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重慶農村商業銀行

CHONGQING RURAL COMMERCIAL BANK

重慶農村商業銀行股份有限公司*

Chongqing Rural Commercial Bank Co., Ltd.*

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

(Stock Code: 3618)

2023 FIRST QUARTERLY REPORT

The board of directors (the “**Board**”) of Chongqing Rural Commercial Bank Co., Ltd. 重慶農村商業銀行股份有限公司* (the “**Bank**”) is pleased to announce the unaudited results (the “**Quarterly Report**”) of the Bank and its subsidiaries (the “**Group**”) prepared under the International Financial Reporting Standards (“**IFRSs**”) for the first quarter ended 31 March 2023 (the “**Reporting Period**”). The Quarterly Report is made in accordance with Rule 13.09 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

IMPORTANT NOTICE

1. The Board, the board of supervisors and directors, supervisors and senior management of the Bank warrant the truthfulness, accuracy and completeness of the contents of the Quarterly Report, and that there are no false presentations, misleading statements or material omissions herein, and jointly and severally accept legal responsibility in this respect.
2. The Bank’s chairman Xie Wenhui and vice president in charge of accounting and head of the accounting department Gao Song warrant the truthfulness, accuracy and completeness of the financial statements in the Quarterly Report.
3. The financial statements in the first Quarterly Report of the Bank have not been audited.

1. MAJOR FINANCIAL DATA

(1) Major accounting data and financial indicators

The financial information of the Group set forth in the Quarterly Report is prepared on a consolidated basis in accordance with IFRSs and expressed in Renminbi (“RMB”) unless otherwise stated.

Unit: Million Currency: RMB

Items	January to March 2023	January to March 2022	Increase/ (decrease) as compared to the same period of the previous year (%)
Operating income	7,341.6	7,589.1	(3.26)
Net profit	4,013.7	3,670.6	9.35
Net profit attributable to shareholders of the Bank	3,951.4	3,619.2	9.18
Net cash flows generated from operating activities	38,170.9	53,627.0	(28.82)
Basic and diluted earnings per share (<i>RMB/Share</i>)	0.35	0.32	9.38
Weighted average return on net assets (<i>%, annualised</i>)	14.61	14.31	Increased by 0.30 percentage point
Average return on total assets (<i>%, annualised</i>)	1.17	1.16	Increased by 0.01 percentage point

Items	31 March 2023	31 December 2022	Increase/(decrease) as compared to the end of the previous year (%)
Total assets	1,432,393.5	1,352,301.2	5.92
Loans and advances to customers, gross	664,664.4	632,677.1	5.06
Total liabilities	1,312,973.3	1,236,844.9	6.16
Deposits from customers	898,761.6	824,946.8	8.95
Total equity	119,420.2	115,456.3	3.43
Owner’s equity attributable to shareholders of the Bank	117,625.1	113,723.5	3.43
Net assets per share attributable to ordinary shareholders of the Bank (<i>RMB/Share</i>)	9.83	9.49	3.58

(2) **Change in major accounting data and financial indicator and the reason thereof**

Applicable N/A

(3) **Explanations of the differences between the financial statements prepared in accordance with Chinese Accounting Standards and IFRSs**

1. Differences between the financial statements prepared in accordance with Chinese Accounting Standards and IFRSs

As a financial institution incorporated in the People's Republic of China, the Bank prepares the consolidated financial statements of the Bank and its combined subsidiaries in accordance with the Accounting Standards for Enterprises promulgated by the Ministry of Finance of the People's Republic of China and relevant regulations issued by the China Securities Regulatory Commission and other regulatory agencies (collectively referred to as "**Accounting Standards for Enterprises**").

The Group also prepares consolidated financial statements in accordance with IFRSs and their interpretations issued by the International Accounting Standards Board and the disclosure regulations applicable to the Listing Rules. There are some differences between the financial statements in the Quarterly Report and the Group's financial statements prepared in accordance with the Accounting Standards for Enterprises. The differentiated items and amounts are listed below:

Items	Net Assets (Consolidated)		
	31 March 2023	31 December 2022	31 December 2021
In accordance with Accounting Standards for Enterprises	118,980.1	115,016.2	106,044.0
Differentiated items and amount:			
– Goodwill from the Acquisition	440.1	440.1	440.1
In accordance with IFRSs	<u>119,420.2</u>	<u>115,456.3</u>	<u>106,484.1</u>

2. *Reasons for the differences between the financial statements prepared in accordance with Chinese Accounting Standards and IFRSs*

The Bank was incorporated on 27 June 2008 as a joint stock company with limited liability, and the newly incorporated joint stock company with limited liability acquired all assets and liabilities of 38 County (District) Rural Credit Cooperative Unions, including the former Chongqing Rural Credit Cooperative Union (重慶市農村信用合作社聯合社), Chongqing Yuzhong District Rural Credit Cooperative Union (重慶市渝中區農村信用合作社聯合社) and Chongqing Wulong Rural Cooperative Bank (重慶武隆農村合作銀行) (the “**Acquisition**”). The Bank first implemented the Accounting Standards for Enterprises on 1 January 2009 and was not required to recognise the goodwill generated from the Acquisition. The Bank made an initial public offering of overseas listed foreign shares (H shares) on the Hong Kong Stock Exchange on 16 December 2010 and adopted IFRSs for the first time in the same year. The goodwill generated from the Acquisition was retrospectively recognized in accordance with the relevant requirements of the first implementation of IFRSs.

(4) Capital adequacy ratio

Set out below are the capital adequacy ratios at all levels of the Group and the Bank as at the end of March 2023 calculated in accordance with the Measures for the Administration of the Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》).

Unit: Million Currency: RMB

Items	31 March 2023		31 December 2022	
	The Group	The Bank	The Group	The Bank
Net core tier 1 capital	111,919.4	101,426.9	107,950.9	97,443.0
Net tier 1 capital	118,046.6	107,424.6	114,065.8	103,440.7
Net capital	133,265.5	121,674.2	128,708.3	117,221.9
Risk-weighted assets	871,615.3	809,091.2	824,181.2	768,312.2
Core tier 1 capital adequacy ratio (%)	12.84	12.54	13.10	12.68
Tier 1 capital adequacy ratio (%)	13.54	13.28	13.84	13.46
Capital adequacy ratio (%)	15.29	15.04	15.62	15.26

(5) Leverage ratio

Set out below is the leverage ratio of the Group as at the end of March 2023 calculated in accordance with the Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised) (《商業銀行槓桿率管理辦法(修訂)》).

Unit: Million Currency: RMB

Items	31 March 2023	31 December 2022	30 September 2022	30 June 2022
Net tier 1 capital	118,046.6	114,065.8	113,231.3	110,351.6
Balance of assets on and off-balance sheet after adjustments	1,453,579.4	1,378,692.5	1,361,234.0	1,343,668.5
Leverage ratio (%)	8.12	8.27	8.32	8.21

(6) Liquidity coverage ratio

Set out below is the liquidity coverage ratio of the Group as at the end of March 2023 calculated in accordance with the Measures for the Liquidity Risk Management in Commercial Banks (《商業銀行流動性風險管理辦法》).

Unit: Million Currency: RMB

Items	31 March 2023
Qualified and high-quality liquid assets	168,737.81
Net cash outflows in future 30 days	56,514.43
Liquidity coverage ratio (%)	298.57

(7) Highlights of quarterly results

From January to March 2023, the Group recorded a net profit of RMB4,014 million, of which the net profit attributable to shareholders of the Bank amounted to RMB3,951 million, representing an increase of 9.35% and 9.18% as compared to the corresponding period of the previous year, respectively. Annualised average return on total assets was 1.17%, representing an increase of 0.01 percentage point as compared to the corresponding period of the previous year, and annualised weighted average return on net assets was 14.61%, representing an increase of 0.30 percentage point as compared to the corresponding period of the previous year.

From January to March 2023, operating income of the Group amounted to RMB7,342 million, representing a decrease of 3.26% as compared to the corresponding period of the previous year. Of which, net interest income amounted to RMB6,077 million and net fee and commission income amounted to RMB522 million. Net interest margin was 1.82%.

From January to March 2023, the Group's operating expenses amounted to RMB2,483 million, representing an increase of 16.67% as compared to the corresponding period of the previous year. Cost-to-income ratio was 33.10%, representing an increase of 5.80 percentage points as compared to the corresponding period of the previous year. The credit impairment losses were RMB130 million, representing a decrease of 87.97% as compared to the corresponding period of the previous year.

As at 31 March 2023, total assets of the Group amounted to RMB1,432,394 million, representing an increase of RMB80,092 million or 5.92% from the end of last year. Gross amount of loans and advances to customers amounted to RMB664,664 million, representing an increase of RMB31,987 million or 5.06% from the end of last year. Among which, corporate loans of the Group amounted to RMB321,068 million, retail loans amounted to RMB290,710 million and discounted bills amounted to RMB52,886 million. Financial investment amounted to RMB621,201 million, representing an increase of RMB48,218 million or 8.42% from the end of last year.

As at 31 March 2023, total liabilities of the Group amounted to RMB1,312,973 million, representing an increase of RMB76,128 million or 6.16% from the end of last year. Deposits from customers amounted to RMB898,762 million, representing an increase of RMB73,815 million or 8.95% from the end of last year. Among which, corporate deposit of the Group amounted to RMB151,574 million, personal deposit amounted to RMB739,109 million and other deposits amounted to RMB8,079 million.

As at 31 March 2023, total shareholders' equity of the Group amounted to RMB119,420 million, representing an increase of RMB3,964 million or 3.43% from the end of last year.

As at the end of March 2023, the balance of non-performing loans of the Group amounted to RMB8,073 million, representing an increase of RMB356 million from the end of last year. The non-performing loan ratio was 1.21%, representing a decrease of 0.01 percentage point from the end of last year. Provision coverage ratio was 349.62%, representing a decrease of 8.12 percentage points from the end of last year.

2. INFORMATION ON SHAREHOLDERS

(1) Total number of shareholders of ordinary shares, number of shareholders of preference shares with voting right restored and particulars of shareholdings of top ten shareholders

Unit: Share

Total number of shareholders of ordinary shares as at the end of the Reporting Period	225,817	Total number of shareholders of preference shares with voting right restored as at the end of the Reporting Period	Nil			
Particulars of Shareholdings of Top Ten Shareholders						
Name of shareholders	Nature of shareholders	Number of shares held	Shareholding percentage (%)	Number of shares held with selling restrictions\	Pledged, marked or frozen	
					Condition of shares	Number
HKSCC Nominees Limited	Overseas legal person	2,506,286,771	22.07	0	-	-
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	State-owned legal person	988,000,000	8.70	988,000,000	-	-
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	State-owned legal person	797,087,430	7.02	797,087,430	-	-
Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	State-owned legal person	589,084,181	5.19	589,084,181	-	-
Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	State-owned legal person	433,221,289	3.81	433,221,289	-	-
Hong Kong Securities Clearing Company Limited	Overseas legal person	307,174,467	2.70	0	-	-
Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)	Domestic non-state-owned legal person	180,000,000	1.58	0	-	-
Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司)	Domestic non-state-owned legal person	160,000,000	1.41	0	Pledged	160,000,000
					Judicial freezing	64,000,000
Loncin Holdings Co., Ltd. (隆鑫控股有限公司)	Domestic non-state-owned legal person	136,778,711	1.20	136,778,711	Pledged	127,425,073
					Judicial freezing	136,778,711
Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司)	State-owned legal person	125,000,000	1.10	0	-	-

Particulars of Shareholdings of Top Ten Shareholders without Selling Restrictions			
Name of shareholders	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type of shares	Number
HKSCC Nominees Limited	2,506,286,771	H股	2,506,286,771
Hong Kong Securities Clearing Company Limited	307,174,467	A股	307,174,467
Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)	180,000,000	A股	180,000,000
Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司)	160,000,000	A股	160,000,000
Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司)	125,000,000	A股	125,000,000
Special securities account for agreed repurchase securities transactions of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司)	110,070,000	A股	110,070,000
Chongqing Yerui Property Development Co., Ltd. (重慶業瑞房地產開發有限公司)	106,000,000	A股	106,000,000
Chongqing Jinyuan Times Shopping Mall Co. Ltd. (重慶金源時代購物廣場有限公司)	100,000,000	A股	100,000,000
Chongqing Water Conservancy Investment Group Co., Ltd. (重慶市水利投資(集團)有限公司)	90,400,631	A股	90,400,631
Chongqing Agriculture Investment Group Company Limited (重慶市農業投資集團有限公司)	89,900,631	A股	89,900,631
Statement on the related relations or concerted actions among the shareholders above	HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited, and Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) is the person acting-in-concert with Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)		
Statement on particulars of participation of the top ten shareholders and top ten shareholders without selling restrictions in margin financing and securities lending and refinancing business	Nil		

Notes:

- (1) The number of shares held by HKSCC Nominees Limited refers to the aggregate number of H shares it held in its capacity as nominee on behalf of all institutional and individual investors registered with the company as at the end of the Reporting Period. The number of shares held by Hong Kong Securities Clearing Company Limited represents the number of A Shares of the Bank (northbound shares under Shanghai-Hong Kong Stock Connect) held by it as a nominee designated by and on behalf of investors from Hong Kong and overseas.
- (2) As at the end of the Reporting Period, Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) held 988,000,000 A shares of the Bank, representing 8.70% of the total share capital of the Bank, and its subsidiary Chongqing Yufu (Hong Kong) Co., Ltd. (重慶渝富(香港)有限公司) held 13,246,000 H shares of the Bank, Chongqing River & Holiday Hotel Management Co., Ltd. (重慶兩江假日酒店管理有限公司), Chongqing Chuanyi Automation Co., Ltd. (重慶川儀自動化股份有限公司), Chongqing Sanxia Financing Guarantee Group Corporation (重慶三峽融資擔保集團股份有限公司), all being the related parties of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), respectively held 2,000,000 A shares, 10,000,000 A shares and 15,000,454 A shares of the Bank, respectively. Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) and its related parties jointly hold 1,028,246,454 shares of the Bank, accounting for 9.05% of the total share capital of the Bank collectively.
- (3) As at the end of the Reporting Period, Chongqing City Construction Investment (Group) Company Co., Ltd. (重慶市城市建設投資(集團)有限公司) held 797,087,430 A shares of the Bank, representing 7.02% of the total share capital of the Bank, and its related party Chongqing Yukaifa Co., Ltd. (重慶渝開發股份有限公司) held 30,000,000 A shares of the Bank. Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and its related party jointly held 827,087,430 A shares of the Bank, accounting for 7.28% of the total share capital of the Bank collectively.
- (4) As at the end of the Reporting Period, Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) held 589,084,181 A shares of the Bank, representing 5.19% of the total share capital of the Bank, and its related party Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) held 433,221,289 A shares of the Bank, representing 3.81% of the total share capital of the Bank. Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) and its related party jointly held 1,022,305,470 A shares of the Bank, accounting for 9.00% of the total share capital of the Bank.
- (5) A shares of the Bank held by Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司) were judicially frozen on 13 April 2023, with 160,000,000 shares being frozen.

(II) Total number of shareholders of preference shares and particulars of shareholdings of the top ten shareholders of preference shares

Applicable N/A

3. OTHER REMINDERS

Applicable N/A

4. PUBLICATION OF QUARTERLY REPORT

The Quarterly Report prepared under IFRSs is available on both the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.cqrcb.com). The Quarterly Report prepared under Chinese Accounting Standards is available on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Bank (www.cqrcb.com).

For and on behalf of the Board
Chongqing Rural Commercial Bank Co., Ltd.*
重慶農村商業銀行股份有限公司*
Xie Wenhui
Chairman and Executive Director

Chongqing, the PRC, 27 April 2023

As at the date of this announcement, the executive directors of the Bank are Mr. Xie Wenhui and Mr. Zhang Peizong; the non-executive directors of the Bank are Ms. Hu Chun, Mr. Zhang Peng, Mr. Yin Xianglin and Ms. Gu Xiaoxu; and the independent non-executive directors of the Bank are Mr. Song Qinghua, Mr. Zhang Qiaoyun, Mr. Lee Ming Hau, Mr. Li Jiaming and Ms. Bi Qian.

* *The Bank holds a financial licence number B0335H250000001 approved by the regulatory authority of the banking industry of the PRC and was authorised by the Administration for Market Regulation of Chongqing to obtain a corporate legal person business licence with a unified social credit code 91500000676129728J. The Bank is not an authorised institution in accordance with the Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.*

APPENDIX: FINANCIAL STATEMENT PREPARED UNDER IFRS

CONSOLIDATED INCOME STATEMENT

(Amounts in thousands of Renminbi, unless otherwise stated)

	For the three months ended	
	31 March	
	2023	2022
	(Unaudited)	(Unaudited)
Interest income	12,545,677	13,118,186
Interest expense	<u>(6,468,820)</u>	<u>(6,645,628)</u>
Net interest income	<u>6,076,857</u>	<u>6,472,558</u>
Fee and commission income	639,687	500,546
Fee and commission expense	<u>(117,254)</u>	<u>(75,063)</u>
Net fee and commission income	<u>522,433</u>	<u>425,483</u>
Net trading gains	582,975	375,841
Share of profits of associates	(17,000)	(15,289)
Other operating income, net	73,770	83,422
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	101,381	244,801
Net gains on derecognition of financial assets measured at amortised cost	<u>1,135</u>	<u>2,273</u>
Operating income	<u>7,341,551</u>	<u>7,589,089</u>
Operating expenses	(2,482,810)	(2,128,122)
Credit impairment losses	<u>(130,247)</u>	<u>(1,081,917)</u>
Profit before tax	4,728,494	4,379,050
Income tax expense	<u>(714,769)</u>	<u>(708,451)</u>
Profit for the period	<u>4,013,725</u>	<u>3,670,599</u>
Attributable to:		
Shareholders of the Bank	3,951,350	3,619,171
Non-controlling interests	<u>62,375</u>	<u>51,428</u>
Earnings per share (Expressed in RMB Yuan per share)		
Basic and diluted	<u>0.35</u>	<u>0.32</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of Renminbi, unless otherwise stated)

	For the three months ended	
	31 March	
	2023	2022
	(Unaudited)	(Unaudited)
Profit for the period	4,013,725	3,670,599
Other comprehensive income, after tax:		
Items that will not be reclassified to profit or loss:		
Changes in remeasurement of defined benefit plans	–	–
Changes in fair value of equity instruments measured at fair value through other comprehensive income	<u>(26,304)</u>	<u>(44,267)</u>
Items that may be reclassified:		
Changes in fair value of debt instruments measured at fair value through other comprehensive income	<u>(31,691)</u>	(302,020)
Credit impairment losses of debt instruments measured at fair value through other comprehensive income	<u>8,273</u>	<u>4,868</u>
Other comprehensive income for the period (net of tax)	<u>(49,722)</u>	<u>(341,419)</u>
Total comprehensive income for the period	<u>3,964,003</u>	<u>3,329,180</u>
Total comprehensive income attributable to:		
Shareholders of the Bank	3,901,628	3,277,752
Non-controlling interests	<u>62,375</u>	<u>51,428</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of Renminbi, unless otherwise stated)

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Assets		
Cash and balances with central bank	57,003,909	52,894,028
Deposits with banks and other financial institutions	10,409,674	12,028,449
Placements with banks and other financial institutions	84,414,640	82,638,207
Derivative financial assets	31,616	16,314
Financial assets held under resale agreements	4,026,259	8,457,236
Loans and advances to customers	636,455,045	605,085,448
Financial investments:		
Financial assets measured at fair value through profit or loss	96,206,566	65,835,694
Financial assets measured at fair value through other comprehensive income	136,093,964	106,005,356
Financial assets measured at amortised cost	388,900,318	401,141,674
Investments in associates	437,685	454,685
Property and equipment	4,742,678	4,738,478
Rights-of-use assets	192,399	157,986
Goodwill	440,129	440,129
Deferred tax assets	10,783,031	10,773,326
Other assets	2,255,645	1,634,235
Total assets	<u>1,432,393,558</u>	<u>1,352,301,245</u>
Liabilities		
Borrowings from central bank	91,665,857	86,393,367
Deposits from banks and other financial institutions	53,542,759	51,844,467
Placements from banks and other financial institutions	48,146,441	41,684,692
Financial liabilities measured at fair value through profit or loss	2,952,118	3,245,979
Derivative financial liabilities	16,167	12,450
Financial assets sold under repurchase agreements	47,665,580	42,465,622
Deposits from customers	898,761,569	824,946,754
Accrued staff costs	5,293,484	5,293,169
Income tax payable	1,267,694	654,438
Lease liabilities	166,520	135,385
Debt securities issued	155,468,085	171,069,176
Other liabilities	8,027,038	9,099,465
Total liabilities	<u>1,312,973,312</u>	<u>1,236,844,964</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*(Amounts in thousands of Renminbi, unless otherwise stated)*

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Equity		
Share capital	11,357,000	11,357,000
Other equity instruments	5,997,610	5,997,648
Capital reserve	20,924,618	20,924,618
Investment revaluation reserve	(395,484)	(345,762)
Actuarial changes reserve	(576,208)	(576,208)
Surplus reserve	13,841,815	13,841,815
General reserve	17,853,028	17,848,932
Retained earnings	<u>48,622,733</u>	<u>44,675,479</u>
Equity attributable to shareholders of the Bank	117,625,112	113,723,522
Non-controlling interests	<u>1,795,134</u>	<u>1,732,759</u>
Total equity	<u>119,420,246</u>	<u>115,456,281</u>
Total equity and liabilities	<u>1,432,393,558</u>	<u>1,352,301,245</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in thousands of Renminbi, unless otherwise stated)

	For the three months ended	
	31 March	
	2023	2022
	(Unaudited)	(Unaudited)
Operating activities		
Profit before tax	4,728,494	4,379,050
Adjustments for:		
Depreciation and amortisation	218,641	199,918
Credit impairment losses	130,247	1,081,917
Interest income arising from investment securities	(4,279,097)	(4,442,524)
Interest expense arising from debt securities issued	984,313	1,484,366
Net gain on disposal of investment securities	(370,127)	(651,008)
Net loss on investments in associates	17,000	15,289
Dividend income from investment securities	(2,400)	–
Net gain on disposal of property, equipment and other assets	573	(2,307)
Fair value gains	(206,708)	44,544
Foreign exchange gains	10,409	(2,327)
	<u>1,231,345</u>	<u>2,106,918</u>
Operating cash flows before movements in working capital		
(Increase)/decrease in balances with central bank, deposits with banks and other financial institutions	(1,539,923)	958,223
(Increase)/decrease in placements with banks and other financial institutions	(2,749,843)	7,187,743
(Increase)/decrease in financial assets held under resale agreements	(57,999)	387,350
Increase in financial assets held for trading purpose	(17,721,337)	(2,527,769)
Increase in loans and advances to customers	(31,308,831)	(25,300,927)
Increase in financial assets sold under repurchase agreements	5,291,370	4,154,413
Increase in borrowings from central bank	5,116,417	5,091,637
Increase in placements from banks and other financial institutions	6,470,045	8,994,843
Increase in deposits from customers, deposits from banks and other financial institutions	77,666,868	54,355,149
Decrease in financial liabilities measured at fair value through profit or loss	(292,913)	–
(Increase)/decrease in other operating assets	(716,362)	391,469
Decrease in other operating liabilities	(3,116,163)	(2,084,764)
	<u>38,272,674</u>	<u>53,714,285</u>
Cash from operating activities		
Income tax paid	(101,793)	(87,286)
	<u>38,170,881</u>	<u>53,626,999</u>
Net cash generated from operating activities		

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(Amounts in thousands of Renminbi, unless otherwise stated)

	For the three months ended	
	31 March	
	2023	2022
	(Unaudited)	(Unaudited)
Investing activities		
Cash received from disposal and redemption of investment securities	65,903,170	65,202,533
Interest income received from investment securities	4,660,025	5,416,377
Cash received from disposal of property, equipment and other assets	153,515	17,541
Dividend income from investment securities	2,400	–
Cash paid for purchase of investment securities	(96,427,811)	(84,812,369)
Cash paid for purchase of property, equipment and other assets	(367,329)	(79,252)
Net cash used in investing activities	(26,076,030)	(14,255,170)
Financing activities		
Cash received from debt securities issued	40,241,625	29,478,427
Repayments of debt securities issued	(56,530,000)	(62,440,000)
Dividends paid	–	(1)
Interest paid on debt securities issued	(297,029)	(295,200)
Cash paid in other financing activities	(23,256)	(22,351)
Net cash used in financing activities	(16,608,660)	(33,279,125)
Net (decrease)/increase in cash and cash equivalents	(4,513,809)	6,092,704
Cash and cash equivalents as at 1 January	31,518,342	35,785,425
Effect of foreign exchange rate changes	(6,960)	(95,880)
Cash and cash equivalents as at 31 March	26,997,573	41,782,249
Net cash from operating activities include:		
Interest received	7,836,951	8,709,401
Interest paid	(7,581,473)	(6,728,085)
Net interest received from operating activities	255,478	1,981,316