郑州银行
BANK OF ZHENGZHOU

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)
(Preference Shares Stock Code: 4613)

FIRST QUARTERLY REPORT OF 2021

The board of directors (the "**Board**") of Bank of Zhengzhou Co., Ltd.* (the "**Bank**") hereby announces the unaudited first quarterly results of the Bank and its subsidiaries for the three months ended 31 March 2021 (the "**Reporting Period**"), which was prepared in accordance with the International Financial Reporting Standards ("**IFRS**"). 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.*
WANG Tianyu
Chairman

Zhengzhou, Henan, China
28 April 2021

As at the date of this announcement, the Board comprises Mr. WANG Tianyu, Mr. SHEN Xueqing, Mr. XIA Hua as executive directors, Mr. FAN Yutao, Mr. ZHANG Jingguo, Mr. JI Hongjun, Mr. LIANG Songwei and Mr. WANG Shihao as non-executive directors, Mr. XIE Taifeng, Mr. WU Ge, Ms. CHAN Mei Bo Mabel and Ms. LI Yanyan 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.*

SECTION I IMPORTANT NOTICES

I. 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 first quarterly report of 2021 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.

II. On 28 April 2021, the Report was considered and approved at the 2021 first extraordinary meeting of the sixth session of the Board of the Bank. There were 12 directors eligible for attending the meeting, of whom 12 directors attended the meeting in person.

III. 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. and Queshan Zhengyin County Bank Co., Ltd. (collectively, the "**Group**" or "**Bank**").

IV. Mr. WANG Tianyu, the legal representative of the Bank and chairman of the Board, Mr. SHEN Xueqing, the president, Mr. FU Chunqiao, the person-in-charge of accounting, and Ms. GAO Chenxin, the head of accounting department of the Bank hereby declare and warrant the truthfulness, accuracy and completeness of the financial statements in the Report.

V. The quarterly financial report of the Bank has not been audited.

SECTION II BASIC INFORMATION

I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(I) Major accounting data

Unit: RMB'000

Item	January to March 2021	January to March 2020 [3]	Increase/ decrease as compared with the corresponding period of the previous year *(%)*
Operating income [1]	**3,187,295**	3,707,702	(14.04)
Net profit attributable to shareholders of the Bank	**1,125,256**	1,095,067	2.76
Net cash flows (used in)/generated from operating activities	**(2,687,681)**	14,694,164	(118.29)
Net cash flows (used in)/generated from operating activities per share *(RMB/share)* [2]	**(0.36)**	2.26	(115.93)
Basic earnings per share *(RMB/share)* [2]	**0.15**	0.17	(11.76)
Diluted earnings per share *(RMB/share)* [2]	**0.15**	0.17	(11.76)
Weighted average return on net assets (%) (on annualised basis) [2]	**12.08**	13.94	Decreased by 1.86 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 2020, 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 5,921,931,900 shares to 6,514,125,090 shares. Net cash flows generated from operating activities per share, 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.

During the Reporting Period, the Bank did not distribute dividends of the offshore preference shares. No dividend of the offshore preference shares had to be deducted from the net profit attributable to shareholders of the Bank, and net proceeds raised from the offshore preference shares issuance were deducted from the weighted average net assets.

(3) According to the requirements of the Notice on Strictly Implementing Accounting Standards for Business Enterprises and Effectively Enhancing the 2020 Annual Reports of Enterprises (Cai Kuai [2021] No. 2) jointly issued by the Ministry of Finance of the People's Republic of China, State-owned Assets Supervision and Administration Commission of the State Council, China Banking and Insurance Regulatory Commission and China Securities Regulatory Commission, the Bank has re-classified the income from credit card repayment by instalments from fee and commission income to interest income since 2020, and restated the figures for the same period in 2020.

(4) The relevant indicators are arrived at by calculating in accordance with the relevant requirements under Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No.13): Contents and Formats of Quarterly Reports (2016 Revision).

Unit: RMB'000

Scale indicators	**31 March 2021**	31 December 2020	Increase/ decrease as compared with the end of the previous year *(%)*
Total assets	**554,387,540**	547,813,444	1.20
Loans and advances to customers			
Corporate loans	**171,438,836**	156,954,032	9.23
Personal loans	**69,561,268**	67,328,937	3.32
Discounted bills	**12,555,179**	13,676,221	(8.20)
Gross loans and advances to customers	**253,555,283**	237,959,190	6.55
Add: Accrued interests	**1,174,015**	1,046,446	12.19
Less: Provision for impairment losses (1)	**8,311,617**	7,755,623	7.17
Book value of loans and advances to customers	**246,417,681**	231,250,013	6.56
Total liabilities	**507,214,864**	501,841,523	1.07
Deposits from customers			
Corporate deposits	**168,686,259**	175,669,237	(3.98)
Personal deposits	**111,195,168**	107,774,562	3.17
Other deposits (2)	**32,348,684**	30,786,621	5.07
Total deposits from customers	**312,230,111**	314,230,420	(0.64)
Add: Accrued interests	**2,337,086**	2,282,315	2.40
Book value of deposits from customers	**314,567,197**	316,512,735	(0.61)
Share capital	**7,514,125**	7,514,125	–
Shareholders' equity	**47,172,676**	45,971,921	2.61
Equity attributable to shareholders of the Bank	**45,655,864**	44,494,897	2.61
Equity attributable to ordinary shareholders of the Bank	**37,830,356**	36,669,389	3.17
Net assets per share attributable to ordinary shareholders of the Bank *(RMB/share)*	**5.03**	4.88	3.07

Notes:

(1) Provision for impairment losses excludes provision for impairment losses on forfeiting and discounted bills, which is included in other comprehensive income.

(2) Other deposits include pledged deposits, remittances outstanding and temporary deposit.

(II) Explanations on differences between consolidated financial statements prepared in accordance with IFRSs and China Accounting Standards for Business Enterprises

There are no differences between the net profit attributable to shareholders of the Bank for the Reporting Period ended 31 March 2021 and the equity attributable to shareholders of the Bank as at the end of the Reporting Period as presented in the Group's consolidated financial statements prepared under IFRSs and those prepared under China Accounting Standards for Business Enterprises.

(III) Supplementary financial indicators

Regulatory indicators	**Regulatory indicators standards**	**31 March 2021**	31 December 2020	31 December 2019	31 December 2018
Core tier-one capital adequacy ratio *(%)* (1)	≥7.5	9.08	8.92	7.98	8.22
Tier-one capital adequacy ratio *(%)* (1)	≥8.5	10.99	10.87	10.05	10.48
Capital adequacy ratio *(%)* (1)	≥10.5	13.26	12.86	12.11	13.15
Leverage ratio *(%)* (2)	≥4	6.80	6.63	6.34	6.79
Liquidity ratio *(%)* (2)	≥25	65.41	70.41	56.44	56.39
Liquidity coverage ratio *(%)* (2)	≥100	216.10	353.94	300.37	304.42
Non-performing loan ratio *(%)* (3)	≤5	2.04	2.08	2.37	2.47
Allowance to non-performing loans *(%)* (3)	≥150	163.32	160.44	159.85	154.84
Allowance to total loans *(%)* (3)	≥2.5	3.33	3.33	3.79	3.82
Loan to deposit ratio *(%)* (2)		89.26	82.63	72.33	66.06
Return on total assets *(%)* (on annualised basis)		0.85	0.63	0.70	0.69
Cost-to-income ratio *(%)* (4)		21.53	22.53	26.62	27.96

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 Regulatory Commission (hereinafter referred to as "**Former CBRC**") in 2012 and relevant requirements and based on statutory financial statements prepared under the Accounting Standards for Business Enterprises.

(2) Among the above regulatory indicators, leverage ratio, liquidity ratio, liquidity coverage ratio and loan to deposit ratio are all data reported to the regulatory departments.

(3) Non-performing loan ratio was calculated by dividing total non-performing loan principal (excluding accrued interests) by gross loans and advances to customers (excluding accrued interests); the allowance to non-performing loans was calculated by dividing allowance for impairment losses on loans and advances to customers by total non-performing loan principal (excluding accrued interests); and the allowance to total loans was calculated by dividing allowance for impairment losses on loans and advances to customers by gross loans and advances to customers (excluding accrued interests).

(4) Calculated by dividing operating expenses (after deducting tax and surcharges) by operating income.

(IV) Analysis on capital adequacy ratios and leverage ratio

Capital adequacy ratios

Unit: RMB'000

Item	**31 March 2021**	31 December 2020
Net core tier-one capital	**37,882,458**	36,542,234
Net tier-one capital	**45,855,578**	44,492,918
Net tier-two capital	**9,493,000**	8,186,451
Net total capital	**55,348,578**	52,679,369
Total risk-weighted assets	**417,282,153**	409,505,750
Core tier-one capital adequacy ratio *(%)*	**9.08**	8.92
Tier-one capital adequacy ratio *(%)*	**10.99**	10.87
Capital adequacy ratio *(%)*	**13.26**	12.86

Leverage ratio

Unit: RMB'000

Item	**31 March 2021**	31 December 2020	30 September 2020	30 June 2020
Net tier-one capital	**46,900,943**	45,574,048	42,223,905	41,628,919
Balance of on/off-balance sheet assets after adjustment	**689,256,045**	686,993,391	678,584,802	687,554,034
Leverage ratio *(%)*	**6.80**	6.63	6.22	6.05

Note: Indicators related to leverage ratio as at the end of the Reporting Period, the end of 2020, the end of the third quarter of 2020 and the end of the first half of 2020 are all calculated in accordance with the requirements of the Administrative Measures on the Leverage Ratio of Commercial Banks (Revised) (Former CBRC Order [2015] No.1) implemented since 1 April 2015, and are consistent with the data reported to the regulatory authorities.

(V) Analysis on liquidity coverage ratio

Unit: RMB'000

Item	31 March 2021
Qualified quality liquid assets	**53,840,394**
Net cash outflow for the next 30 days	**24,915,062**
Liquidity coverage ratio *(%)*	**216.10**

(VI) Analysis on the five-category loan classification

Unit: RMB'000

Five-category loan classification	31 March 2021 Amount	31 March 2021 Proportion (%)	31 December 2020 Amount	31 December 2020 Proportion (%)	Change (%)
Normal	**243,069,455**	**95.86**	228,182,443	95.89	6.52
Special-mention	**5,322,619**	**2.10**	4,832,965	2.03	10.13
Sub-standard	**3,724,782**	**1.48**	3,318,730	1.40	12.24
Doubtful	**1,404,120**	**0.55**	1,591,666	0.67	(11.78)
Loss	**34,307**	**0.01**	33,386	0.01	2.76
Total	**253,555,283**	**100.00**	237,959,190	100.00	6.55

II. DISCUSSION AND ANALYSIS ON OPERATION

Operating results remained stable. As at the end of the Reporting Period, the Bank's total assets amounted to RMB554,388 million, representing an increase of 1.20% from the beginning of the year; the total deposits from customers reached RMB312,230 million, representing a decrease of 0.64% from the beginning of the year; the gross loans and advances to customers amounted to RMB253,555 million, representing an increase of 6.55% from the beginning of the year. During the Reporting Period, the Bank recorded a net profit of RMB1,165 million, representing a year-on-year increase of 3.47%. The net profit attributable to shareholders of the Bank was RMB1,125 million, increased 2.76% year-on-year. As at the end of the Reporting Period, the Bank's non-performing loan ratio was 2.04%, decreased 0.04 percentage point from the beginning of the year; allowance to non-performing loans was 163.32%, increased 2.88 percentage points from the beginning of the year; and capital adequacy ratio was 13.26%, all meeting the regulatory requirements.

High-quality development was advancing steadily. The Bank began to implement its new five-year strategic plan by establishing a strategic management mechanism, communication mechanism and incentive mechanism and promoting various tasks in an orderly manner; and carried out more targeted performance appraisal by restructuring the bank-wide key performance indicators into four categories-performance, development, strategy and risk and highlighting the "performance-based, liabilities-focused and strategy-oriented" principle. To implement the strategy for "rural revitalization" through financial services, the Bank proactively pushed forward the construction of rural service outlets, and launched the exclusive "Fumin Card" (富民卡) and "Fumin Certificate of Deposit" (富民存單). Upholding the philosophy of green finance, the Bank participated in the underwriting of the issuance of China Development Bank's first "Carbon Neutral" green financial bonds in an amount of RMB680 million.

Risk prevention and control became more stringent. The Bank accelerated risk disposal, formulated annual risk resolution targets, clarified the division of responsibilities , and steadily improved asset quality, reducing non-performing loan ratio from 2.08% at the beginning of the year to 2.04%; completed the reform of compliance manager assignment system, assigned compliance managers to branches in operation, implemented dual reporting and close supervision and developed a due diligence evaluation and accountability system; and strengthened the risk management of financial market business by defining the risk management requirements of financial market business from the aspects of human defense, technical defense, institutional construction, authorization management, supervision and inspection, etc.

III. TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDING OF THE TOP 10 SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD

(I) 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 113,043 holders of ordinary shares, including, 112,987 holders of A shares and 56 holders of H shares.

Unit: share

Shareholding of the top 10 holders of ordinary shares

Name of shareholder	Nature of shareholder	Class of shares	Number of shares held	Shareholding percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen: Status of shares	Pledged or frozen: Number
HKSCC Nominees Limited [2]	Overseas legal person	H shares	1,669,619,413	22.22	–	Unknown	–
Zhengzhou Finance Bureau (鄭州市財政局)	State- owned	A shares	543,178,769	7.23	539,995,230	Pledged	242,990,000
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	State- owned legal person	A shares	408,918,926	5.44	408,746,640	–	–
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	Domestic non state- owned legal person	A shares	318,951,121	4.24	318,951,121	Pledged	164,450,000
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	State- owned legal person	A shares	311,511,663	4.15	311,511,663	–	–
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	288,200,000	3.84	288,200,000	Pledged Frozen	288,200,000 288,200,000
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	275,000,200	3.66	275,000,000	Pledged	137,500,000
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	State- owned legal person	A shares	263,369,118	3.50	263,369,118	–	–
Henan Chendong Industry Co., Ltd. (河南晨東實業有限公司)	Domestic non state- owned legal person	A shares	248,600,000	3.31	248,600,000	Pledged	124,299,998
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	110,000,000	1.46	110,000,000	Pledged	110,000,000
Henan Zhenghong Real Estate Co., Ltd. (河南正弘置業有限公司)	Domestic non state- owned legal person	A shares	110,000,000	1.46	110,000,000	Pledged	108,911,000

Unit: share

Shareholdings of the top 10 holders of ordinary shares not subject to trading moratorium

Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period	Type of shares: Class of shares	Type of shares: Number
HKSCC Nominees Limited [(2)]	1,669,619,413	H shares	1,669,619,413
Henan Communications Industrial Development Co., Ltd. (河南交通實業發展有限公司)	46,075,157	A shares	46,075,157
Henan Shenli Concrete Co., Ltd. (河南神力混凝土有限公司)	33,000,000	A shares	33,000,000
Zhengzhou Hailong Industrial Co., Ltd. (鄭州海龍實業有限公司)	33,000,000	A shares	33,000,000
Wugang Sino-Canada Mining Development Co., Ltd. (舞鋼中加礦業發展有限公司)	33,000,000	A shares	33,000,000
Hong Kong Securities Clearing Company Limited	24,070,420	A shares	24,070,420
Henan Juhe Real Estate Co., Ltd. (河南省聚合置業有限責任公司)	22,000,000	A shares	22,000,000
Henan Zhiqiang Real Estate Co., Ltd. (河南志強置業有限公司)	22,000,000	A shares	22,000,000
Changge Xianghe Aluminium Materials Co., Ltd. (長葛市祥合鋁材有限責任公司)	22,000,000	A shares	22,000,000
Zhengzhou Yijian Group Co., Ltd. (鄭州一建集團有限公司)	22,000,000	A shares	22,000,000
Henan Tian Lun Investment Holdings Company Limited (河南省天倫投資控股集團有限公司)	22,000,000	A shares	22,000,000

Description of related party relationships or concerted actions of the above shareholders	Mr. FAN Yutao, who is a deputy director of Zhengzhou Finance Bureau, held the position of a director of Bridge Trust Co., Ltd. (百瑞信託有限責任公司) over the past 12 months. Zhengzhou Finance Bureau 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)	None

Notes:

(1) The figures above are sourced from the register of shareholders of the Bank as at 31 March 2021.

(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.

(II) Total number of holders of offshore preference shares and shareholding of the top 10 holders of offshore preference shares

As at the end of the Reporting Period, the total number of holders of offshore preference shares (or nominees) of the Bank was one. During the Reporting Period, there was no resumption of voting rights under the offshore preference shares of the Bank.

Unit: share

Shareholding of the top 10 holders of offshore preference shares

Name of shareholder	Nature of shareholder	Class of shares	Number of shares held	Shareholding percentage [3] (%)	Number of shares held subject to trading moratorium	Pledged or frozen: Status of shares	Pledged or frozen: Number
The Bank of New York Depository (Nominees) Limited	Overseas legal person	Offshore preference shares	59,550,000	100	–	Unknown	Unknown
Description of related party relationships or concerted actions of the above shareholders	The Bank is not aware of whether the above holder of offshore preference shares, the top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to trading moratorium 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》).						

Notes:

(1) The above figures are sourced from the register of shareholders of offshore preference shares of the Bank as at 31 March 2021.

(2) The above offshore preference shares were issued by way of private offering, and the register of shareholders of offshore preference shares presented the information on nominees of placees.

(3) "Shareholding percentage" refers to the percentage of the number of offshore preference shares held by holders of offshore preference shares to the total issued number of offshore preference shares.

SECTION III SIGNIFICANT EVENTS

I. CHANGES OF MORE THAN 30% IN MAJOR FINANCIAL DATA AND FINANCIAL INDICATORS DURING THE REPORTING PERIOD AND THE REASONS THEREFOR

Unit: RMB'000

Item	**January to March 2021**	January to March 2020	Increase/ decrease as compared with the corresponding period of the previous year *(%)*	Main reason
Fee and commission expense	**42,644**	32,392	31.65	Mainly due to the increase in business scale.
Net trading gains	**85,736**	430,217	(80.07)	Mainly due to the exchange rate fluctuations of US dollar against RMB and the changes in gains from trading bonds during the Reporting Period.
Net gains arising from investments	**4,600**	238,456	(98.07)	Due to the change in fair value of financial investments at fair value through profit or loss.
Other operating income	**17,582**	2,632	568.01	The increase in government grants as compared with the previous period.
Credit impairment losses	**1,041,574**	1,582,424	(34.18)	Mainly due to the change in the structure of on- and off-balance sheet assets.
Share of profits of associates	**10,020**	22,000	(54.45)	Due to the decrease in profits of associates during the Reporting Period as compared with the previous period.
Other comprehensive income net of tax	**35,711**	223,035	(83.99)	Mainly due to the decrease in fair value of financial investments at fair value through other comprehensive income during the Reporting Period as compared with the previous period.

Unit: RMB'000

Item	31 March 2021	31 December 2020	Increase/ decrease as compared with the end of the previous year *(%)*	Main reason
Placements with banks and other financial institutions	**4,310,297**	3,083,574	39.78	The Bank adjusted the structure of such assets in consideration of asset-liability matching and market liquidity.
Financial assets held under resale agreements	**3,032,945**	8,585,647	(64.67)	
Derivative financial assets	**212**	362,970	(99.94)	Due to maturity of some derivative financial instruments at the end of the Reporting Period.
Financial investments at fair value through other comprehensive income	**29,181,204**	21,983,430	32.74	Due to the increase in debt investments at fair value through other comprehensive income.
Placements from banks and other financial institutions	**26,969,178**	20,210,404	33.44	The Bank adjusted the structure of such liabilities in consideration of asset-liability matching and market liquidity.
Tax payable	**938,155**	653,304	43.60	Mainly due to the increase in corporate income tax payable at the end of the Reporting Period.

II. ANALYSIS AND EXPLANATION ON THE PROGRESS OF SIGNIFICANT EVENTS AND THEIR IMPACTS AND SOLUTIONS

During the Reporting Period, Mr. LI, the spouse of Ms. WANG Zhaoqi, a senior management member of the Bank, was found to have committed short-swing transactions as stipulated under the relevant provisions of the Securities Law of the People's Republic of China and the rules of the Shenzhen Stock Exchange due to mis-operation. For details, please refer to the announcement dated 9 March 2021 published by the Bank on CNINFO and the website of the Hong Kong Stock Exchange.

During the Reporting Period, save as disclosed in this Report, other announcements and circulars of the Bank, the Bank had no other significant events which should be disclosed.

During the Reporting Period, the Bank did not repurchase any shares or reduce bought-back shares through central bidding.

III. UNDERTAKINGS NOT FULLY PERFORMED BY THE BANK'S DE FACTO CONTROLLERS, SHAREHOLDERS, RELATED PARTIES, PURCHASERS AND THE BANK DURING THE REPORTING PERIOD

There are no undertakings not fully performed by the Bank's de facto controller, shareholders, related parties, purchasers and the Bank during the Reporting Period.

IV. FINANCIAL ASSETS INVESTMENT

(I) Securities investment

As at the end of the Reporting Period, the book value of the securities assets held by the Bank amounted to RMB121,709 million. The details of the ten largest financial bonds (by nominal value) are as follows:

Unit: RMB'000

No.	Type of bonds	Nominal value balance	Interest rate *(%)*	Maturity date	Impairment
1	2016 Financial Bond	3,250,000	3.33	2026-02-22	142
2	2021 Financial Bond	2,650,000	3.66	2031-03-01	153
3	2020 Financial Bond	2,510,000	3.09	2030-06-18	107
4	2016 Financial Bond	2,490,000	3.33	2026-01-06	109
5	2020 Financial Bond	2,220,000	3.07	2030-03-10	97
6	2016 Financial Bond	2,200,000	3.24	2023-02-25	96
7	2016 Financial Bond	1,900,000	3.32	2023-01-06	83
8	2020 Financial Bond	1,570,000	3.79	2030-10-26	66
9	2015 Financial Bond	1,510,000	3.86	2022-02-05	22
10	2019 Financial Bond	1,360,000	3.45	2029-09-20	59

(II) Derivatives investment

Unit: RMB'000

	As at 31 March 2021			As at 31 December 2020		
Derivative financial instruments	**Contract/ Notional amount**	**Fair value of assets**	**Fair value of liabilities**	Contract/ Notional amount	Fair value of assets	Fair value of liabilities
Forward foreign exchange contracts	**9,856,950**	**212**	**97,505**	6,002,908	362,970	–
Total	**9,856,950**	**212**	**97,505**	6,002,908	362,970	–

V. PROGRESS OF PROJECTS FINANCED BY PROCEEDS

The Bank had no projects financed by proceeds during the Reporting Period.

VI. MATERIAL CONTRACTS IN DAY-TO-DAY OPERATIONS

The Bank had no material contracts in day-to-day operations during the Reporting Period.

VII. ENTRUSTED WEALTH MANAGEMENT

There was no event in respect of entrusted wealth management beyond the Bank's normal business during the Reporting Period.

VIII. IRREGULAR EXTERNAL GUARANTEES

The Bank had no irregular external guarantees during the Reporting Period.

IX. MISAPPROPRIATION OF THE BANK'S FUNDS BY ITS CONTROLLING SHAREHOLDERS AND RELATED PARTIES FOR NON-OPERATIONAL PURPOSE

The Bank did not have any controlling shareholder, neither was there any misappropriation of the Bank's funds by its controlling shareholder or its related parties for non-operational purpose during the Reporting Period.

X. RECEPTION OF SURVEY RESEARCH, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD

There was no reception of survey research, communications and interviews by the Bank during the Reporting Period.

SECTION IV RELEASE OF QUARTERLY REPORT

The Report is published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.zzbank.cn) simultaneously. The first quarterly report of 2021 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.

FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three months ended 31 March 2021 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2021	2020
	(unaudited)	(unaudited)
Interest income	**6,148,870**	5,734,792
Interest expense	**(3,411,245)**	(3,109,024)
Net interest income	**2,737,625**	2,625,768
Fee and commission income	**384,396**	443,021
Fee and commission expense	**(42,644)**	(32,392)
Net fee and commission income	**341,752**	410,629
Net trading gains	**85,736**	430,217
Net gains arising from investments	**4,600**	238,456
Other operating income	**17,582**	2,632
Operating income	**3,187,295**	3,707,702
Operating expenses	**(725,266)**	(748,789)
Credit impairment losses	**(1,041,574)**	(1,582,424)
Operating profit	**1,420,455**	1,376,489
Share of profits of associates	**10,020**	22,000
Profit before taxation	**1,430,475**	1,398,489
Income tax expense	**(265,431)**	(272,550)
Profit for the period	**1,165,044**	1,125,939
Net profit attributable to:		
Equity shareholders of the Bank	**1,125,256**	1,095,067
Non-controlling interests	**39,788**	30,872
	1,165,044	1,125,939

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three months ended 31 March 2021 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2021	2020
	(unaudited)	(unaudited)
Profit for the period	**1,165,044**	1,125,939
Other comprehensive income:		
Other comprehensive income net of tax attributable to equity shareholders of the Bank	**35,711**	220,230
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	**35,711**	220,230
Non-controlling interests	**–**	2,805
Other comprehensive income net of tax	**35,711**	223,035
Total comprehensive income	**1,200,755**	1,348,974
Total comprehensive income attributable to:		
Equity shareholders of the Bank	**1,160,967**	1,315,297
Non-controlling interests	**39,788**	33,677
	1,200,755	1,348,974
Basic and diluted earnings per share (restated for comparative period) *(in RMB)*	**0.15**	0.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2021 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	31 March 2021 (unaudited)	31 December 2020 (audited)
Assets		
Cash and deposits with central bank	**26,503,375**	36,492,083
Deposits with banks and other financial institutions	**2,443,218**	2,357,591
Placements with banks and other financial institutions	**4,310,297**	3,083,574
Derivative financial assets	**212**	362,970
Financial assets held under resale agreements	**3,032,945**	8,585,647
Loans and advances to customers	**246,417,681**	231,250,013
Financial investments:		
Financial investments at fair value through profit or loss	**45,199,558**	46,463,308
Financial investments at fair value through other comprehensive income	**29,181,204**	21,983,430
Financial investments measured at amortised cost	**159,578,099**	164,230,569
Finance lease receivables	**27,279,829**	22,565,825
Interest in associates	**410,270**	400,250
Property and equipment	**2,696,590**	2,686,802
Deferred tax assets	**3,718,962**	3,718,962
Other assets	**3,615,300**	3,632,420
Total assets	**554,387,540**	547,813,444
Liabilities		
Due to central bank	**26,199,441**	25,966,645
Deposits from banks and other financial institutions	**26,969,178**	20,210,404
Placements from banks and other financial institutions	**25,160,097**	20,467,593
Derivative financial liabilities	**97,505**	–
Financial assets sold under repurchase agreements	**21,432,334**	21,303,430
Deposits from customers	**314,567,197**	316,512,735
Tax payable	**938,155**	653,304
Debt securities issued	**88,121,478**	93,164,057
Other liabilities	**3,729,479**	3,563,355
Total liabilities	**507,214,864**	501,841,523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 March 2021 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	31 March 2021 (unaudited)	31 December 2020 (audited)
Equity		
Share capital	**7,514,125**	7,514,125
Other equity instruments		
Include: preference shares	**7,825,508**	7,825,508
Capital reserve	**8,203,903**	8,203,903
Surplus reserve	**2,976,573**	2,976,573
General reserve	**7,078,451**	7,078,451
Fair value reserve	**(662,495)**	(698,206)
Remeasurement of net defined benefit liability	**(60,953)**	(60,953)
Retained earnings	**12,780,752**	11,655,496
Total equity attributable to equity shareholders of the Bank	**45,655,864**	44,494,897
Non-controlling interests	**1,516,812**	1,477,024
Total equity	**47,172,676**	45,971,921
Total liabilities and equity	**554,387,540**	547,813,444

Wang Tianyu
Chairman of the Board of Directors
Executive Director

Shen Xueqing
President
Executive Director

Fu Chunqiao
Person in-charge-of accounting affairs

Gao Chenxin
Head of accounting department

(Company chop)

CONSOLIDATED CASH FLOW STATEMENT

for the three months ended 31 March 2021 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2021	2020
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before tax	**1,430,475**	1,398,489
Adjustments for:		
Credit impairment losses	**1,041,574**	1,582,424
Depreciation and amortisation	**78,516**	78,943
Unrealised foreign exchange losses/(gains)	**385,012**	(175,732)
Net losses from disposal of long-term assets	**1,140**	–
Net trading gains of financial investments at fair value through profit or loss	**(521,106)**	(138,808)
Net gains arising from investments	**(4,600)**	(238,456)
Share of profits of associates	**(10,020)**	(22,000)
Interest expense on debt securities issued	**690,579**	798,903
Interest income on financial investments	**(2,265,958)**	(2,463,521)
	825,612	820,242
Changes in operating assets		
Net decrease in deposits with central bank	**462,575**	659,048
Net (increase)/decrease in deposits and placements with banks and other financial institutions	**(60,000)**	103,455
Net decrease/(increase) in financial investments at fair value through profit or loss	**894,111**	(1,748,883)
Net increase in loans and advances to customers	**(15,643,781)**	(13,321,792)
Net decrease/(increase) in financial assets held under resale agreements	**5,552,132**	(13,772,518)
Net increase in finance lease receivables	**(4,712,252)**	(1,183,197)
Net increase in other operating assets	**(89,143)**	(283,556)
	(13,596,358)	(29,547,443)

CONSOLIDATED CASH FLOW STATEMENT
for the three months ended 31 March 2021 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2021	2020
	(unaudited)	(unaudited)
Changes in operating liabilities		
Net increase in amounts due to central bank	**204,605**	5,620,000
Net increase/(decrease) in deposits and placements from banks and other financial institutions	**11,405,018**	(384,137)
Net increase in financial assets sold under repurchase agreements	**130,940**	8,312,154
Net (decrease)/increase in deposits from customers	**(2,000,309)**	29,594,722
Net increase in other operating liabilities	**366,625**	293,935
	10,106,879	43,436,674
Cash (used in)/generated from operations	**(2,663,867)**	14,709,473
Income tax paid	**(23,814)**	(15,309)
Net cash flows (used in)/generated from operating activities	**(2,687,681)**	14,694,164

CONSOLIDATED CASH FLOW STATEMENT
for the three months ended 31 March 2021 – unaudited (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	three months ended 31 March	
	2021	2020
	(unaudited)	(unaudited)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	**50,254,354**	34,286,252
Proceeds from disposal of property and equipment and other assets	**1,103**	–
Payments on acquisition of investments	**(53,507,254)**	(43,945,099)
Dividends and interest received	**3,452,141**	2,869,531
Payments on acquisition of property and equipment and other assets	**(80,160)**	(72,802)
Net cash flows generated from/(used in) investing activities	**120,184**	(6,862,118)
Cash flows from financing activities		
Proceeds received from debt securities issued	**20,682,961**	13,514,760
Repayment of debt securities issued	**(25,887,288)**	(26,405,204)
Interest paid on debt securities issued	**(528,832)**	(687,060)
Dividends paid	**–**	(1,019)
Net cash flows used in financing activities	**(5,733,159)**	(13,578,523)
Net decrease in cash and cash equivalents	**(8,300,656)**	(5,746,477)
Cash and cash equivalents as at 1 January	**19,600,052**	17,766,563
Effect of foreign exchange rate changes on cash and cash equivalents	**27,031**	19,420
Cash and cash equivalents as at 31 March	**11,326,427**	12,039,506
Net cash flows generated from operating activities include:		
Interest received	**4,007,258**	3,446,848
Interest paid	**(2,619,450)**	(2,581,229)