

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

CZBANK  **浙商银行**

CHINA ZHESHANG BANK CO., LTD.

浙商银行股份有限公司

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

(Stock Code: 2016)

(Stock Code of Preference Shares: 4610)

THIRD QUARTERLY REPORT OF 2021

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

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

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

1 Important Notice

- 1.1 The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Management of the Company warrant that the contents in this report are true, accurate and complete and have no false representations, misleading statements or material omissions, and they will take legal responsibilities for such contents on a joint and several basis.
- 1.2 The third meeting of the sixth session of the Board of the Company, held on October 28, 2021, approved the Third Quarterly Report of 2021 of the Company.
- 1.3 The financial statements set out in this report is prepared in accordance with the International Financial Reporting Standards and is unaudited. The unaudited quarterly report of the Company prepared in accordance with China Accounting Standards has been published on the website of Shanghai Stock Exchange. Unless otherwise illustrated, the financial statements herein are consolidated information of the Group and the presentation currency of such information is RMB.
- 1.4 Any of “CZBank”, the “Company” and the “Bank” in this report refers to China Zheshang Bank Co., Ltd. The “Group” refers to China Zheshang Bank Co., Ltd. and its subsidiary.
- 1.5 Shen Renkang (Chairman of the Bank), Zhang Rongsen (President of the Bank), Liu Long (Principal in charge of Finance) and Jing Feng (Director of the Financial Department) warrant that the financial report in this report is true, accurate and complete.

2 General Information

2.1 Key Accounting Information and Financial Indicators

RMB million, excluding %

	September 30, 2021	December 31, 2020	Increase (Decrease) as Compared to the End of Last Year (%)
Scale indicators			
Total assets	2,176,207	2,048,225	6.25
Total loans and advances to customers	1,311,393	1,197,698	9.49
Total liabilities	2,036,870	1,915,682	6.33
Customer deposits	1,360,275	1,335,636	1.84
Equity attributable to shareholders of the Bank	137,149	130,512	5.09
Net assets per share at the end of the period (RMB yuan/share)	5.75	5.43	5.89

RMB million, excluding %

	January – September 2021	January – September 2020	Increase (Decrease) as Compared to the Corresponding Period of Last Year (%)
Operating results			
Operating income	40,483	35,288	14.72
Profit before taxation	12,613	11,889	6.09
Net profit attributable to shareholders of the Bank	10,578	10,144	4.28
Basic earnings per share (RMB yuan/share)	0.46	0.43	6.98
Diluted earnings per share (RMB yuan/share)	0.46	0.43	6.98

	January – September 2021	January – September 2020	Increase/Decrease as Compared to the Corresponding Period of Last Year
Profitability indicators			
Return on average total assets (annualized) (%)	0.68	0.72	Decrease by 0.04 percentage point
Return on average net assets (annualized) (%)	11.14	11.21	Decrease by 0.07 percentage point
Net non-interest income to operating income (%)	23.48	21.78	Increase by 1.70 percentage points
Cost-to-income ratio (%)	25.30	27.73	Decrease by 2.43 percentage points

2.2 Capital Adequacy Ratio

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

RMB million, excluding %

	September 30, 2021		December 31, 2020	
	The Group	The Bank	The Group	The Bank
Net core tier-one capital	120,443	116,680	116,378	113,026
Net tier-one capital	135,592	131,638	131,503	127,983
Net capital	167,124	162,329	171,988	167,738
Core tier-one capital adequacy ratio (%)	8.45	8.42	8.75	8.72
Tier-one capital adequacy ratio (%)	9.51	9.50	9.88	9.87
Capital adequacy ratio (%)	11.73	11.71	12.93	12.94

2.3 Leverage Ratio

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

RMB million, excluding %

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
The Group				
Net tier-one capital	135,592	131,244	135,334	131,503
Adjusted asset balance inside and outside the balance sheet	2,604,657	2,562,779	2,461,065	2,466,330
Leverage ratio (%)	5.21	5.12	5.50	5.33

2.4 Information on Liquidity Coverage Ratio

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

RMB million, excluding %

The Group	September 30, 2021	December 31, 2020
Liquidity coverage ratio (%)	107.21	111.49
High quality liquid assets	198,875	154,542
Net cash outflows over the next 30 days	185,507	138,618

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

The net profit attributable to shareholders of the Bank for the reporting period ended September 30, 2021 and the equity attributable to shareholders of the Bank as at the end of the reporting period presented in the financial statements prepared by the Group under the China Accounting Standards are the same with that presented in the financial statements prepared by the Group under the International Financial Reporting Standards.

2.6 Shareholders

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

Unit: share, excluding %

Name of Shareholder	Shareholdings of Top Ten Shareholders		Pledge and Freezing		Nature of Shareholders
	Number of Shares Held at the End of the Period	Proportion (%)	Number of Shares Held Subject to Selling Restrictions	Status of Shares	
Total Number of Shareholders	272,884				
HKSCC Nominees Limited	4,553,781,800	21.41	-	Unknown	-
Zhejiang Provincial Financial Holdings Co., Ltd.	2,655,443,774	12.49	2,655,443,774	-	-
Traveller Automobile Group Co., Ltd.	1,346,936,645	6.33	1,346,936,645	Freezing	1,346,936,645
Hengdian Group Holdings Limited	1,242,724,913	5.84	1,242,724,913	-	-
Zhejiang Provincial Energy Group Co., Ltd.	841,177,752	3.96	841,177,752	-	-
Minsheng Life Insurance Company Ltd. – self-owned capital	803,226,036	3.78	-	-	-
Zhejiang Yongli Industry Group Co., Ltd.	548,453,371	2.58	-	Pledge	544,419,371
Tong Lian Capital Management Co., Ltd.	543,710,609	2.56	543,710,609	-	-
Zhejiang Hengyi High-tech Material Co., Ltd.	508,069,283	2.39	508,069,283	Pledge	508,069,283
Zhejiang Hengyi Group Co., Ltd.	494,655,630	2.33	494,655,630	Pledge	494,655,630

Shareholdings of Top Ten Shareholders without Selling Restrictions

Name of Shareholder	Number of Circulating Shares Held without Selling Restrictions	Class and Number of Shares	
		Class	Number
HKSCC Nominees Limited	4,553,781,800	H Shares	4,553,781,800
Minsheng Life Insurance Company Ltd. – self-owned capital	803,226,036	A Shares	803,226,036
Zhejiang Yongli Industry Group Co., Ltd.	548,453,371	A Shares	548,453,371
Zhejiang China Light & Textile Industrial City Group Co., Ltd.	457,816,874	A Shares	457,816,874
Jinggong Group Co., Ltd.	454,403,329	A Shares	454,403,329
Lizi Industry Group Co., Ltd.	380,292,205	A Shares	380,292,205
Shaoxing City Keqiao District, Development and Operation Group Co., Ltd.	302,993,318	A Shares	302,993,318
Zhejiang RIFA Holding Group Co., Ltd.	213,470,000	A Shares	213,470,000
Zhejiang Huatong Holding Group Co., Ltd.	206,136,242	A Shares	206,136,242
Zhejiang Xin'ao Industry Co., Ltd.	186,278,473	A Shares	186,278,473
Description on the connected relationship and action in concert of the shareholders above	To the best knowledge of the Company, Zhejiang Hengyi High-tech Material Co., Ltd. and Zhejiang Hengyi Group Co., Ltd. have a connected relationship, and so as Zhejiang China Light & Textile Industrial City Group Co., Ltd. and Shaoxing City Keqiao District Development and Operation Group Co., Ltd.. Apart from that, the Company was not aware of other connected relationship between the above shareholders or whether they were parties acting in concert.		
Description on the participation of the top 10 shareholders and the top 10 shareholders without selling restrictions in margin financing and securities lending as well as margin and securities refinancing business	Nil		
Description on shareholders of preference shares with restoration of voting rights and their number of shares held	Nil		

Note: The number of shares held by HKSCC Nominees Limited was the sum of shares of the Company's holders of H shares which were trading in its transaction system, and Whether the H Shares were pledged was unknown to the Bank.

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

Unit: share, excluding %

Total Number of Preference Shareholder

1

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

Shareholdings of Top Ten Preference Shareholders without Selling Restrictions

Name of Shareholder	Number of Preference Shares Held without Selling Restrictions at the End of the period	Class	Number
The Bank of New York Depository (Nominees) Limited	108,750,000	Offshore Preference Shares	108,750,000
Description on the connected relationship and action in concert between the top ten preference shareholders, or the said shareholder and the top ten ordinary shareholders			The Bank was not aware of any connected relationships or relationships of acting in concert between the above preference shareholders and the top ten ordinary shareholders

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

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

3 Quarterly Operation Performance

The scope of businesses had a steady growth. As at the end of the reporting period, total assets of the Group amounted to RMB2,176.207 billion, representing an increase of RMB127.982 billion or 6.25% as compared to that at the end of last year, of which total loans and advances to customers amounted to RMB1,311.393 billion, representing an increase of RMB113.695 billion or 9.49% as compared to that at the end of last year. Total liabilities amounted to RMB2,036.870 billion, representing an increase of RMB121.188 billion or 6.33% as compared to that at the end of last year, of which customer deposits amounted to RMB1,360.275 billion, representing an increase of RMB24.639 billion or 1.84% as compared to that at the end of last year.

The operating efficiency saw a positive trend. During the reporting period, operating income of the Group amounted to RMB40.483 billion, representing an increase of RMB5.195 billion or 14.72% as compared to the corresponding period of last year, of which net interest income amounted to RMB30.978 billion, representing an increase of RMB3.374 billion or 12.22% as compared to the corresponding period of last year, net interest spread was 2.08%, representing an increase of 9bps as compared to the corresponding period of last year, and net non-interest income amounted to RMB9.505 billion, representing an increase of RMB1.821 billion or 23.70% as compared to the corresponding period of last year. Net non-interest income to operating income was 23.48%, representing an increase of 1.70 percentage points as compared to the corresponding period of last year. Cost-to-income ratio was 25.30%, representing a decrease of 2.43 percentage points as compared to the corresponding period of last year. Net profit attributable to shareholders of the Bank amounted to RMB10.578 billion, representing an increase of RMB434 million or 4.28% as compared to the corresponding period of last year.

The quality of asset remained steady. As at the end of the reporting period, the non-performing loan balance of the Group was RMB19.983 billion, representing an increase of RMB2.938 billion or 17.24% as compared to that at the end of last year; the non-performing loan ratio was 1.52%, representing an increase of 0.10 percentage point as compared to that at the end of last year; allowance to non-performing loans was 185.18%, representing a decrease of 5.83 percentage points as compared to that at the end of last year; the allowance to total loans was 2.82%, representing an increase of 0.10 percentage point as compared to that at the end of last year.

Capital adequacy ratio remained at a reasonable level. As at the end of the reporting period, the capital adequacy ratio of the Group was 11.73%, representing a decrease of 1.20 percentage points as compared to that at the end of last year. The tier-one capital adequacy ratio was 9.51%, representing a decrease of 0.37 percentage point as compared to that at the end of last year, and the core tier-one capital adequacy ratio was 8.45%, representing a decrease of 0.30 percentage point as compared to that at the end of last year.

4 Significant Events

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

Applicable Not applicable

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

RMB million, excluding %

Name of Items	January – September 2021	Year-on- year Increase (Decrease) (%)	Reasons for the change
Net cash flows from operating activities	(30,303)	(127.10)	Decrease of net increase in customer deposits

4.2 Other Key Information regarding the Company's Operation Performance during the Reporting Period which should be brought to the Attention of the Investors

Applicable Not applicable

5 Appendix

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

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

Hangzhou, the PRC
October 28, 2021

As at the date of this announcement, the executive directors of the Bank are Mr. Shen Renkang and Mr. Zhang Rongsen; the non-executive directors are Mr. Ren Zhixiang, Ms. Gao Qinhong, Mr. Hu Tiangao, and Mr. Zhu Weiming; the independent non-executive directors are Mr. Tong Benli, Mr. Dai Deming, Mr. Liu Pak Wai, Mr. Zheng Jindu, Mr. Zhou Zhifang, Mr. Wang Guocai and Mr. Wang Wei.

Appendix 1

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in millions of RMB unless otherwise stated)

	For nine months ended 30 September 2021 (Unaudited)	For nine months ended 30 September 2020 (Unaudited) (Restated)
Interest income	68,444	63,883
Interest expense	(37,466)	(36,279)
NET INTEREST INCOME	30,978	27,604
Fee and commission income	3,502	3,751
Fee and commission expense	(504)	(386)
NET FEE AND COMMISSION INCOME	2,998	3,365
Net trading gains	5,309	2,478
Net gains on financial investments	826	1,525
Other operating income	372	316
OPERATING INCOME	40,483	35,288
Operating expenses	(10,879)	(10,233)
Expected credit losses	(16,991)	(13,166)
PROFIT BEFORE TAXATION	12,613	11,889
Income tax expense	(1,803)	(1,539)
PROFIT FOR THE PERIOD	10,810	10,350
Attributable to:		
Shareholders of the Bank	10,578	10,144
Non-controlling interests	232	206

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in millions of RMB unless otherwise stated)

	For nine months ended 30 September 2021 (Unaudited)	For nine months ended 30 September 2020 (Unaudited)
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets designated to be measured at fair value through other comprehensive income	(7)	–
Items that may be reclassified to profit or loss:		
Changes in the fair value of financial assets measured at fair value through other comprehensive income	655	(1,817)
Expected credit losses of financial assets at fair value through other comprehensive income	(56)	295
Exchange difference from the translation of foreign operations	(251)	(424)
Other comprehensive income, net of tax	341	(1,946)
Total comprehensive income	11,151	8,404
Attributable to:		
Shareholders of the Bank	10,919	8,198
Non-controlling interests	232	206
Basic and diluted earnings per share attributable to the shareholders of the Bank:		
Basic earnings per share (RMB yuan/share)	0.46	0.43
Diluted earnings per share (RMB yuan/share)	0.46	0.43

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

(Expressed in millions of RMB unless otherwise stated)

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS		
Cash and balances with central bank	125,623	137,441
Precious metals	6,457	19,478
Deposits with banks and other financial institutions	39,395	38,827
Placements with banks and other financial institutions	9,428	5,637
Derivative financial assets	11,031	23,434
Financial assets purchased under resale agreements	17,105	57,067
Loans and advances to customers	1,274,881	1,165,875
Financial investments		
– Financial investments measured at fair value through profit or loss	167,066	129,269
– Financial investments measured at fair value through other comprehensive income	85,231	63,007
– Financial investments measured at amortized cost	358,532	336,109
Fixed assets	13,627	13,474
Right-of-use assets	4,737	4,826
Intangible assets	291	294
Deferred income tax assets	17,165	14,620
Other assets	45,638	38,867
TOTAL ASSETS	2,176,207	2,048,225
LIABILITIES		
Due to central bank	79,585	84,768
Deposits from banks and other financial institutions	215,782	148,273
Placements from banks and other financial institutions	45,489	48,543
Financial liabilities at fair value through profit or loss	12,370	9,231
Derivative financial liabilities	9,911	23,478
Financial assets sold under purchase agreements	22,751	900
Customer deposits	1,360,275	1,335,636
Employee benefits payable	4,768	4,873
Tax payable	4,402	4,663
Provision	5,648	5,686
Lease liabilities	2,989	2,981
Debt securities issued	260,894	236,682
Other liabilities	12,006	9,968
TOTAL LIABILITIES	2,036,870	1,915,682

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2021

(Expressed in millions of RMB unless otherwise stated)

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
EQUITY		
Share capital	21,269	21,269
Other equity instruments	14,958	14,958
Capital reserve	32,018	32,018
Other comprehensive income	602	261
Surplus reserve	8,499	8,499
Statutory general reserve	23,680	21,118
Retained earnings	36,123	32,389
Equity attributable to shareholders of the Bank	137,149	130,512
Non-controlling interests	2,188	2,031
TOTAL EQUITY	139,337	132,543
TOTAL LIABILITIES AND EQUITY	2,176,207	2,048,225

The condensed consolidated financial statements were approved by the board of directors on October 28 2021.

 Shen Renkang
 Chairman

 Zhang Rongsen
 President

 Liu Long
 Principal in-charge of Finance

 Jing Feng
 Chief Finance Officer

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in millions of RMB unless otherwise stated)

	For nine months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities:		
Profit before taxation	12,613	11,889
Adjustments for:		
Expected credit losses	16,991	13,166
Depreciation and amortization	1,247	1,165
Interest income from financial investments	(12,430)	(11,819)
Net investment income	(1,640)	(5,017)
Net gains/losses from changes in fair value	(1,977)	2,133
Net foreign exchange losses	84	69
Net losses on disposal of fixed assets	1	3
Interest expense on debt securities issued	6,224	4,813
Interest expense on lease liabilities	105	99
Deferred income tax expense	(2,744)	(1,324)
Net change in operating assets and operating liabilities:		
Net decrease/(increase) in balances with central bank	4,802	(21,327)
Net increase in deposits with banks and other financial institutions	(4,979)	(2,697)
Net decrease/(increase) in placements with banks and other financial institutions	2,117	(2,296)
Net (increase)/decrease in financial assets purchased under resale agreements	(4,579)	12,482
Net increase in loans and advances to customers	(119,957)	(136,550)
Net (increase)/decrease in financial assets held for trading	(35,475)	2,170
Net decrease in other operating assets	14,232	11,380
Net decrease in due to central bank	(4,982)	(14,524)
Net increase in deposits from banks and other financial institutions	67,189	13,290
Net (decrease)/increase in placements from banks and other financial institutions	(3,115)	17,498
Net increase in financial assets sold under repurchase agreements	21,850	7,134
Net increase in customer deposits	24,323	217,014
Net decrease in other operating liabilities	(4,107)	(2,151)
Net cash flows (used in)/generated from operating activities before tax	(24,207)	116,600
Income tax paid	(6,096)	(4,762)
Net cash (used in)/generate from operating activities	(30,303)	111,838

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

(Expressed in millions of RMB unless otherwise stated)

	For nine months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
Cash flows from investing activities:		
Proceeds from dividend	3	–
Proceeds from disposals of fixed assets, intangible assets and other long-term assets	26	21
Purchases of fixed assets, intangible assets and other long-term assets	(988)	(1,400)
Proceeds from interest and sale of financial investments	14,900	15,545
Proceeds from redemption of financial investments	1,605,759	1,666,133
Purchases of financial investments	(1,625,491)	(1,742,026)
Net cash used in investing activities	(32,791)	(61,727)
Cash flows from financing activities:		
Proceeds from issuance of debt securities	335,412	155,781
Cash paid for repayment of debt securities	(309,597)	(156,704)
Interest paid on debt securities issued	(10,991)	(10,474)
Cash paid for dividend distribution	(858)	(932)
Payment of lease liabilities	(513)	(451)
Net cash generated from/(used in) financing activities	13,453	(12,780)
Effect of exchange rate changes on cash and cash equivalents	(325)	(500)
Net (decrease)/increase in cash and cash equivalents	(49,966)	36,831
Cash and cash equivalents at beginning of the period	112,121	46,944
Cash and cash equivalents at end of the period	62,155	83,775
Net cash flows from operating activities include:		
Interest received	56,160	50,486
Interest paid	(30,651)	(27,889)