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**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)

## **FIRST QUARTERLY REPORT OF 2023**

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 second extraordinary meeting of the sixth session of the Board of Directors of the Company in 2023, held by written resolutions on April 25, 2023, considered and approved the First Quarterly Report of 2023 of the Company.
- 1.3 The financial statements set out in this report are prepared in accordance with the International Financial Reporting Standards and is unaudited. The unaudited quarterly report of the Company prepared in accordance with the Chinese Accounting Standards has been published on the website of the 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 Zhang Rongsen (the President of the Bank, acting as Chairman), Jing Feng (Principal in charge of Finance) and Peng Zhiyuan (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 %*

	March 31, 2023	December 31, 2022	Increase (Decrease) as Compared to the End of Last Year (%)
<b>Scale indicators</b>			
Total assets	2,746,969	2,621,930	4.77
Total loans and advances to customers	1,594,669	1,525,030	4.57
Total liabilities	2,575,916	2,456,000	4.88
Customer deposits	1,710,064	1,681,443	1.70
Equity attributable to shareholders of the Bank	167,943	162,933	3.07
Net assets per share at the end of the period attributable to shareholders of the Bank (RMB)	6.72	6.49	3.54

*RMB million, excluding %*

	January- March 2023	January- March 2022	Increase (Decrease) as Compared to the Corresponding Period of Last Year (%)
<b>Operating results</b>			
Operating income	15,792	15,413	2.46
Profit before taxation	7,131	6,124	16.44
Net profit attributable to shareholders of the Bank	5,625	5,118	9.91
Net cash (used in)/generated from operating activities	(38,022)	48,348	(178.64)
Basic earnings per share attributable to shareholders of the Bank (RMB)	0.26	0.20	30.00
Diluted earnings per share attributable to shareholders of the Bank (RMB)	0.26	0.20	30.00

	January- March 2023	January- March 2022	Increase (Decrease) as Compared to the Corresponding Period of Last Year
<b>Profitability indicators</b>			
Return on average total assets (annualized) (%)	0.85	0.88	Decrease by 0.03 percentage point
Return on average equity (annualized) (%)	16.02	15.54	Increase by 0.48 percentage point
Net non-interest income to operating income (%)	25.62	25.40	Increase by 0.22 percentage point
Cost-to-income ratio (%)	29.10	23.84	Increase by 5.26 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 %*

	March 31, 2023		December 31, 2022	
	The Group	The Bank	The Group	The Bank
Net core tier-one capital	141,282	135,914	135,925	130,881
Net tier-one capital	166,559	160,908	161,178	155,876
Net capital base	201,892	194,699	195,871	189,100
Minimum capital requirement (%)	8.00	8.00	8.00	8.00
Reserve capital and countercyclical capital requirement (%)	2.50	2.50	2.50	2.50
Additional capital requirement (%)	–	–	–	–
Core tier-one capital adequacy ratio (%)	8.04	8.00	8.05	8.00
Tier-one capital adequacy ratio (%)	9.48	9.47	9.54	9.53
Capital adequacy ratio (%)	11.49	11.46	11.60	11.56

## 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 %*

The Group	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Net tier-one capital	166,559	161,178	158,018	153,800
Adjusted asset balance inside and outside the balance sheet	3,271,402	3,146,094	3,097,920	3,091,695
Leverage ratio (%)	5.09	5.12	5.10	4.97

## 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	March 31, 2023	December 31, 2022
Liquidity coverage ratio (%)	136.43	148.11
High quality liquid assets	329,005	325,615
Net cash outflows over the next 30 days	241,154	219,840

## 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 March 31, 2023 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 Chinese 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 As of the end of the reporting period, the table of total number of shareholders, the shareholdings of the top ten shareholders and top ten shareholders of circulating shares (or shareholders without selling restrictions) was as follows:

Unit: share, excluding %

Name of Shareholder	Number of Shares Held at the End of the Period	Shareholdings of Top Ten Shareholders			Pledge, Marked or Frozen		Nature of Shareholders
		Proportion (%)	Class of Shares	Number of Shares Held Subject to Selling Restrictions	Status of Shares	Number	
HKSCC Nominees Limited	4,553,746,800	21.41	H Share without selling restrictions	—	Unknown <sup>(Note)</sup>	—	Overseas legal person
Zhejiang Provincial Financial Holdings Co., Ltd.	2,655,443,774	12.49	A Share without selling restrictions	—	—	—	State-owned legal person
Traveller Automobile Group Co., Ltd.	1,346,936,645	6.33	A Share without selling restrictions	—	Frozen	1,346,936,645	Domestic non-state owned legal person
Hengdian Group Holdings Limited	1,242,724,913	5.84	A Share without selling restrictions	—	—	—	Domestic non-state owned legal person
Zhejiang Provincial Energy Group Co., Ltd.	841,177,752	3.96	A Share without selling restrictions	—	—	—	State-owned legal person
Minsheng Life Insurance Company Ltd. – self-owned capital	803,226,036	3.78	A Share without selling restrictions	—	—	—	Domestic non-state owned legal person
Zhejiang Yongli Industry Group Co., Ltd.	548,453,371	2.58	A Share without selling restrictions	—	Pledge	548,453,371	Domestic non-state owned legal person
Zhejiang Hengyi High-tech Material Co., Ltd.	508,069,283	2.39	A Share without selling restrictions	—	Pledge	508,069,283	Domestic non-state owned legal person
Zhejiang Hengyi Group Co., Ltd.	494,655,630	2.33	A Share without selling restrictions	—	Pledge	494,655,630	Domestic non-state owned legal person
Xizi Elevator Group Co, Ltd.	469,708,035	2.21	A Share without selling restrictions	—	—	—	Domestic non-state owned legal person

*Notes:*

- 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. Whether the H Shares were pledged was unknown to the Bank.
- As of the end of the reporting period, among the top ten shareholders mentioned above, Zhejiang Hengyi High-tech Material Co., Ltd. and Zhejiang Hengyi Group Co., Ltd. have a connected relationship. Apart from that, the Bank is not aware of other connected relationship between the above shareholders or whether they are parties acting in concert.
- To the best knowledge of the Company, as of the end of the reporting period, the above shareholders were not involved in any margin financing and securities lending and refinancing business.

2.6.2 The total number of preference shareholders and their shareholdings as of the end of the reporting period

As of the end of the reporting period, the Company had no existing preference shares.

### 3 Operation Performance of the First Quarter

The scale of businesses had a steady growth. As at the end of the reporting period, total assets of the Group amounted to RMB2,746.969 billion, representing an increase of RMB125.039 billion or 4.77% as compared to that at the end of last year, of which total loans and advances to customers amounted to RMB1,594.669 billion, representing an increase of RMB69.639 billion or 4.57% as compared to that at the end of last year. Total liabilities amounted to RMB2,575.916 billion, representing an increase of RMB119.916 billion or 4.88% as compared to that at the end of last year, of which customer deposits amounted to RMB1,710.064 billion, representing an increase of RMB28.621 billion or 1.70% as compared to that at the end of last year.

The operating profitability was stable and sound. During the reporting period, operating income of the Group amounted to RMB15.792 billion, representing an increase of RMB379 million or 2.46% as compared to the corresponding period of last year, of which net interest income amounted to RMB11.746 billion, representing an increase of RMB248 million or 2.16% as compared to the corresponding period of last year, net interest spread was 1.91%, representing a decrease of 0.20 percentage point as compared to the corresponding period of last year, and net non-interest income amounted to RMB4.046 billion, representing an increase of RMB131 million or 3.35% as compared to the corresponding period of last year. Net non-interest income to operating income was 25.62%, representing an increase of 0.22 percentage point as compared to the corresponding period of last year. Cost-to-income ratio was 29.10%, representing an increase of 5.26 percentage points as compared to the corresponding period of last year. Net profit attributable to shareholders of the Bank amounted to RMB5.625 billion, representing an increase of RMB507 million or 9.91% as compared to the corresponding period of last year.

The quality of assets saw a positive trend. As at the end of the reporting period, the non-performing loan balance of the Group was RMB22.907 billion, representing an increase of RMB554 million or 2.48% as compared to that at the end of last year; the non-performing loan ratio was 1.44%, representing a decrease of 0.03 percentage point as compared to that at the end of last year; allowance to non-performing loans ratio was 182.86%, representing an increase of 0.67 percentage point as compared to that at the end of last year; the allowance to total loans ratio was 2.63%, representing a decrease of 0.04 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 11.49%, representing a decrease of 0.11 percentage point as compared to that at the end of last year. The tier-one capital adequacy ratio was 9.48%, representing a decrease of 0.06 percentage point as compared to that at the end of last year, and the core tier-one capital adequacy ratio was 8.04%, representing a decrease of 0.01 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-March 2023	January-March 2022	Period-on-Period Increase (Decrease) (%)	Main reasons for the changes during the reporting period
Net cash (used in)/generated from operating activities	(38,022)	48,348	(178.64)	Decrease in cash inflow from 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.**  
**Zhang Rongsen**  
*Executive Director, President of the Bank*

Hangzhou, the PRC  
April 25, 2023

*As at the date of this announcement, the executive directors of the Bank are Mr. Zhang Rongsen, Ms. Ma Hong and Mr. Chen Haiqiang; the non-executive directors are Mr. Hou Xingchuan, Mr. Ren Zhixiang, Ms. Gao Qinhong, Mr. Hu Tiangao, and Mr. Zhu Weiming; the independent non-executive directors are Mr. Zheng Jindu, Mr. Zhou Zhifang, Mr. Wang Guocai, Mr. Wang Wei and Mr. Xu Yongbin.*

## Appendix 1

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2023

(In RMB millions, unless otherwise stated)

	For three months ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Interest income	26,614	24,484
Interest expense	(14,868)	(12,986)
<b>NET INTEREST INCOME</b>	<b>11,746</b>	<b>11,498</b>
Fee and commission income	1,750	1,545
Fee and commission expense	(207)	(171)
<b>NET FEE AND COMMISSION INCOME</b>	<b>1,543</b>	<b>1,374</b>
Net trading gains	1,677	1,972
Net gains on financial investments	329	461
Other operating income	497	108
<b>OPERATING INCOME</b>	<b>15,792</b>	<b>15,413</b>
Operating expenses	(4,767)	(3,834)
Expected credit losses	(3,894)	(5,455)
<b>PROFIT BEFORE TAXATION</b>	<b>7,131</b>	<b>6,124</b>
Income tax expense	(1,393)	(902)
<b>PROFIT FOR THE PERIOD</b>	<b>5,738</b>	<b>5,222</b>
Attributable to:		
Shareholders of the Bank	5,625	5,118
Non-controlling interests	113	104

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

FOR THE THREE MONTHS ENDED 31 MARCH 2023

(In RMB millions, unless otherwise stated)

	For three months ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
<b>Other comprehensive income, net of tax</b>		
<b>Items that may be reclassified to profit or loss:</b>		
Changes in the fair value of financial assets measured at fair value through other comprehensive income	(336)	(769)
Allowance for ECLs of financial assets at fair value through other comprehensive income	(151)	322
Exchange difference from the translation of foreign operations	(128)	258
<b>Other comprehensive income, net of tax</b>	<b>(615)</b>	<b>(189)</b>
<b>Total comprehensive income</b>	<b>5,123</b>	<b>5,033</b>
Total comprehensive income attributable to:		
Shareholders of the Bank	5,010	4,929
Non-controlling interests	113	104
Earnings per share attributable to the shareholders of the Bank		
Basic (RMB yuan)	0.26	0.20
Diluted (RMB yuan)	0.26	0.20

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 31 MARCH 2023

*(In RMB millions, unless otherwise stated)*

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<b>ASSETS</b>		
Cash and balances with the central bank	149,777	185,625
Precious metals	10,882	13,860
Deposits with banks and other financial institutions	64,850	43,461
Placements with banks and other financial institutions	9,182	9,581
Derivative financial assets	12,555	14,179
Financial assets purchased under resale agreements	34,715	15,886
Loans and advances to customers	1,554,555	1,486,291
Financial investments		
– Financial assets measured at fair value through profit or loss	231,564	189,020
– Financial assets measured at amortized cost	356,774	368,792
– Financial assets measured at fair value through other comprehensive income	215,471	194,037
Fixed assets	18,314	18,394
Right-of-use assets	4,986	5,016
Intangible assets	617	617
Deferred tax assets	20,793	20,901
Other assets	61,934	56,270
<b>TOTAL ASSETS</b>	<b>2,746,969</b>	<b>2,621,930</b>
<b>LIABILITIES</b>		
Due to the central bank	63,078	97,170
Deposits from banks and other financial institutions	294,760	241,814
Placements from banks and other financial institutions	74,701	64,155
Financial liabilities at fair value through profit or loss	965	55
Derivative financial liabilities	13,348	14,462
Financial assets sold under repurchase agreements	14,966	6,066
Customer deposits	1,710,064	1,681,443
Employee benefits payable	3,820	5,786
Tax payable	5,231	4,027
Provisions	1,898	1,838
Debt securities issued	375,629	323,033
Lease liabilities	3,270	3,318
Other liabilities	14,186	12,833
<b>TOTAL LIABILITIES</b>	<b>2,575,916</b>	<b>2,456,000</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 MARCH 2023

(In RMB millions, unless otherwise stated)

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<b>EQUITY</b>		
Share capital	21,269	21,269
Other equity instruments	24,995	24,995
Capital reserve	32,289	32,289
Other comprehensive income	1,576	2,191
Surplus reserve	11,075	11,075
Statutory general reserve	26,457	26,457
Retained earnings	50,282	44,657
Total equity attributable to shareholders of the Bank	167,943	162,933
Non-controlling interests	3,110	2,997
<b>TOTAL EQUITY</b>	<b>171,053</b>	<b>165,930</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,746,969</b>	<b>2,621,930</b>

The condensed consolidated financial statements were approved by the Board of Directors on April 25, 2023.

\_\_\_\_\_  
Zhang Rongsen  
(Perform the duties of chairman  
and legal representative on behalf)  
Executive Director, President

\_\_\_\_\_  
Jing Feng  
Principal in-charge of Finance

\_\_\_\_\_  
Peng Zhiyuan  
Director of the Financial Department

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT****FOR THE THREE MONTHS ENDED 31 MARCH 2023***(In RMB millions, unless otherwise stated)*

	For three months ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
<b>Cash flows from operating activities:</b>		
Profit before taxation	7,131	6,124
Adjustments for:		
Expected credit losses	3,894	5,455
Depreciation and amortization	470	431
Interest income from financial investments	(4,944)	(4,316)
Net investment income	(1,148)	(1,831)
Net (gains)/losses from changes in fair value	(151)	1,182
Net foreign exchange losses	744	363
Net gains on disposal of fixed assets	(3)	–
Interest expense on debt securities issued	2,304	2,344
Interest expense on lease liabilities	39	35
Deferred tax expense	270	(1,331)
Net changes in operating assets and operating liabilities:		
Net decrease/(increase) in balances with the central bank	2,609	(4,207)
Net increase in deposits with banks and other financial institutions	(10,272)	(5,060)
Net decrease in placements with banks and other financial institutions	1,030	437
Net increase in financial assets purchased under resale agreements	(30,609)	(6,362)
Net increase in loans and advances to customers	(72,998)	(80,565)
Net decrease in financial assets held for trading	2,842	3,471
Net decrease/(increase) in other operating assets	6,237	(1,071)
Net (decrease)/increase in due to the central bank	(34,231)	3,339
Net increase in deposits from banks and other financial institutions	52,618	33,008
Net increase in placements from banks and other financial institutions	3,867	7,831
Net increase in financial assets sold under repurchase agreements	8,875	2,104
Net increase in customer deposits	28,337	97,174
Net decrease in other operating liabilities	(4,705)	(9,742)
Net cash flows (used in)/generated from operating activities before tax	(37,794)	48,813
Income tax paid	(228)	(465)
<b>Net cash (used in)/generated from operating activities</b>	<b>(38,022)</b>	<b>48,348</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2023

(In RMB millions, unless otherwise stated)

	For three months ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	59	55
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(307)	(276)
Investment returns received	7,299	6,704
Proceeds from disposal of investments	653,018	334,542
Payment for acquisition of investments	(704,609)	(379,581)
<b>Net cash used in investing activities</b>	<b>(44,540)</b>	<b>(38,556)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt securities	272,337	103,796
Repayment of matured debt	(219,846)	(47,236)
Repayment of interest on debt securities issued	(2,146)	(2,178)
Payment for dividend distribution	(3)	(843)
Payment for redemption of equity instrument	–	(14,777)
Payment for principal and interest element of lease liabilities	(243)	(215)
<b>Net cash generated from financing activities</b>	<b>50,099</b>	<b>38,547</b>
Effect of exchange rate changes on cash and cash equivalents	(934)	(108)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(33,397)</b>	<b>48,231</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>107,748</b>	<b>90,825</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>74,351</b>	<b>139,056</b>
<b>Net cash flows from operating activities include:</b>		
Interest received	21,120	19,843
Interest paid	(11,764)	(8,406)