906	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	357,997,429	3.94	121,000,000	Pledged Frozen	236,391,072 224,675,323
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	348,722,000	3.84	-	Pledged Frozen	348,722,000 26,620,000
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	State-owned legal person	A Shares	318,676,633	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	160,372,221	1.76	-	Pledged	160,304,992
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	134,861,246	1.48	-	-	-
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	133,100,000	1.46	-	Pledged Frozen	133,100,000 133,100,000

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⁾	2,020,253,053	H Shares	2,020,253,053
Zhengzhou Finance Bureau (鄭州市財政局)	657,246,311	A Shares	657,246,311
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	400,590,180	A Shares	400,590,180
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	385,930,906	A Shares	385,930,906
Yutai International (Henan) Real Estate Development Co., Ltd. (豫泰國際(河南)房地產開發有限公司)	348,722,000	A Shares	348,722,000
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	318,676,633	A Shares	318,676,633
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	236,997,429	A Shares	236,997,429
Henan Chendong Industry Co., Ltd. (河南晨東實業有限公司)	160,372,221	A Shares	160,372,221
Henan Xingye Real Estate Development Co., Ltd. (河南興業房地產開發有限公司)	134,861,246	A Shares	134,861,246
Henan Shengrun Holding Group Co., Ltd. (河南盛潤控股集團有限公司)	133,100,000	A Shares	133,100,000

Description of related party relationships or concerted actions of the above shareholders

Zhengzhou Finance Bureau (鄭州市財政局) wholly owns Zhengzhou Investment Group Co., Ltd. (鄭州市投資集團有限公司), which 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)

Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) holds 429,905,180 A shares through ordinary securities account and 178,200,000 A shares through client account of collateral securities for margin trading at CSC Financial Co., Ltd. (中信建投證券股份有限公司), holding a total of 608,105,180 A shares.

Henan Xingye Real Estate Development Co., Ltd. (河南興業房地產開發有限公司) holds 7,562,685 A shares through ordinary securities account and 127,298,561 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 134,861,246 A shares.

Notes:

- (1) The figures above are sourced from the register of shareholders of the Bank as at 30 September 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 third 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 nine months ended 30 September 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
Interest income	18,830,673	19,127,610
Interest expense	(9,813,088)	(9,672,147)
Net interest income	9,017,585	9,455,463
Fee and commission income	552,571	732,513
Fee and commission expense	(110,341)	(184,830)
Net fee and commission income	442,230	547,683
Net trading gains	582,277	1,527,702
Net gains arising from investments	338,807	189,472
Other operating income	83,759	102,537
Operating income	10,464,658	11,822,857
Operating expenses	(2,345,911)	(2,183,144)
Credit impairment losses	(4,796,855)	(5,190,490)
Operating profit	3,321,892	4,449,223
Share of profits/(losses) of associates	23,620	(93,454)
Profit before taxation	3,345,512	4,355,769
Income tax expense	(496,701)	(811,947)
Profit for the period	2,848,811	3,543,822
Net profit attributable to:		
Equity shareholders of the Bank	2,750,645	3,403,445
Non-controlling interests	98,166	140,377
	2,848,811	3,543,822

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the nine months ended 30 September 2023 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
Profit for the period	2,848,811	3,543,822
Other comprehensive income:		
Other comprehensive income net of tax attributable to equity shareholders of the Bank		
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	127,597	162,785
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	3,970	42,248
– Remeasurement of net defined benefit liability	(4,351)	1,438
Other comprehensive income net of tax	127,216	206,471
Total comprehensive income	2,976,027	3,750,293
Total comprehensive income attributable to:		
Equity shareholders of the Bank	2,877,861	3,609,916
Non-controlling interests	98,166	140,377
	2,976,027	3,750,293
Basic and diluted earnings per share (restated for comparative period) <i>(in RMB)</i>	0.30	0.37

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three months from 1 July 2023 to 30 September 2023 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	Three months from	
	1 July to 30 September	
	2023	2022
	(unaudited)	(unaudited)
Interest income	6,433,151	6,416,035
Interest expense	(3,341,349)	(3,206,285)
Net interest income	3,091,802	3,209,750
Fee and commission income	156,459	219,805
Fee and commission expense	(36,326)	(91,428)
Net fee and commission income	120,133	128,377
Net trading gains	181,033	833,517
Net gains arising from investments	145,161	13,267
Other operating income	22,932	73,558
Operating income	3,561,061	4,258,469
Operating expenses	(823,110)	(820,851)
Credit impairment losses	(1,919,339)	(2,231,145)
Operating profit	818,612	1,206,473
Share of losses of associates	(90)	(96,394)
Profit before taxation	818,522	1,110,079
Income tax expense	(84,194)	(198,473)
Profit for the period	734,328	911,606
Net profit attributable to:		
Equity shareholders of the Bank	704,012	872,379
Non-controlling interests	30,316	39,227
	734,328	911,606

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three months from 1 July 2023 to 30 September 2023 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Three months from	
	1 July to 30 September	
	2023	2022
	(unaudited)	(unaudited)
Profit for the period	734,328	911,606
Other comprehensive income:		
Other comprehensive income net of tax attributable to equity shareholders of the Bank		
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	(46,638)	99,173
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	–	–
– Remeasurement of net defined benefit liability	–	–
Other comprehensive income net of tax	(46,638)	99,173
Total comprehensive income	687,690	1,010,779
Total comprehensive income attributable to:		
Equity shareholders of the Bank	657,374	971,552
Non-controlling interests	30,316	39,227
	687,690	1,010,779
Basic and diluted earnings per share (restated for comparative period) (<i>in RMB</i>)	0.08	0.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	30 September 2023 (unaudited)	31 December 2022 (audited)
Assets		
Cash and deposits with central bank	26,580,125	26,487,450
Deposits with banks and other financial institutions	2,043,580	1,922,266
Placements with banks and other financial institutions	5,480,474	2,410,452
Derivative financial assets	2,024	–
Financial assets held under resale agreements	7,070,702	12,386,501
Loans and advances to customers	344,936,876	322,207,034
Financial investments:		
Financial investments at fair value through profit or loss	43,592,202	44,441,710
Financial investments at fair value through other comprehensive income	23,145,290	17,150,060
Financial investments measured at amortised cost	122,886,764	121,679,176
Lease receivables	32,357,436	30,633,447
Interest in associates	645,371	273,881
Property and equipment	3,354,047	3,049,807
Deferred tax assets	5,359,608	4,880,568
Other assets	4,597,332	3,991,266
Total assets	622,051,831	591,513,618
Liabilities		
Due to central bank	28,652,282	20,105,825
Deposits from banks and other financial institutions	16,794,083	29,541,040
Placements from banks and other financial institutions	32,756,668	29,548,795
Derivative financial liabilities	–	100,456
Financial assets sold under repurchase agreements	17,371,536	19,098,195
Deposits from customers	363,291,631	341,797,766
Tax payable	790,185	557,405
Debt securities issued	103,659,102	94,992,906
Other liabilities	3,135,081	3,145,994
Total liabilities	566,450,568	538,888,382

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at 30 September 2023 – unaudited (continued)**(Expressed in thousands of Renminbi, unless otherwise stated)*

	30 September 2023 (unaudited)	31 December 2022 (audited)
Equity		
Share capital	9,092,091	8,265,538
Other equity instruments	9,998,855	9,998,855
Capital reserve	5,985,102	6,811,655
Surplus reserve	3,505,562	3,505,562
General reserve	7,798,909	7,767,704
Fair value reserve	5,404	(126,163)
Remeasurement of net defined benefit liability	(72,986)	(68,635)
Retained earnings	17,337,490	14,618,050
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Bank	53,650,427	50,772,566
Non-controlling interests	1,950,836	1,852,670
	<hr/>	<hr/>
Total equity	55,601,263	52,625,236
	<hr/>	<hr/>
Total liabilities and equity	622,051,831	591,513,618
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Zhao Fei
Chairman of the Board of Directors

Sun Haigang
Person in Charge of Accounting Affairs

Yuan Dongyun
Head of Accounting Department

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

CONSOLIDATED CASH FLOW STATEMENT

for the nine months ended 30 September 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before tax	3,345,512	4,355,769
<i>Adjustments for:</i>		
Credit impairment losses	4,796,855	5,190,490
Depreciation and amortisation	316,401	310,776
Unrealised foreign exchange gains	(96,225)	(946,306)
Net (gains)/losses from disposal of long-term assets	(10,247)	6,709
Net trading gains of financial investments at fair value through profit or loss	(6,295)	(59,914)
Net gains arising from investments	(338,807)	(189,472)
Share of (profits)/losses of associates	(23,620)	93,454
Interest expense on debt securities issued	1,925,283	1,843,878
Interest income on financial investments	(4,054,440)	(4,657,724)
	<u>5,854,417</u>	<u>5,947,660</u>
<i>Changes in operating assets</i>		
Net decrease/(increase) in deposits with central bank	354,751	(263,448)
Net increase in deposits and placements with banks and other financial institutions	(1,996,368)	(1,349,336)
Net decrease/(increase) in financial investments at fair value through profit or loss	963,365	(4,522,616)
Net increase in loans and advances to customers	(26,534,870)	(37,087,605)
Net decrease in financial assets held under resale agreements	5,312,073	2,589,878
Net increase in lease receivables	(2,376,042)	(2,594,457)
Net (increase)/decrease in other operating assets	(610,186)	800,254
	<u>(24,887,277)</u>	<u>(42,427,330)</u>

CONSOLIDATED CASH FLOW STATEMENT

for the nine months ended 30 September 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
<i>Changes in operating liabilities</i>		
Net increase/(decrease) in amounts due to central bank	8,442,676	(1,403,852)
Net (decrease)/increase in deposits and placements from banks and other financial institutions	(9,514,556)	861,339
Net decrease in financial assets sold under repurchase agreements	(1,726,975)	(382,944)
Net increase in deposits from customers	20,596,286	15,646,113
Income tax paid	(788,371)	(746,822)
Net increase/(decrease) in other operating liabilities	1,003,872	(237,918)
	<u>18,012,932</u>	<u>13,735,916</u>
Net cash flows generated from operating activities	<u>(1,019,928)</u>	<u>(22,743,754)</u>

CONSOLIDATED CASH FLOW STATEMENT

for the nine months ended 30 September 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	71,916,588	94,354,711
Proceeds from disposal of property and equipment and other assets	10,701	1,144
Payments on acquisition of investments	(79,207,468)	(78,570,142)
Dividends and interest received	4,050,909	5,170,056
Payments on acquisition of property and equipment and other assets	(424,284)	(343,105)
Payment for the capital increase of the associated company	(347,870)	–
Net cash received from acquired subsidiary	–	284,432
	<hr/>	<hr/>
Net cash flows generated from investing activities	(4,001,424)	20,897,096
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds received from debt securities issued	105,708,413	88,608,558
Repayment of debt securities issued	(97,118,662)	(90,216,099)
Interest paid on debt securities issued	(1,848,838)	(2,311,808)
Dividends paid	–	(4,900)
Cash flows from other financing activities	(86,638)	(83,853)
	<hr/>	<hr/>
Net cash flows generated from financing activities	6,654,275	(4,008,102)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	1,632,923	(5,854,760)
	<hr/>	<hr/>
Cash and cash equivalents as at 1 January	10,515,331	21,412,333
	<hr/>	<hr/>
Effect of foreign exchange rate changes on cash and cash equivalents	3,094	644,549
	<hr/>	<hr/>
Cash and cash equivalents as at 30 September	12,151,348	16,202,122
	<hr/>	<hr/>
Net cash flows generated from operating activities include:		
Interest received	15,097,962	12,970,071
	<hr/>	<hr/>
Interest paid	(6,910,657)	(6,444,253)
	<hr/>	<hr/>