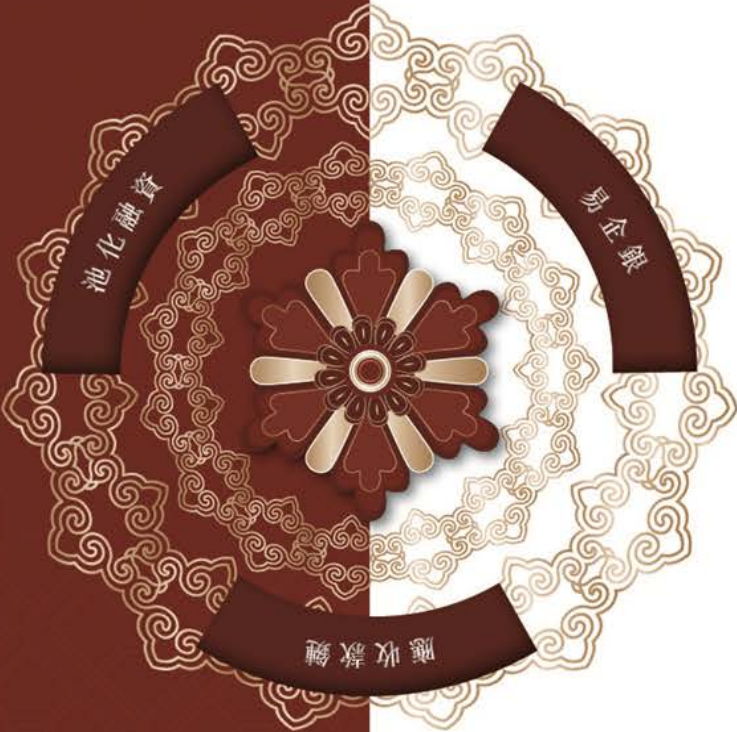


CZBANK  浙商银行

Stock Code: 2016

Stock Code of Preference Shares: 4610

2018 Results Presentation





Disclaimer

This document is prepared by China Zheshang Bank Co., Ltd. (the “Bank”) without independent verification. The information herein does not explicitly or implicitly make any representations or warranties, therefore you shall not rely on the forward-looking or prospective statements in this document. The Bank shall not be responsible for any errors, misrepresentation or omission or any direct or indirect loss derived from using or relying on this document or otherwise related to this document.

For detailed financial information, please refer to the latest annual results announcement of the Bank.

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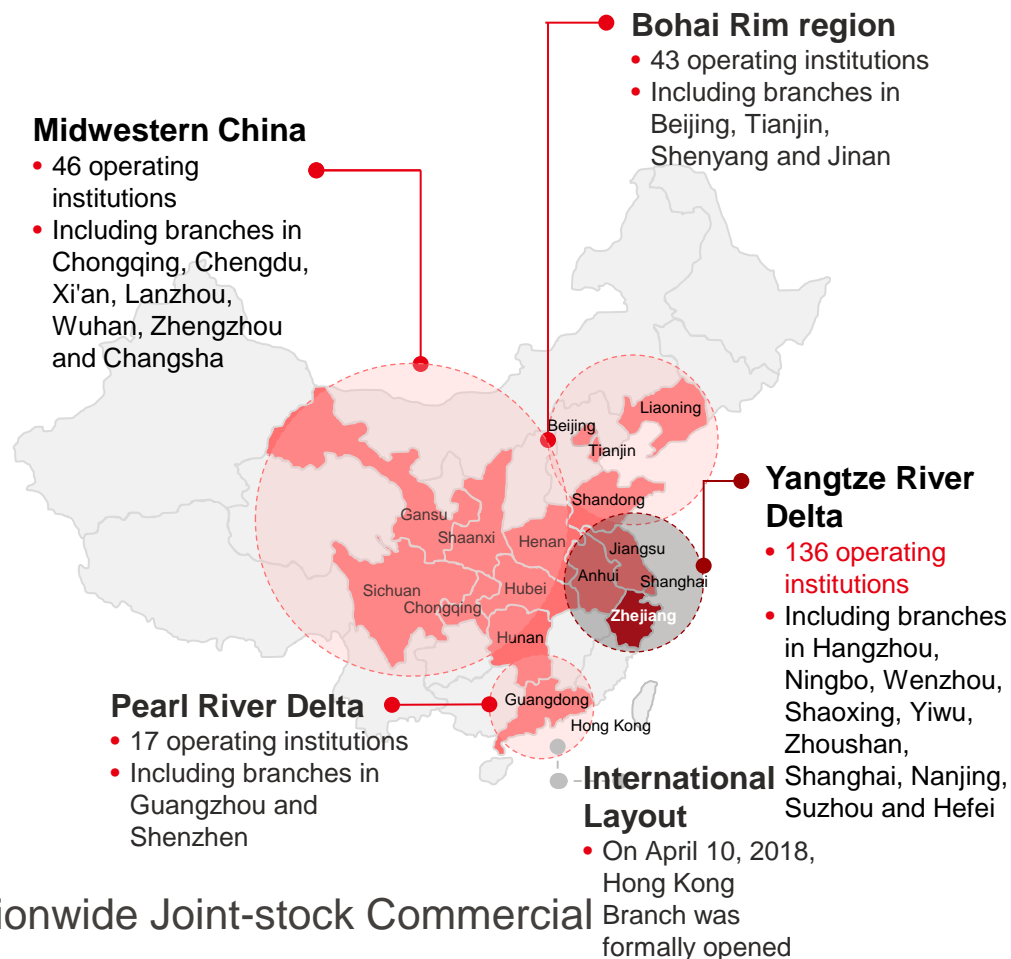
- I. Overview of the Bank**
- II. Financial Performance**
- III. Business Development**
- IV. Risk Management**

Overview of the Bank



Our target is to become the most competitive nationwide joint-stock commercial bank and the most important financial platform in Zhejiang province

- One of the twelve nationwide joint-stock commercial banks with head office located in Hangzhou, Zhejiang Province
- As of December 31, 2018, it has 242 operating institutions in 16 provinces (municipalities) and Hong Kong Special Administrative Region, and realized effective coverage in Yangtze River Delta, Bohai Rim, Pearl River Delta and certain regions in Midwestern China, and owns Zhejiang Zheyin Financial Leasing Co., Ltd., a majority-owned subsidiary
- On April 10, 2018, Hong Kong Branch was formally opened, which represented the commencement of the international arrangement



Overall
Goal of
TWO MOST

The Most Competitive Nationwide Joint-stock Commercial Bank
The Most Important Financial Platform in Zhejiang Province

Overview of the Bank (Cont) — Equity Structure of the Bank

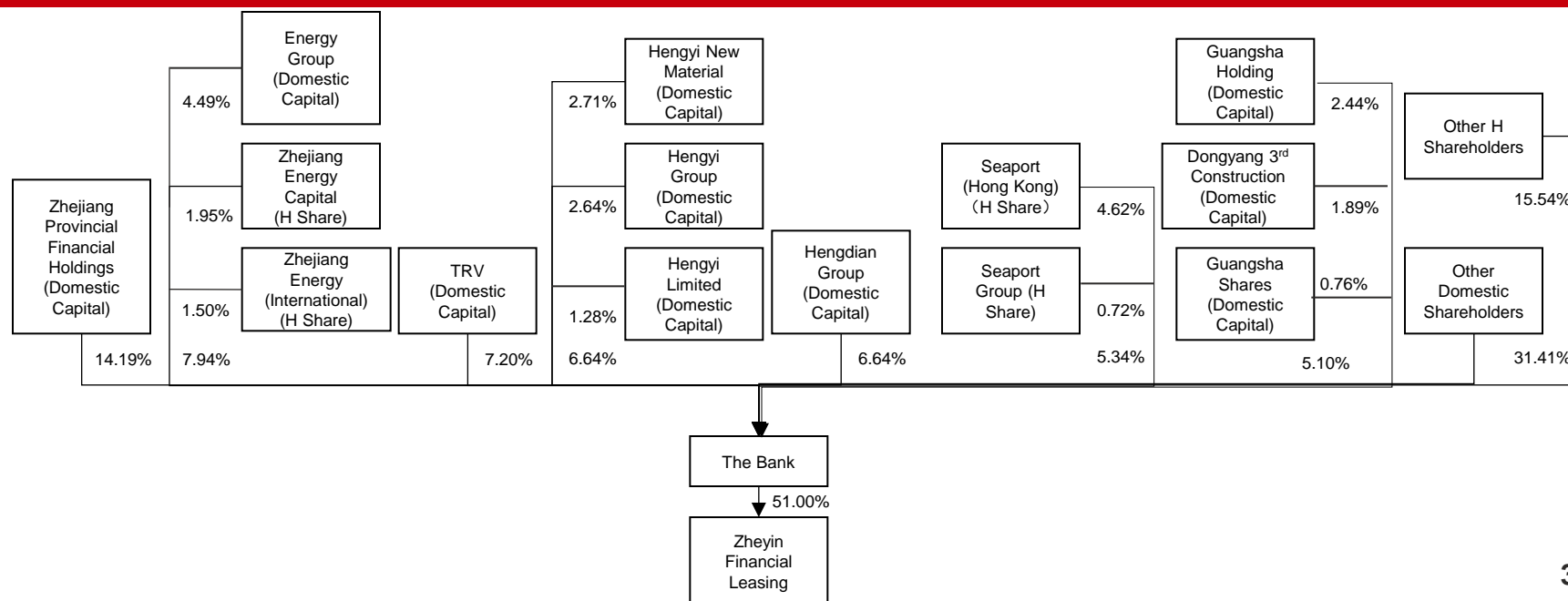


■ As of December 31, 2018, the total number of ordinary shares of the Bank is 18,719 million, comprising 14,165 million domestic shares representing 75.67% of the issued share capital of the Bank and 4,554 million H shares representing 24.33% of the issued share capital of the Bank.

■ There has 29 domestic shareholders, which are all institutional shareholders. The largest shareholder is Zhejiang Provincial Financial Holdings Co., Ltd., holding 2,655 million domestic shares of the Bank, representing 14.19% of the issued share capital of the Bank.

■ Three provincial SOE shareholders hold 27.47% of the issued share capital of the Bank. Most of the shareholders of the Bank are in private sector.

Equity Structure chart of the Bank as of June 30 2018

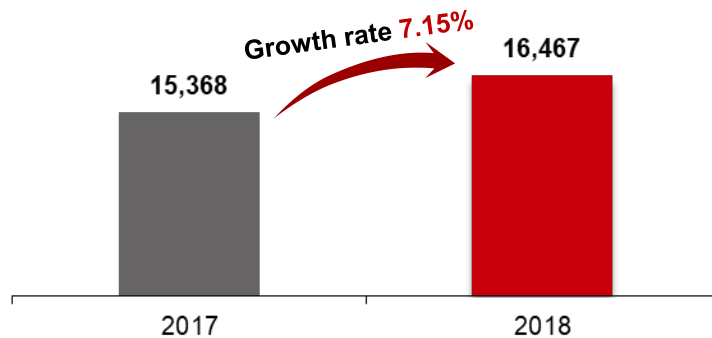




Steady Increase of Business Scale

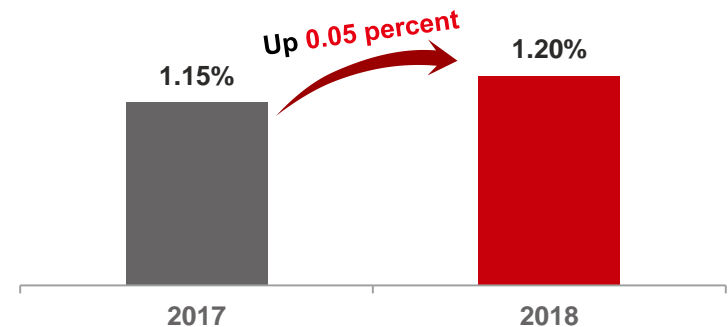
(RMB100 million)

Total Assets



Solid Asset Quality

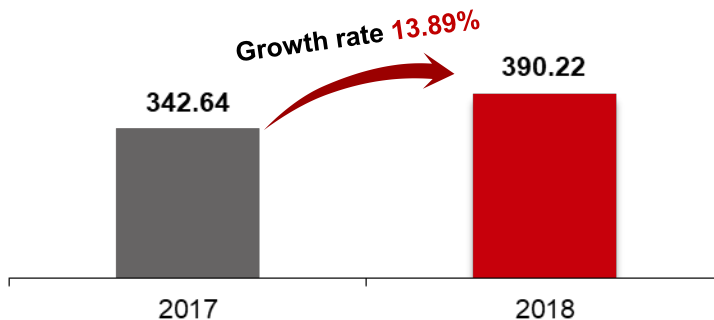
Non-performing Loan Ratio



Continuous Improvement in Operating Performance

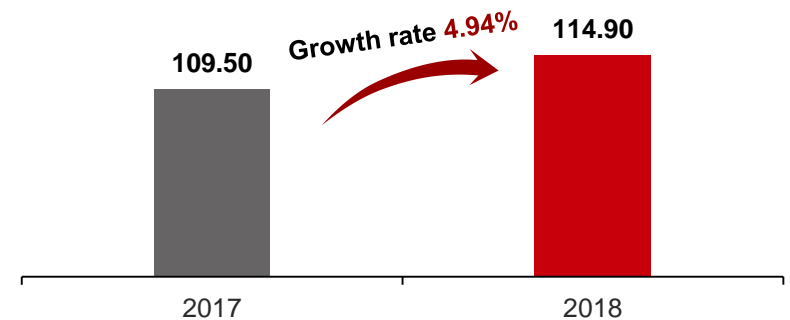
(RMB100 million)

Operating Income



(RMB100 million)

Net Profit Attributable to Shareholders of the Bank



Key Financial Indicators



Indicator of operating performance (RMB100 million)	2018	2017	Growth rate
Operating income	390.22	342.64	13.89%
Net interest income	263.86	243.91	8.18%
Net non-interest income	126.37	98.73	27.99%
Operating expenses	121.42	111.83	8.58%
Net profit attributable to shareholders of the Bank	114.90	109.50	4.94%

Scale indicators (RMB100 million)	2018	2017	Growth rate
Total Assets	16,467	15,368	7.15%
Total loans and advances to customers	8,652	6,729	28.59%
Total liabilities	15,442	14,471	6.72%
Customer deposits	9,748	8,606	13.26%
Equity attributable to shareholders of the Bank	1,009	882	14.39%

Profitability indicators	2018	2017	Changes in percentage point
Return on average total assets	0.73%	0.76%	↓0.03
Return on average equity	14.17%	14.64%	↓0.47
Net interest margin	1.93%	1.81%	↑0.12
Net interest spread	1.76%	1.62%	↑0.14
Net non-interest income to operating income	32.38%	28.81%	↑3.57
Cost-to-income ratio	29.99%	31.96%	↓1.97

Asset quality indicators	2018	2017	Changes in percentage point
Non-performing loan ratio	1.20%	1.15%	↑0.05
Allowance to total loans	3.25%	3.43%	↓0.18
Allowance to non-performing loans	270.37%	296.94%	↓26.57

Capital adequacy indicators	2018	2017	Changes in percentage point
Core tier-one capital adequacy ratio	8.38%	8.29%	↑0.09
Capital adequacy ratio	13.38%	12.21%	↑1.17



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Financial Performance

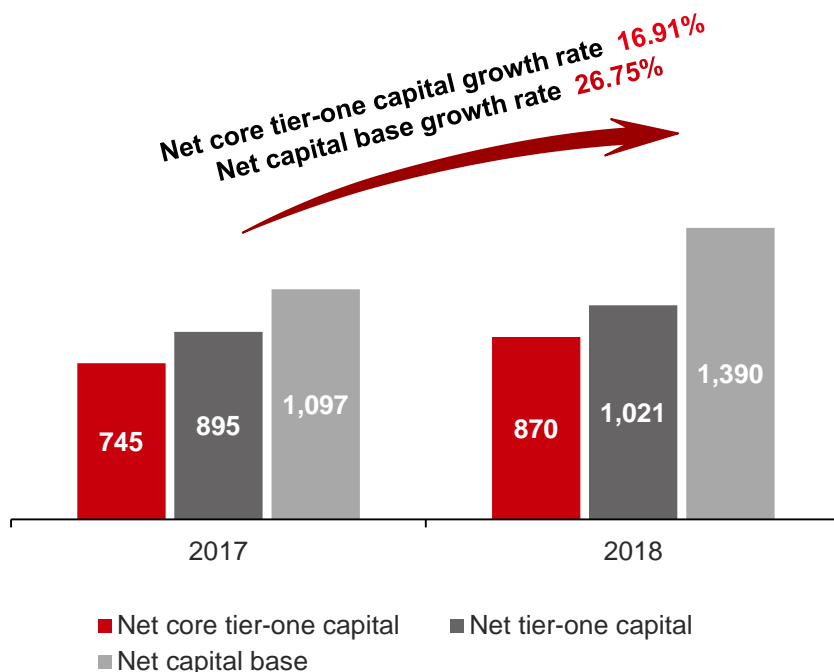
- 1 Steady Capital Replenishment and Greater Capital Adequacy
- 2 Steady Expansion of the Business Scale and Continuous Optimization of the Asset and Liability Structure
- 3 Faster Growth in the Operating Income and Continuous Optimization of the Income Structure
- 4 Overall Risk Profile Under Control and Improvement in Comprehensive Management Ability
- 5 Progress in “Consumption Reduction, Income Increase and Cost Saving”, Decline in the Cost-to-income Ratio
- 6 Continuous Growth in the Net Profit, Increase in the Earnings Per Share as Compared with Last Year

1. Steady Capital Replenishment and Greater Capital Adequacy

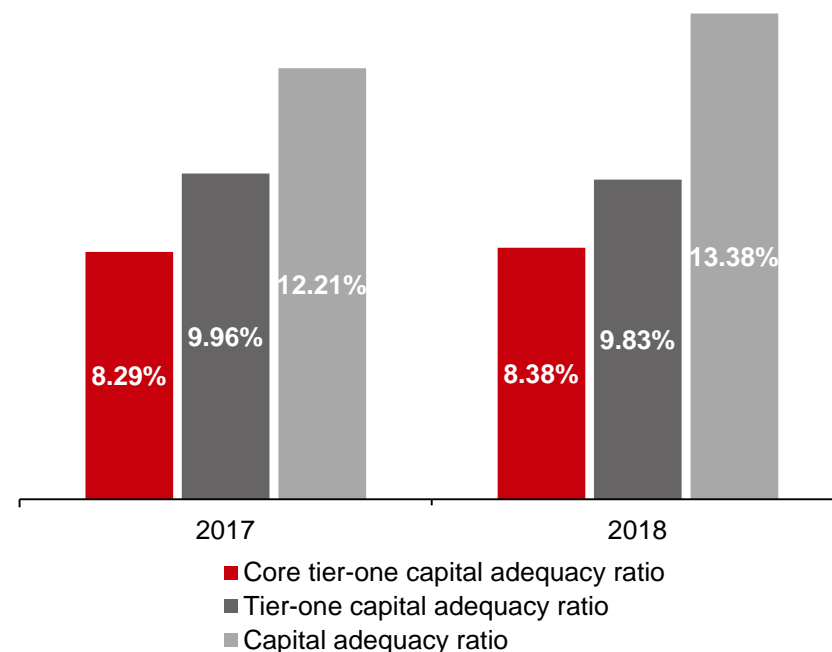


Continuous enhancement of the capital strength

(RMB100 million)



Greater capital adequacy



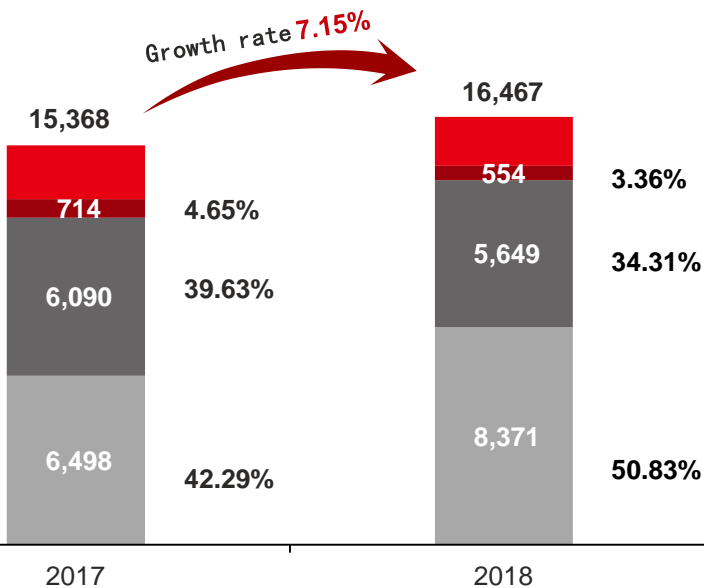
- In 2018, the Bank's net profit maintained steady growth. We replenished the core tier 1 capital by approximately RMB2.9 billion and the tier 2 capital by RMB15 billion through placing of H shares and issue of tier 2 capital bonds.

2. Steady Expansion of the Business Scale and Continuous Optimization of the Asset and Liability Structure



Greater credit asset investment and gradual optimization of the asset structure

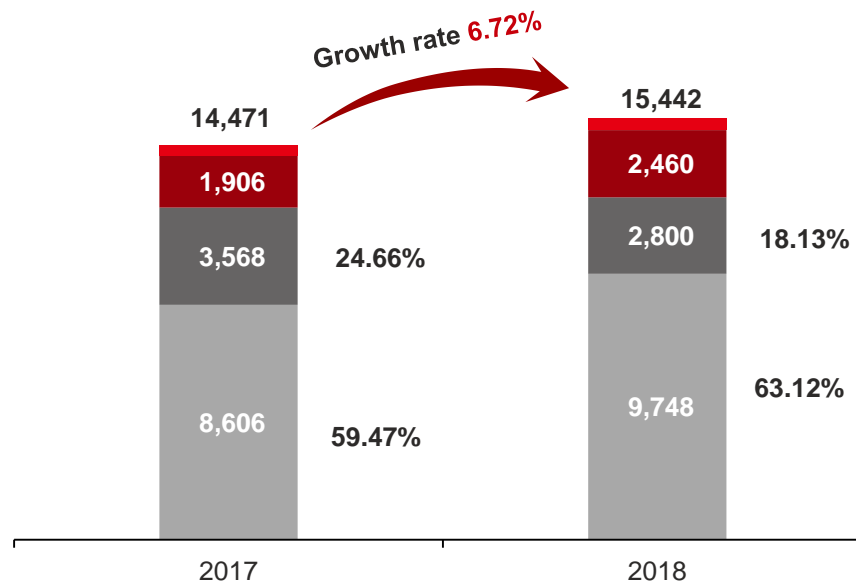
(RMB100 million)



- Others
- Due from banks and other financial institutions
- Financial investments
- Net loans and advances to customers

Steady deposit growth and more stable liability structure

(RMB100 million)



- Customer deposits
- Due to banks and other financial institutions
- Debt securities issued
- Others

- The Bank actively supported the real economy and increased the credit asset investments, with the loan amount exceeding 800 billion, thus achieving a significant growth.
- The Bank enhanced deposit organization and stabilized the source of liabilities, with the customer deposit to total liabilities ratio increasing by 3.65 percentage points to 63.12%.

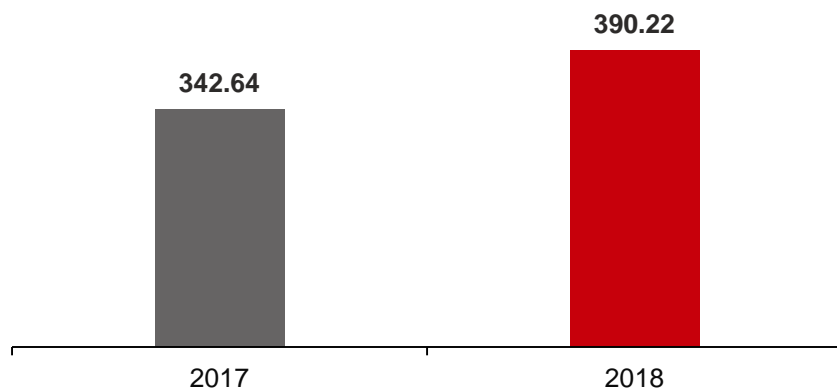
3. Faster Growth in the Operating Income and Continuous Optimization of the Income Structure



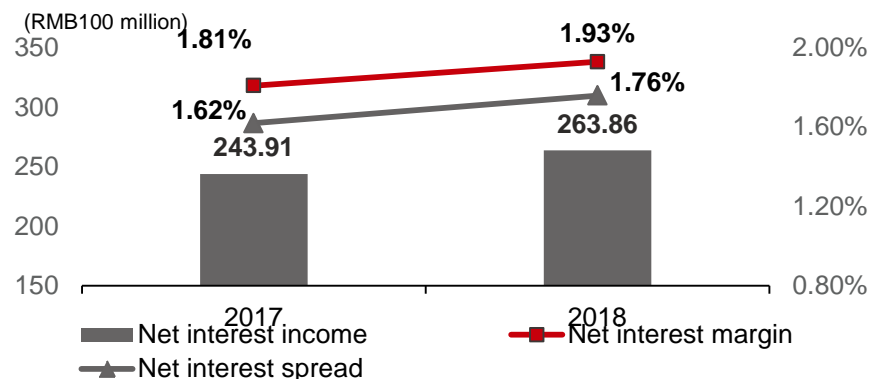
Continued growth in the operating income

(RMB100 million)

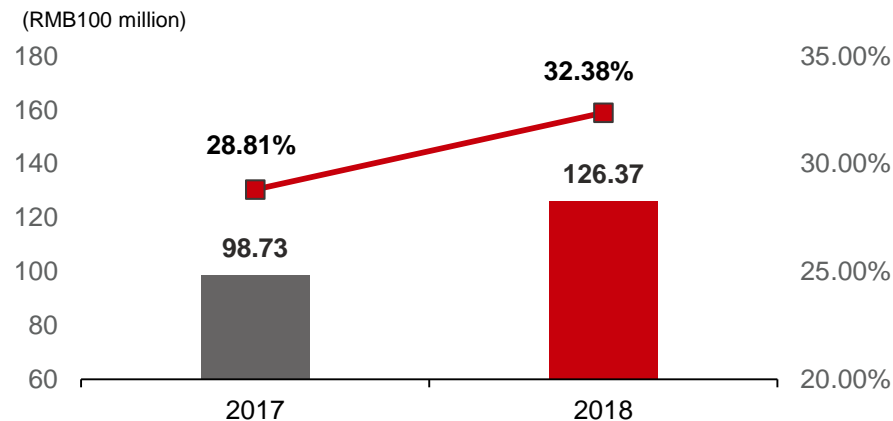
Growth rate **13.89%**



Pick-up in the net interest margin and net interest spread, growth in the net interest income as compared with last year



Increase in the net non-interest income to operating income



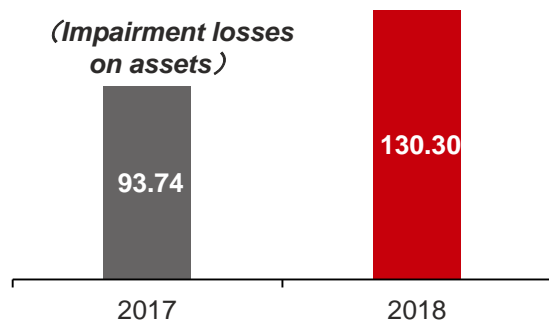
4. Overall Risk Profile Under Control and Improvement in Comprehensive Management Ability



Prudent provision for expected credit loss

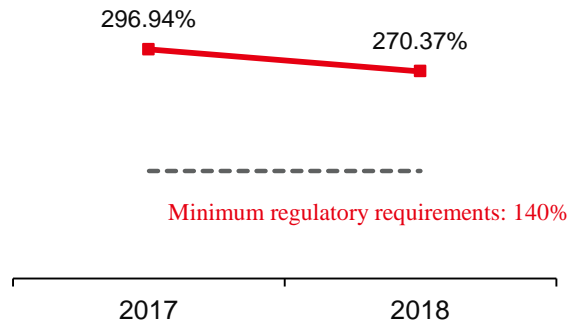
(RMB100 million)

(Impairment losses on assets)



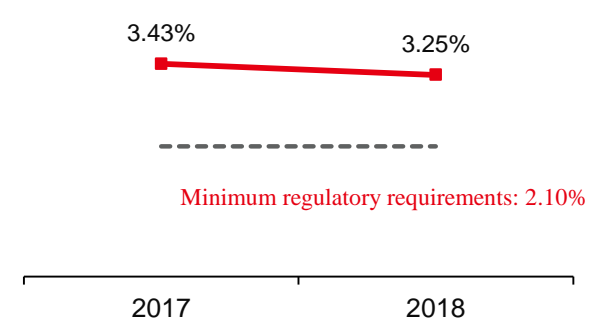
Allowance to non-performing loans remaining at a high level

296.94%
270.37%



Relatively stable Allowance to total loans

3.43%
3.25%



Continuous Improvement in Liquidity Risk Management Ability and Liquidity Indicator

Profitability indicators	2018	2017	Changes in percentage point	Minimum regulatory requirements
Liquidity coverage ratio	215.50%	199.83%	↑15.67	100%
Liquidity ratio	52.60%	50.90%	↑1.70	25%
Net stable fund ratio	109.69%	N/A	N/A	100%

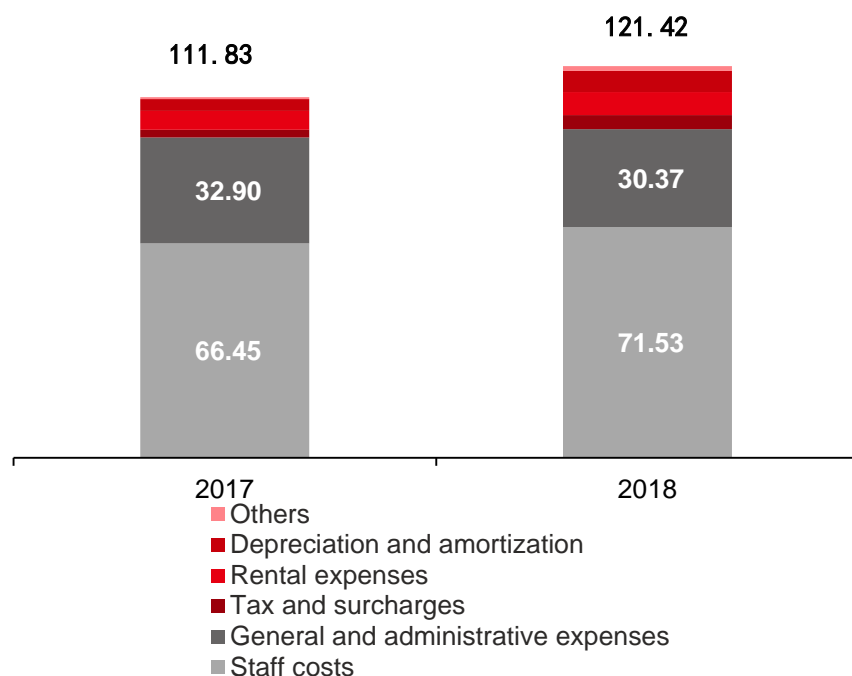
Note: Since July 2018, the net stable fund ratio has been included as a regulatory indicator according to the Measures for the Liquidity Risk Management of Commercial Banks published by China Banking and Insurance Regulatory Commission.

5. Progress in “Consumption Reduction, Income Increase and Cost Saving”, Decline in the Cost-to-income Ratio

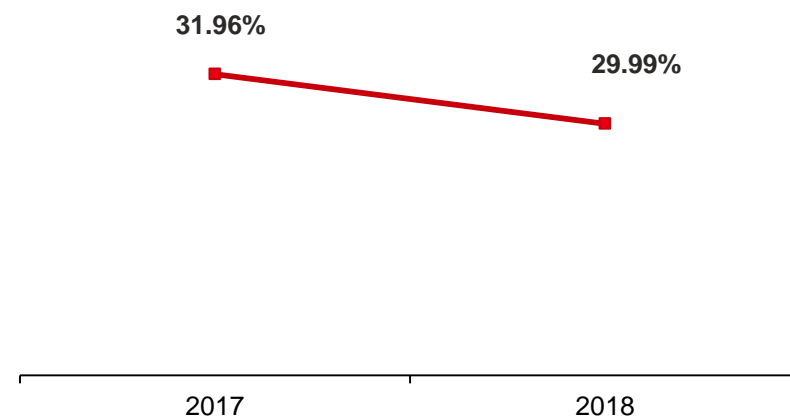


Slight increase in operating expenses as compared with last year

(RMB100 million)



Decline in the cost-to-income ratio as compared with last year



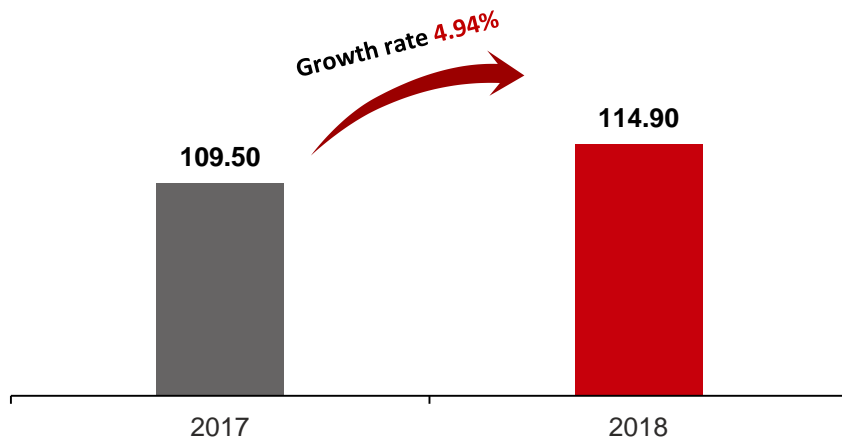
Note: Cost-to-income ratio is calculated by operating expenses (excluding tax and surcharges) divided by operating income

6. Continuous Growth in the Net Profit, Increase in the Earnings per Share as Compared with Last Year



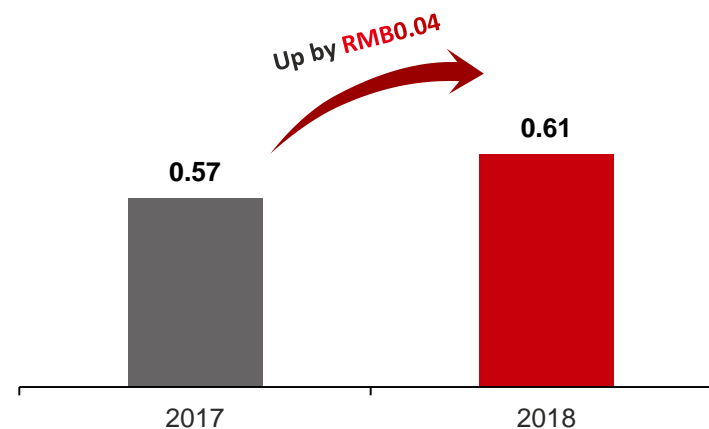
Continuous increase in the net profit attributable to shareholders of the Bank

(RMB100 million)



Increase in the basic earnings per share as compared with last year

(RMB)



Year-on-year decrease in the return on average total assets and return on average equity

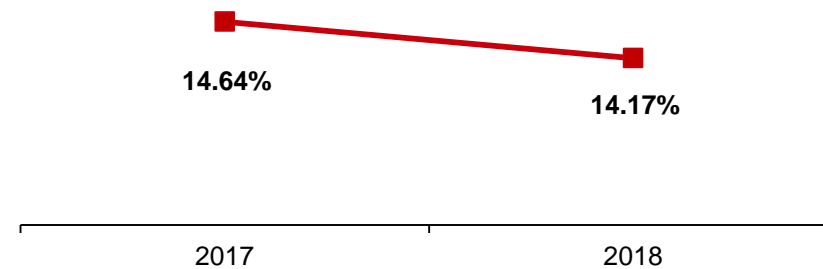
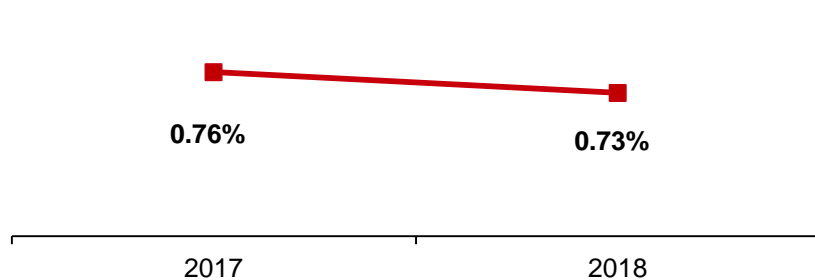




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Business Development

1

**Optimizing Three Major Platforms for Corporate Business
Prominent Result in Providing Liquidity Service**

2

**Inter-bank Financial Segment in Healthy Development
and Trading Service in Steady Progress**

3

**Multiple Measures Taken For Small Enterprise Business
Continuously Upgrade Hearted Service**

4

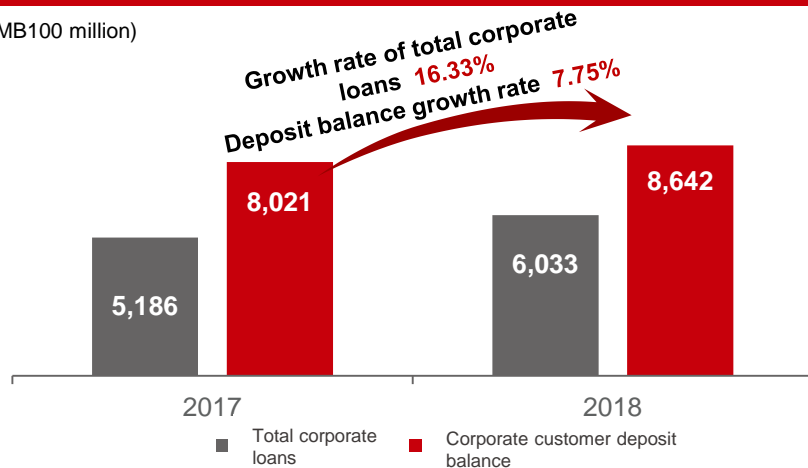
**Continuous Innovations on Retail Banking Business with
a Wealth Management Bank Taking Shape**

1. Optimizing Three Major Platforms for Corporate Business Prominent Result in Providing Liquidity Service



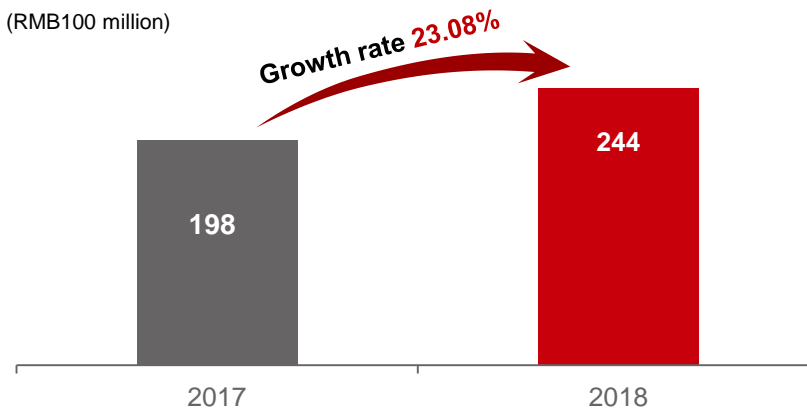
Balance of Deposits and Loans of Corporate Customers

(RMB100 million)



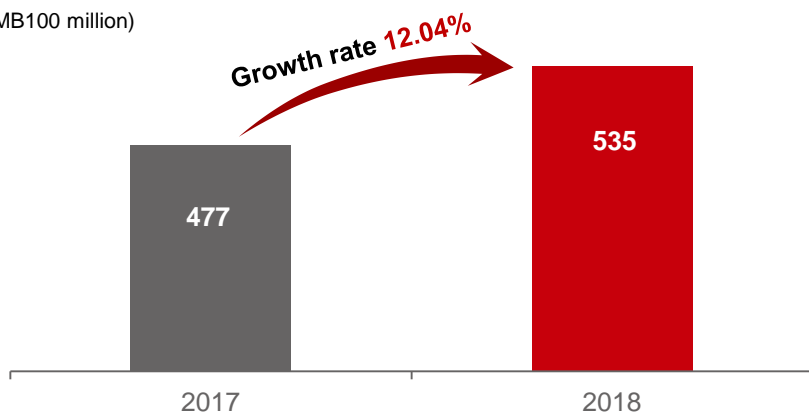
Operating Income from Corporate Banking Business

(RMB100 million)



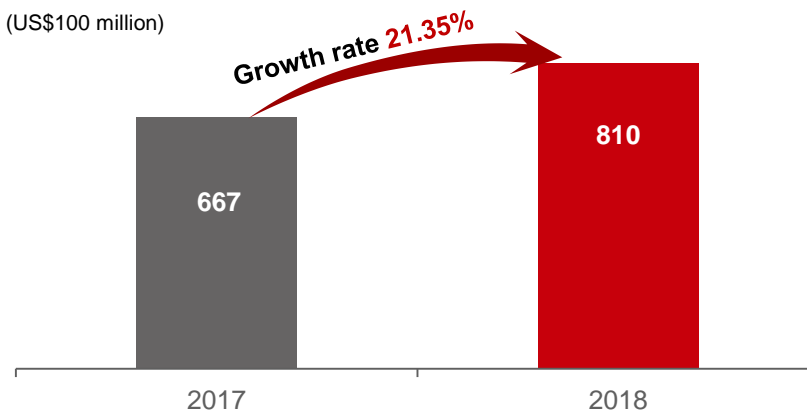
Intelligent Manufacturing Credit Balance

(RMB100 million)



International Settlement

(US\$100 million)



1. Optimizing Three Major Platforms for Corporate Business Prominent Result in Providing Liquidity Service (Cont)



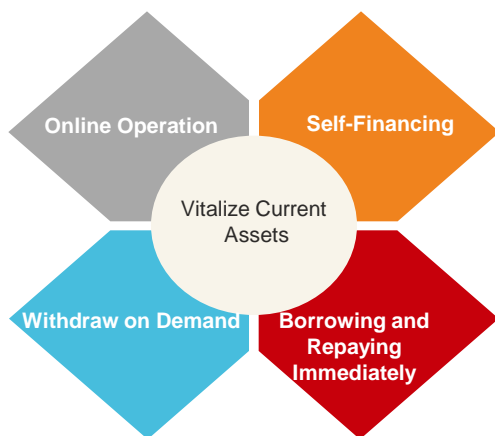
Efforts to establish a “corporate liquidity service bank”, through the “three major platforms”

- The Bank innovated the philosophy of “Internet + Real Economy Enterprises + Financial Service”, and established the pooled financing platform, Yiqiyin (易企银) platform and accounts receivable chain platform, and continuously promoted financial technology application, and innovatively launched “Yong Jin Treasure (涌金司库)”, “Order Connect (订单通)”, “Manifest Connect (仓单通)”, “Installment Connect (分期通)” and other innovative business models, and special credit models of “A+B” and “H+M”, based on the three major platforms, so as to help real enterprises reduce leverage and cost, and construct a “corporate liquidity service bank”.

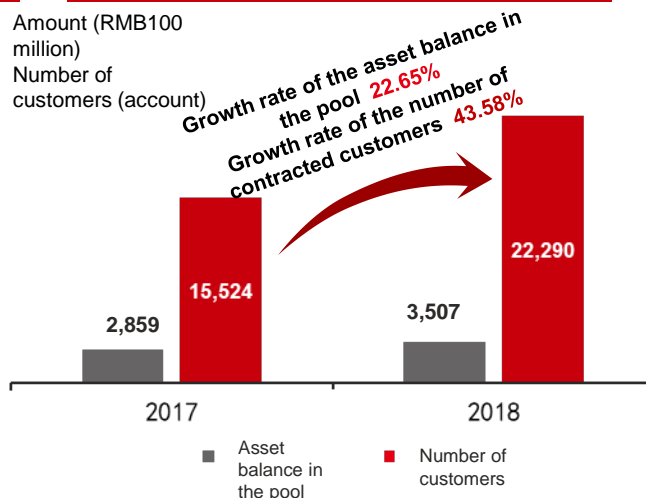
Pooled Financing Platform

- With a focus on two core requirements of enterprises, namely “reducing financing costs and improving service efficiency”, the Bank innovated “pooled” and “online” financing business models, putting into the “pool”, bills receivables, accounts receivables and other financial instruments, for unified management and the establishment of credit or financing lines; Based on the “three pools” (namely Bill Pool, Asset Pool and Export Pool), it introduced the online supply chain finance “1 + N” solution and “Zhizhen Loan (至臻贷)”, forming a complete set of comprehensive corporate liquidity financial service solutions

Advantages of Pooled Financing Platform



Asset Pool (Bill Pool) Business



Export Pool Business

Contracted customers	3,069
Accumulated pooled asset amount	US\$10,900 million
Accumulated extended export receivables financing	US\$3,600 million

1. Optimizing Three Major Platforms for Corporate Business Prominent Result in Providing Liquidity Service (Cont)



Efforts to establish a “corporate liquidity service bank”, through the “three major platforms”

Yiqiyin (易企银) Platform

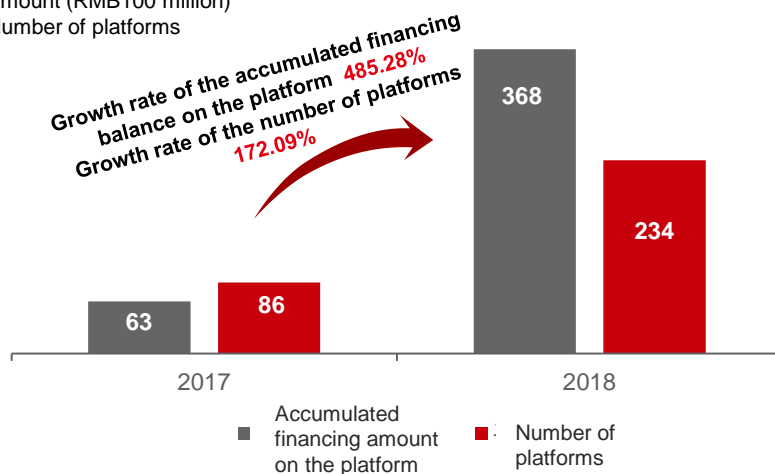
- Yiqiyin (易企银) Platform integrates professional technologies such as settlement, credit and financing, and innovates the model of cooperation with enterprise group, core supply chain enterprises and internet transaction platform
- It facilitates online financing and cost reduction of upstream and downstream enterprises in the supply chain, and supports core enterprises in developing a good supply chain ecosystem.

Accounts Receivable Chain Platform

- The accounts receivable chain platform is an enterprise-bank cooperation platform which was designed and developed by the Bank, using internet, blockchain and other innovative technologies, for the purpose of settling problems and difficulties of enterprises in collecting accounts receivable.
- Corporate accounts receivable can be converted into an electronic payment, settlement and financing tool to help enterprises easily vitalize current assets, reduce account payables and activate account receivables

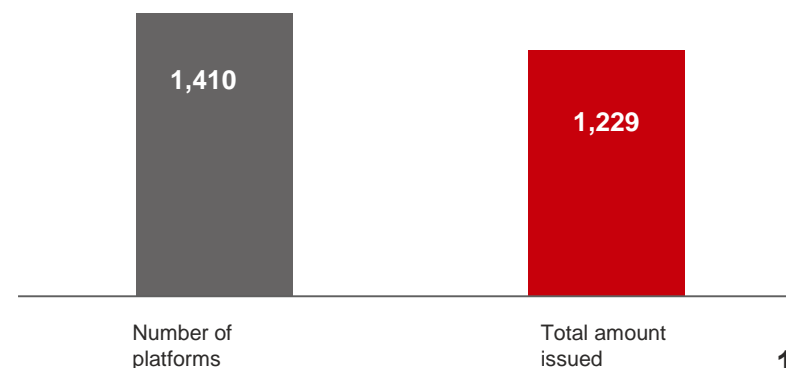
Yiqiyin Platform Growth Rate

Amount (RMB100 million)
Number of platforms



Development of Accounts Receivable Chain Platform

Amount (RMB100 million)
Number of platforms



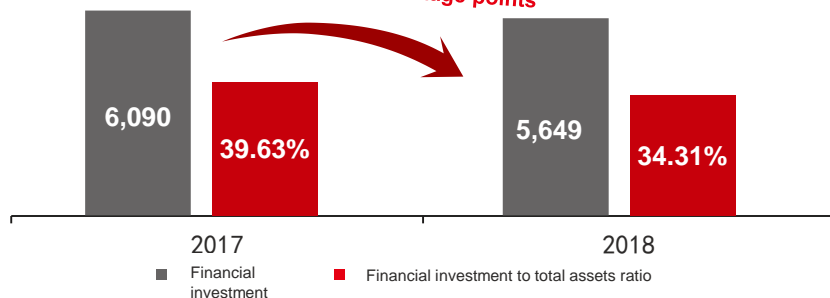
2. Inter-bank Financial Segment in Healthy Development and Trading Service in Steady Progress



Financial Investment

(RMB100 million)

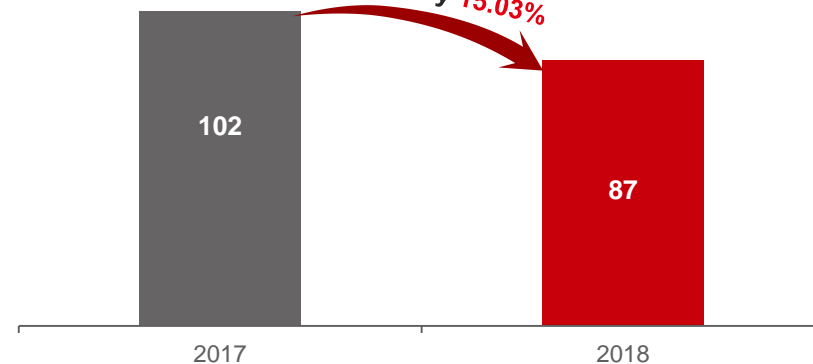
Financial investment down by 7.24%
Ratio of the financial investment to the total assets down by 5.32 percentage points



Operating Income from the Treasury Business Segment

(RMB100 million)

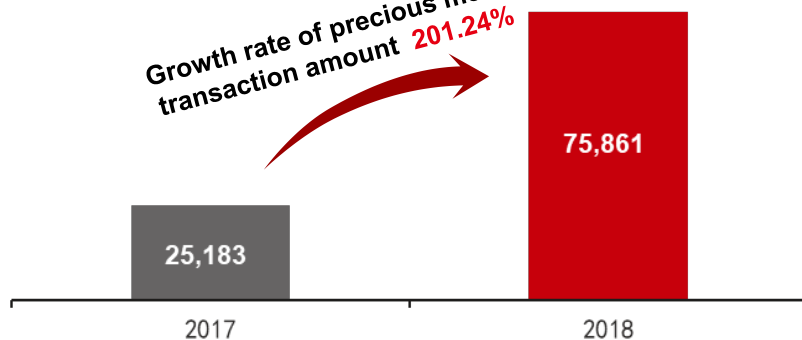
Down by 15.03%



Amount of Precious Metal Transactions

(Ton)

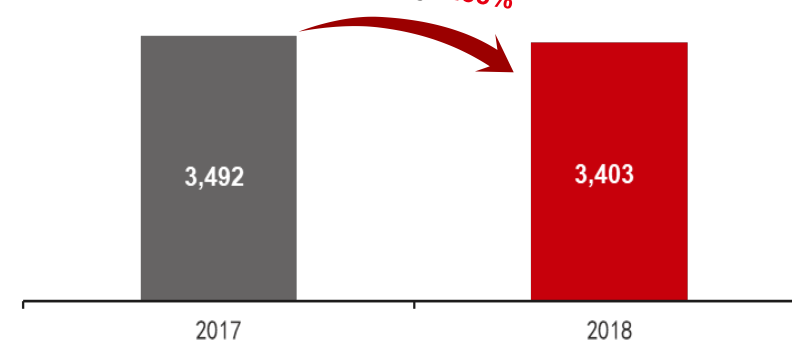
Growth rate of precious metal transaction amount 201.24%



Balance of wealth management products

(RMB100 million)

Down by 2.55%



2. Inter-bank Financial Segment in Healthy Development and Trading Service in Steady Progress (Cont)



Financial Market Business

- The Bank continuously constructed a comprehensive FICC platform to strengthen its ability to innovate cross-border businesses and businesses between markets and asset classes, and its ability to serve customers; and in a timely manner, adjusted investment strategies according to changes in the environment, thus achieving continuous increase in the foreign and local currency transactions and precious metal transactions
- In 2018, the amounts of bond transactions and oversea interest rate derivatives transactions increased by 109.44% and 52.73% year-on-year respectively

Capital Market Business

- The Bank actively complied with requirements of regulatory policies, and promoted business transformation, optimized business models and product systems, improved business processes and the ability to proactively manage assets, according to new regulations on asset management
- The Bank further enhanced product innovation and carried out beneficial exploration of fields including direct investment in equity and debt-to-equity swap, thus preliminarily forming a relatively sound innovative business system and supporting mechanism

Inter-bank Business

- The Bank downsized the scale, conducted upgrade and transformation, and put into operation the inter-bank asset pool, under the principle of “customer orientation and sales enhancement”, thus making a breakthrough in selling blockchain assets of receivables
- In terms of asset allocation, the Bank enhanced the support for the financing of corporate customers, and developed low-cost and customized financing solutions for real customers, through diversified inter-bank investment products, so as to better meet the demands of the real economy

Asset Management Business

- The Bank was committed to building an asset management platform with cross-market multi-tool portfolio application, leading professional efficiency and one-stop customer demand satisfaction
- By 2018, the Bank issued wealth management products in the amount of RMB754.2 billion, representing a year-on-year increase of 24.77%, with the fee income from asset management business reaching RMB1.4 billion

Investment Banking Department

- The Bank provided customers with direct financing services through investment banking business, continuously served the real economy, and responded to national policies in relation to supporting private enterprises, by actively supporting the implementation of bond financing support plans for private enterprises
- In 2018, the Bank, as a lead underwriter, underwrote bonds in the total amount of RMB200.1 billion, representing a year-on-year increase of 46.60%, and was ranked first in terms of corporate asset-backed securitisation in the inter-bank market

Asset Custodian Business

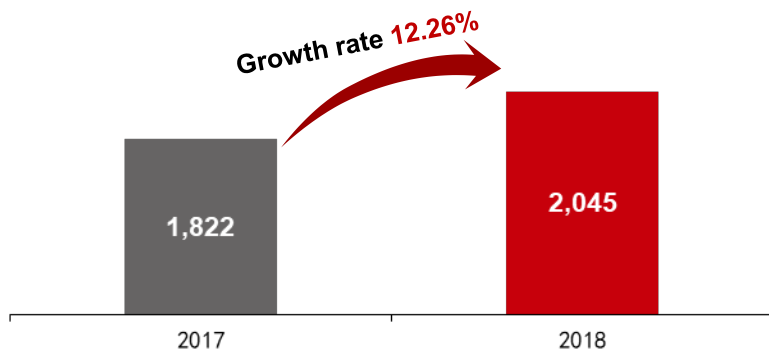
- The Bank further explored the market demand, enhanced the development of the basic customer base of the custodian business, and continuously promoted the optimization of the custodian business structure
- As at the end of 2018, the balance of assets under custody reached RMB1.61 trillion; in 2018, the total income from the custodian business was RMB0.5 billion, representing a year-on-year increase of 5.28%

3. Multiple Measures Taken for Small Enterprise Business Continuously Upgrade Hearted Service



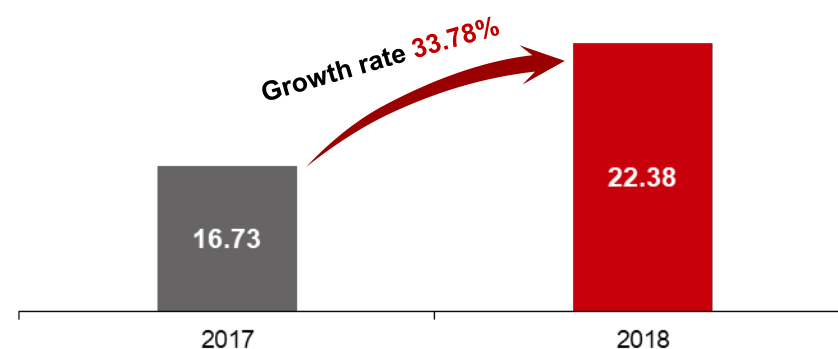
Balance of Small And Micro Enterprise Loans (National Standard)

(RMB100 million)



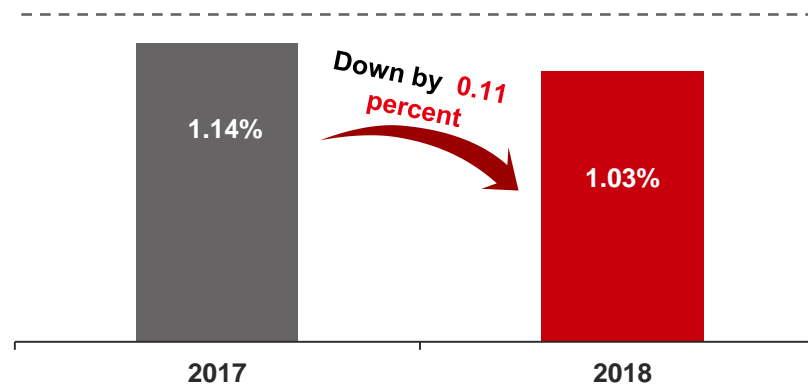
Number of Small and Micro Business Customers Served

(10 thousand accounts)



Non-performing Loan Ratio of Small and Micro Enterprise Loans under Inclusive Finance

Non-performing loan ratio in the whole industry 1.20%



3. Multiple Measures Taken for Small Enterprise Business Continuously Upgrade Hearted Service (Cont)



Continuously optimizing the granting method, promoting the rapid growth of the small and micro customer base

- The Bank actively participated in the development of new economy, enhanced the finance service for the industry chain and industrial parks of small and micro enterprises, and supported the transformation and upgrade of small and micro enterprises, using special products including “Zhizao Loan (智造贷)”
- As at the end of 2018, the balance of small and micro enterprise loans granted in new industries was RMB52.1 billion, representing an increase of RMB9.8 billion or 23.32% compared with the end of last year

Accelerating digital inclusive transformation, giving play to the advantages of new technologies

- The Bank provided small and micro business customers with 24/7 service, through financial technologies including internet and big data; and accelerated the development of pure online businesses, promoting the pure online “Easy Loan (点易贷)” business
- As at the end of 2018, the total amount of credit granted in pure online businesses exceeded RMB10 billion, serving approximately 32 thousand small and micro business customers

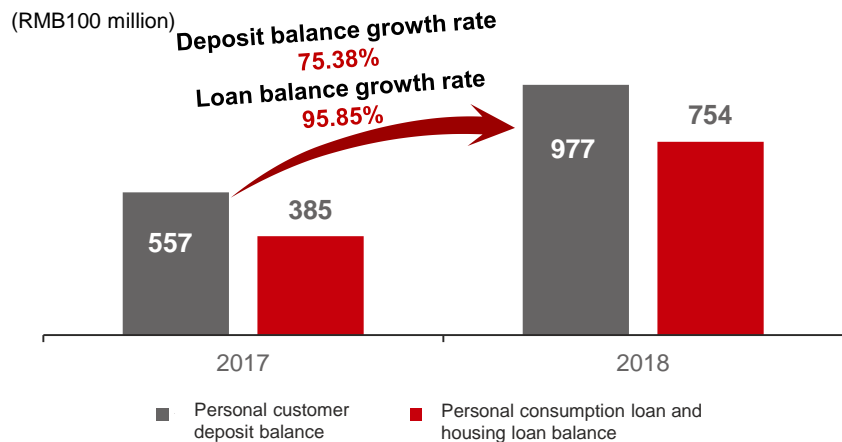
Deeply tapping into customer potential, improving the comprehensive service level

- The Company strengthened the use of “three major platforms”, actively promoted “large enterprise-small enterprise linkage”, enhanced the comprehensive marketing of products between business lines, so as to provide customers with more flexible and convenient financial services
- As at the end of 2018, the average number of products used by small and micro business customers was 5.03, representing an increase of 0.51 compared with that at the beginning of the year

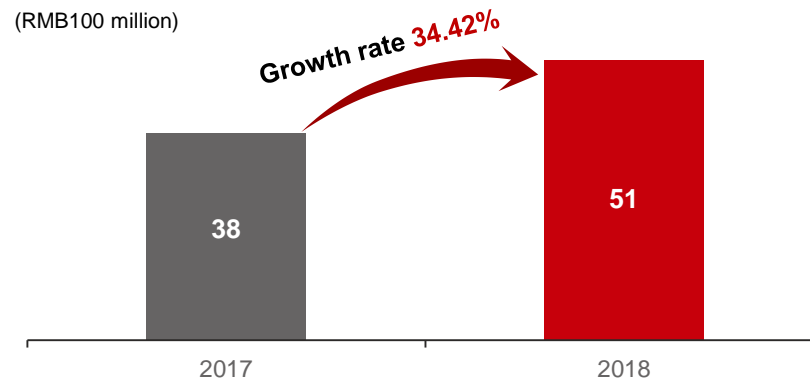
4. Continuous Innovations on Retail Banking Business with a Wealth Management Bank Taking Shape



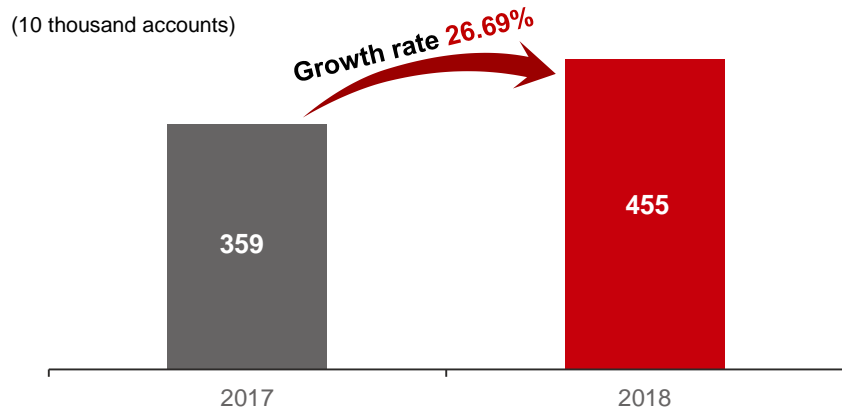
Personal Deposit and Loan Balance



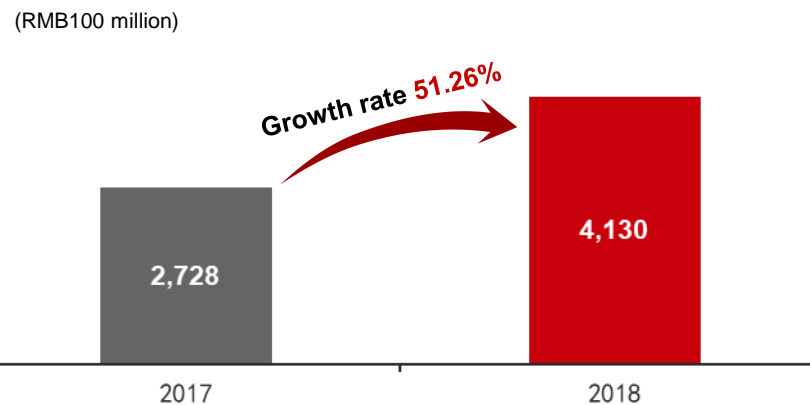
Operating Income from the Retail Banking Business



Number of Effective Personal Customers



Balance of Personal Financial Assets



4. Continuous Innovations on Retail Banking Business with a Wealth Management Bank Taking Shape (Cont)

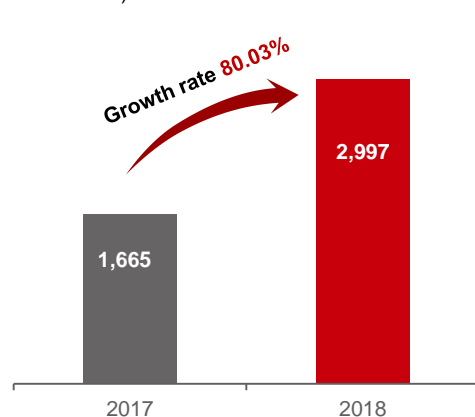


Continuously improving the wealth management capability

The Bank focused on “Finance Market” and “Wealth Cloud” and integrated wealth management products including Yongle Finance, Characteristic Deposit and Delegated Investment & Finance, so as to increase the returns on assets while meeting customers’ liquidity needs

Personal Wealth Management Balance

(RMB100 million)

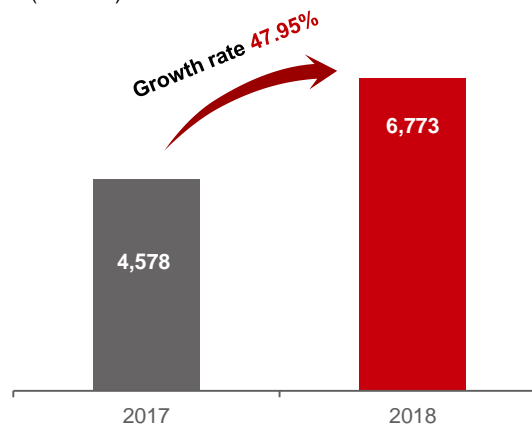


Developing the core competitiveness of private banking

Through perfecting products, optimizing special services, strengthening the establishment of a professional team and otherwise, the Bank improved the capacity in terms of customer service, wealth appreciation and asset allocation

Number of Private Banking Customers

(Account)



Actively adapting to market changes in terms of credit card businesses

The Bank deeply tapped into the financial character of internet, and realized the business transformation of credit cards, continuously perfected the scenario-based instalment system, and built a distinguishable brand identity

Number of Cards Issued and Overdraft Balance

(RMB100 million, 10 thousand pieces)

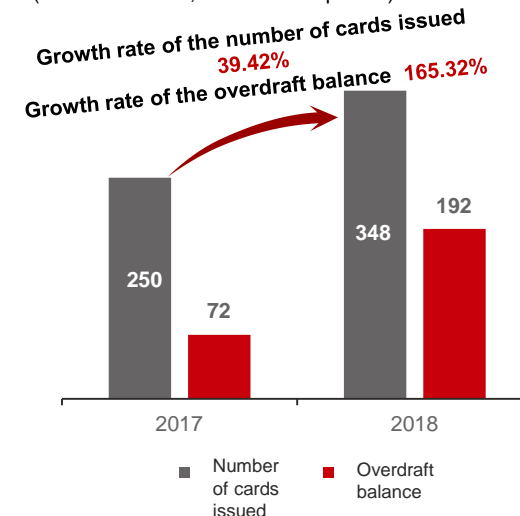




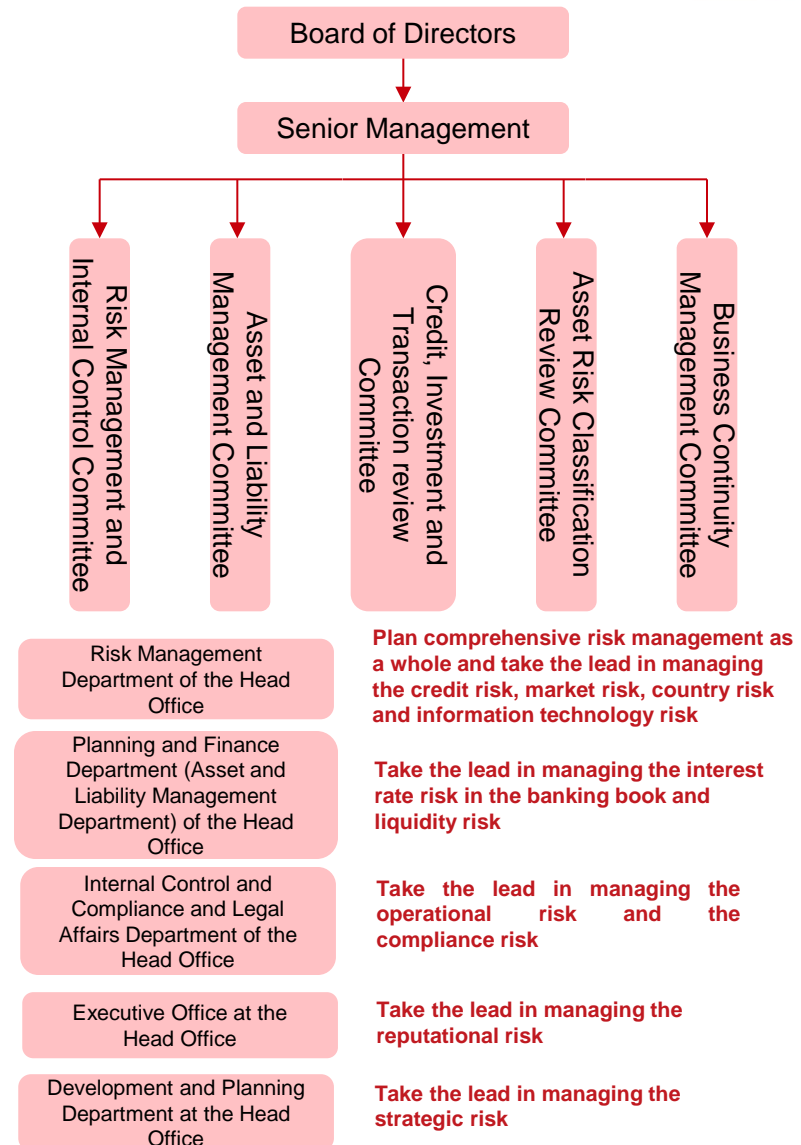
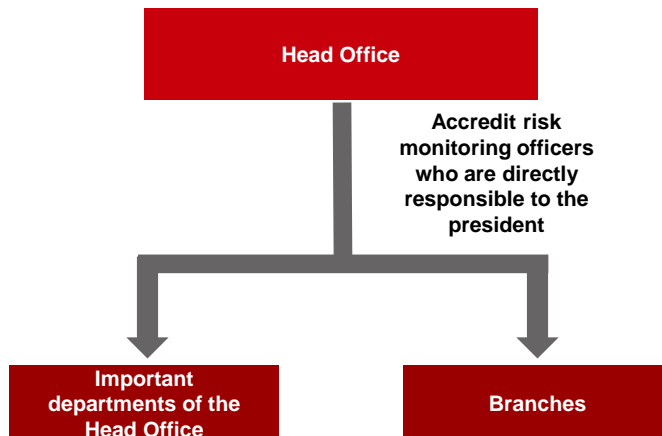
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Build a Comprehensive Risk Management System



- The Bank adopts an “active and solid” risk appetite, and innovates management approaches by structure adjustment and legal operation; and gradually improves the comprehensive risk management system that is in line with operation strategies
- The Bank’s Board of Directors takes the ultimate responsibility for comprehensive risk management; the Board of Supervisors is responsible for supervision of comprehensive risk management and the Senior Management takes the responsibility for implementing comprehensive risk management. The position of chief risk officer is newly created.
- There are risk-related committees of the senior management; the Risk Management Department at our head office is the general department for comprehensive risk management, taking the lead in implementing ten types of risk management work with relevant departments.
- The Bank accredits risk monitoring officers to the departments and branches subject to higher business complexity and relatively concentrative risks at our head office, and the risk monitoring officers are independent of accrediting departments and directly responsible to the president of our head office



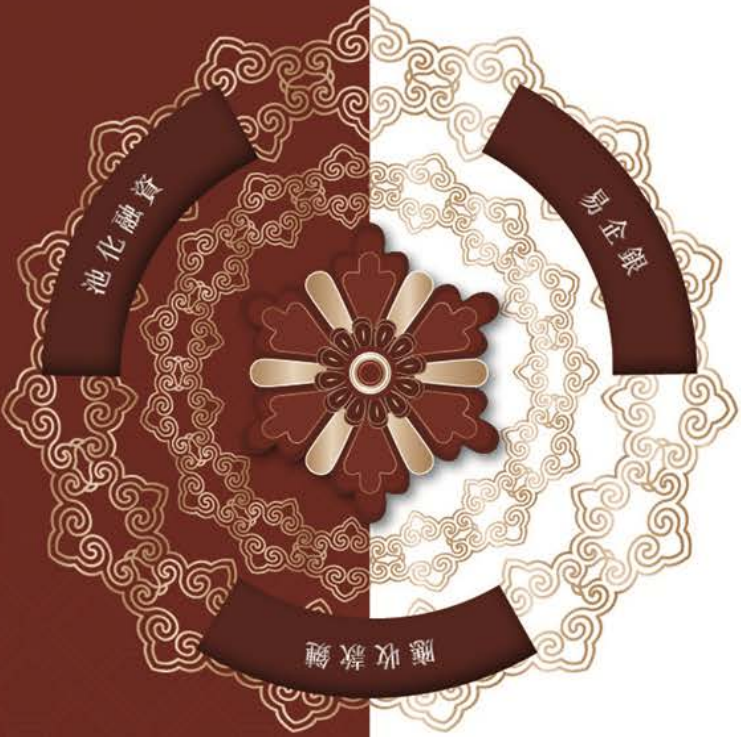


Perfecting the Risk Management System

- The Bank complied with the basic logic of risk management, and uniformly carried forward the risk concept and preference, and carried out unified management on credit extension policies and all kinds of customer post-loan, and conducted all-round monitoring on assets business
- The Bank adjusted the measures of unified credit management of corporate customers and established a hierarchical approval system for group customers and their members
- The Bank put into operation, the big data risk management and early warning platform
- The Bank enhanced the identification of risks from customers with large credit as well as risk management and control in key fields including governmental financing platform and real estate, so as to prevent large credit risks

Adjusting the Credit Business Approval Mechanism

- The Bank combined the Credit Review Department and the Financial Market Risk Control Department to carry out unified credit approval management
- The Bank perfected the “three major platform” and the credit examination and approval mechanism of supply-chain financial businesses
- The Bank established a mechanism of on-site examination and inspection by reviewers



Thank you