

2015 Annual Results

March 2016



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Key Achievements in 2015



Total assets exceeded RMB710 bn, net profit increased steadily and net profit attributable to shareholders increased by 17.9% YoY



Rapidly expanded traditional distressed asset management business with an acquisition amount of RMB85.1 bn, growing by 176.5% YoY



Effectively executed the disposal plan of DES Assets, realizing RMB4.5 bn disposal gain and dividend income in 2015



Rapidly developed asset management business with the third party AUM of private funds over RMB48.5 bn, an increase of 31.4% compared to the end of 2014



Demonstrated significant improvement in performance of financial services segment, the pre-tax income of which surging by 129.7% YoY



Signed the SPA for the acquisition of Nanyang Commercial Bank, further strengthened the synergetic operation platform and made a breakthrough in establishing strategic platform



Further diversified funding channels, optimized assets and liabilities structure, and managed liquidity prudently



Effectively monitored and controlled credit risk, market risk and operational risk under comprehensive risk management framework



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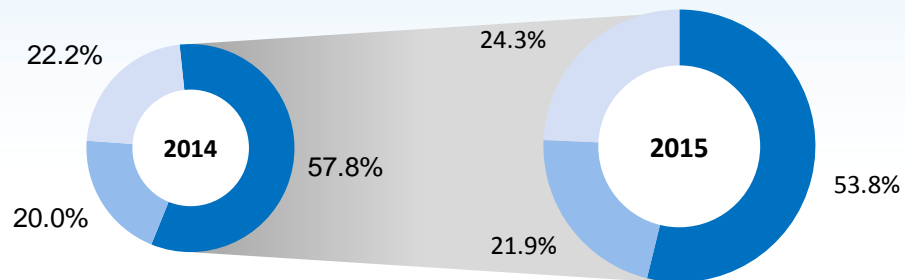
1 Business Review

2 Financial Results

3 Outlook

Balanced Development of Three Business Segments

Total Assets Breakdown by Segment

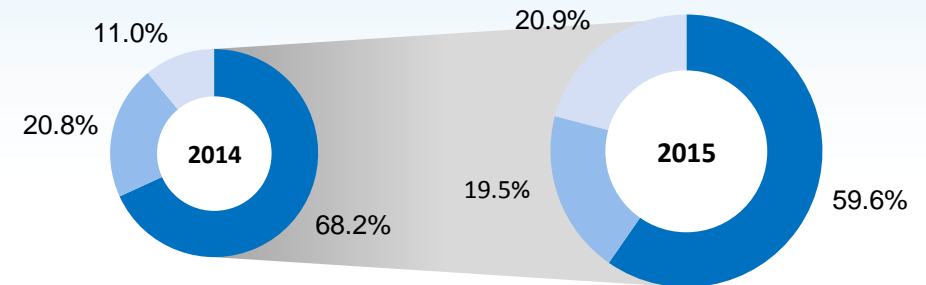


■ Distressed Asset Management ■ Financial Investment and Asset Management ■ Financial Services

Total Assets: RMB544.4 bn

Total Assets: RMB714.0 bn

Pre-tax Profit Breakdown by Segment

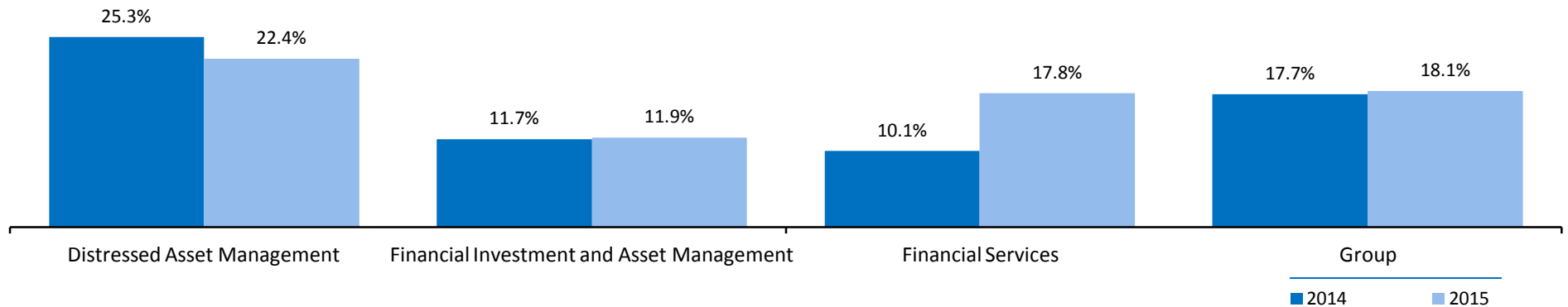


■ Distressed Asset Management ■ Financial Investment and Asset Management ■ Financial Services

Pre-tax profit: RMB16.3 bn

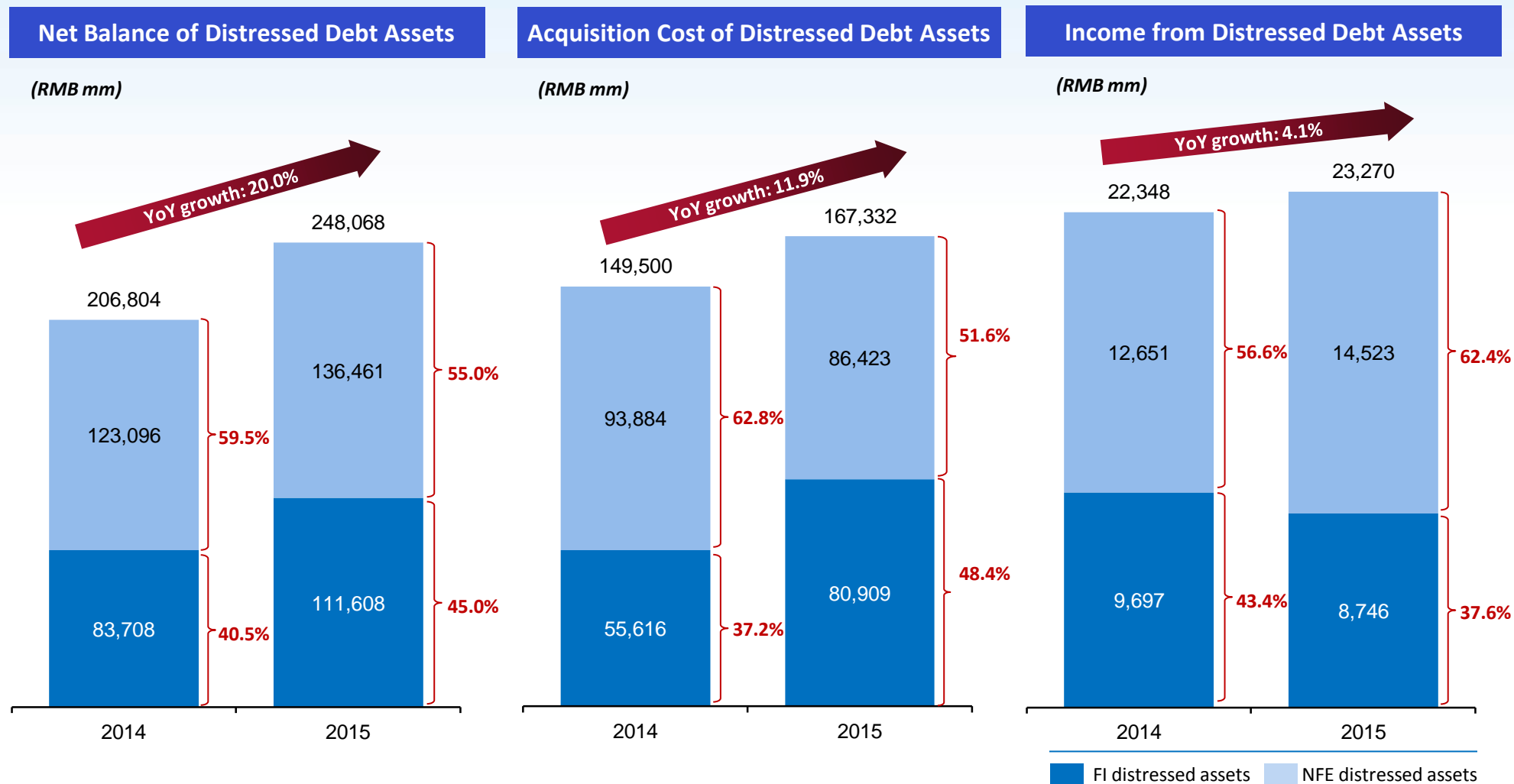
Pre-tax profit: RMB19.3 bn

Pre-tax ROAE



1 Distressed Asset Management – Distressed Debt Assets

The business scale grew steadily, of which distressed assets from financial institutions increased significantly

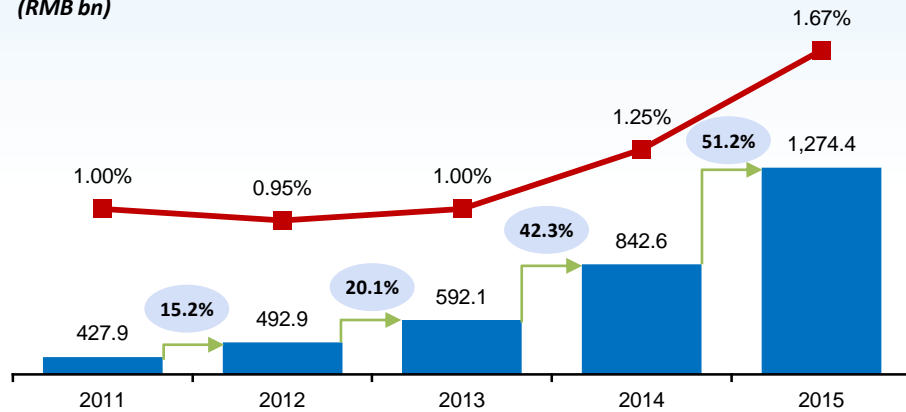


1 Distressed Asset Management – Traditional Distressed Assets

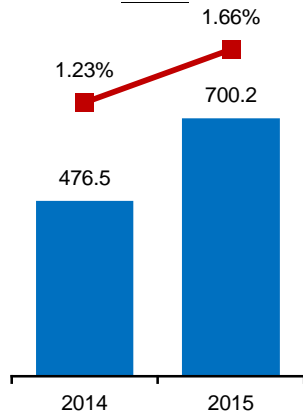
Acquisition amount increased significantly as banks accelerated disposal of NPLs

Balance of NPLs from Commercial Banks ⁽¹⁾

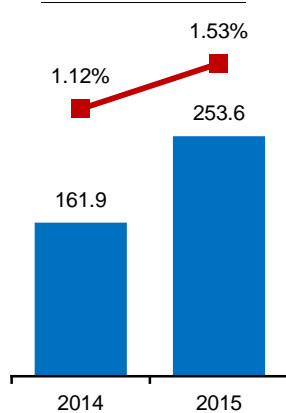
(RMB bn)



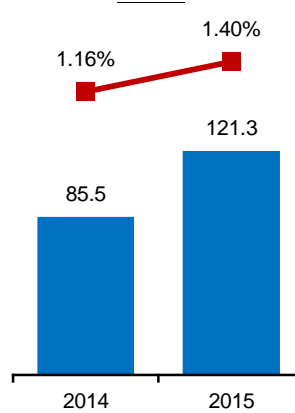
Large Commercial Banks



Joint-stock Commercial Banks



City Commercial Banks

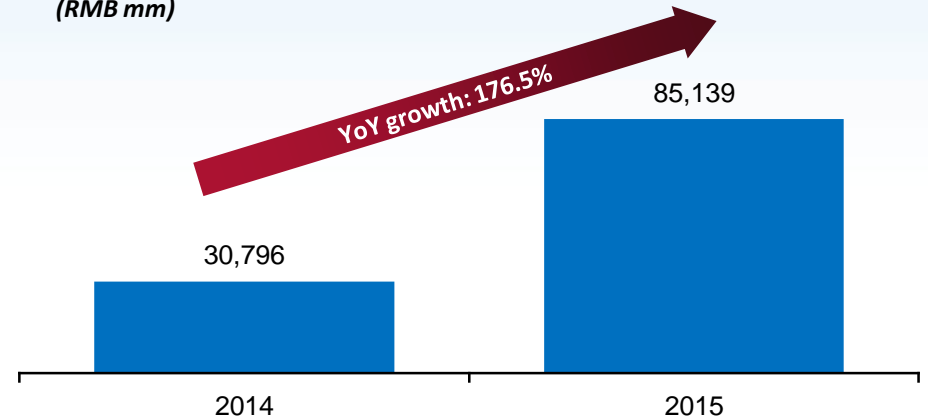


■ NPL balance

■ NPL ratio

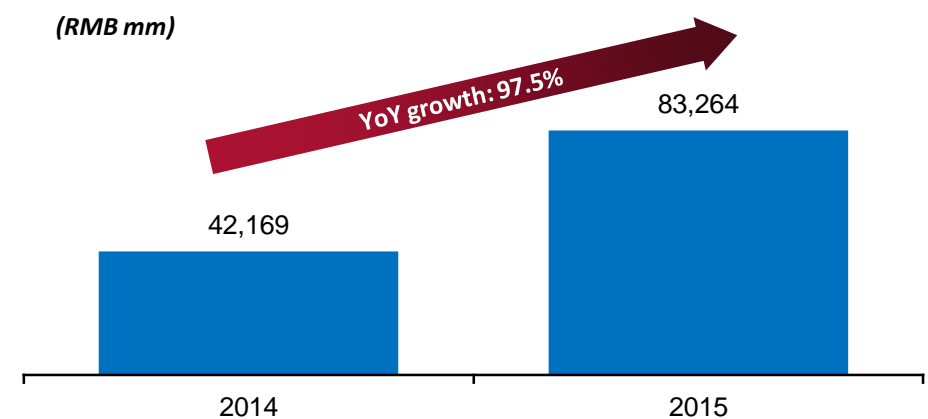
Acquisition Cost of Traditional Distressed Assets ⁽²⁾

(RMB mm)



Net Balance of Traditional Distressed Assets ⁽²⁾

(RMB mm)



(1) Source: CBRC

(2) First segment data

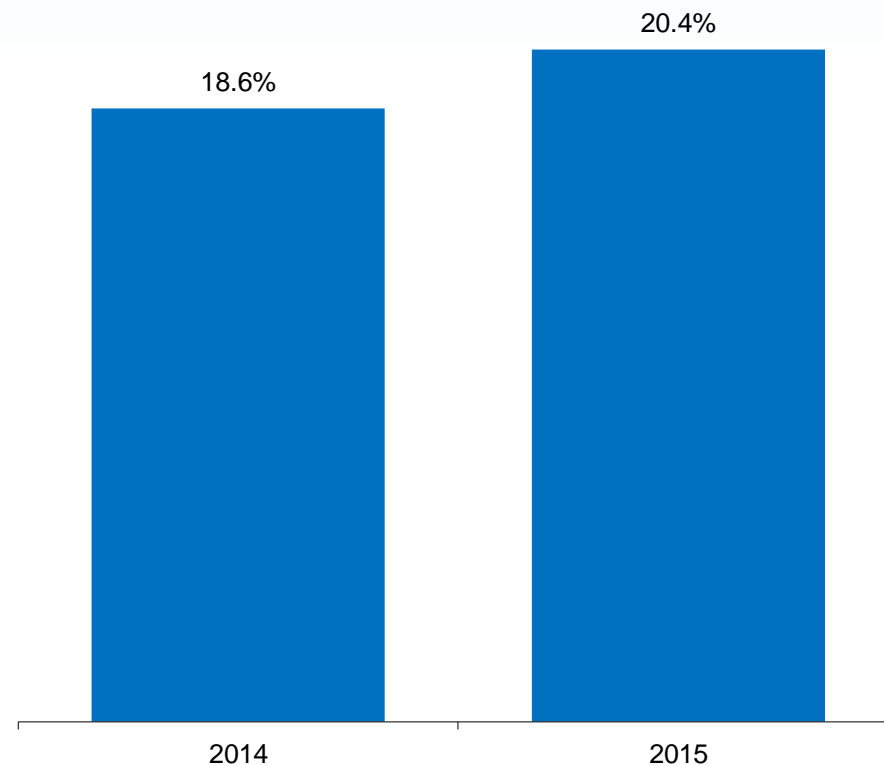
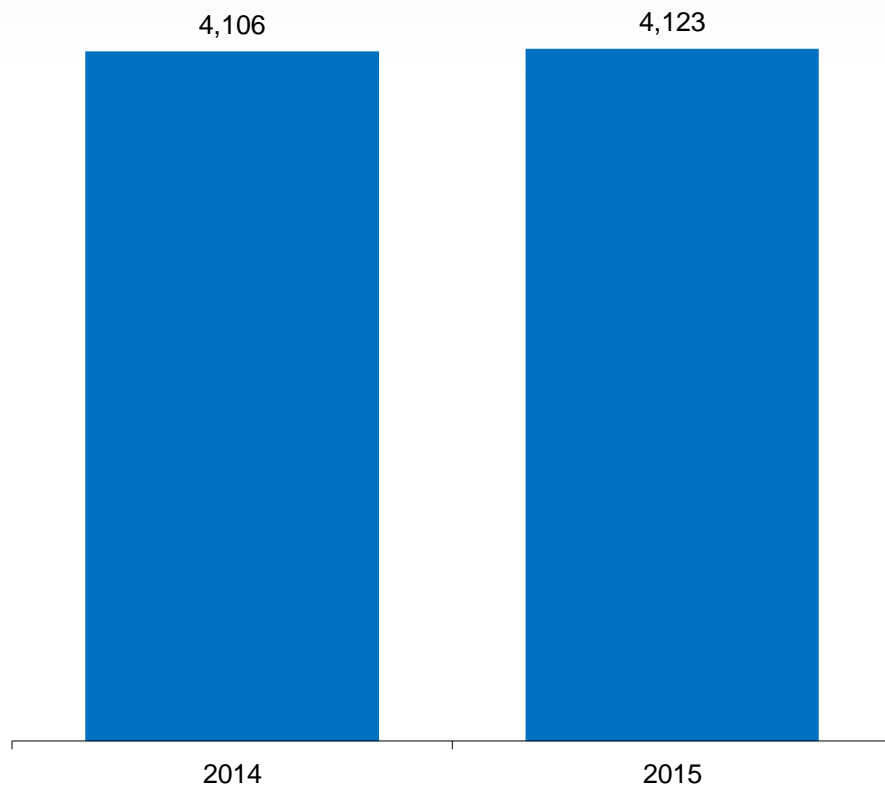
1 Distressed Asset Management – Traditional Distressed Assets

Accelerated disposal schedule while maintained stable internal rate of return

Income from Traditional Distressed Assets ⁽¹⁾

IRR ⁽¹⁾

(RMB mm)



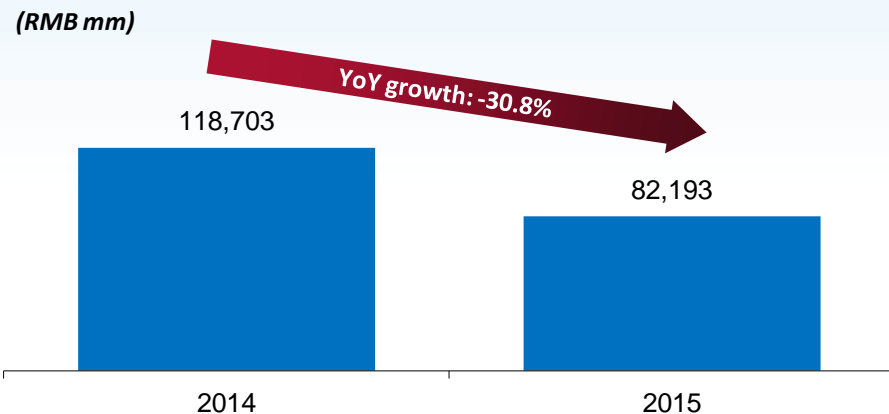
Note: Internal Rate of Returns represents the discount rate that will provide a net present value of all cash flows equal to zero

(1) First segment data

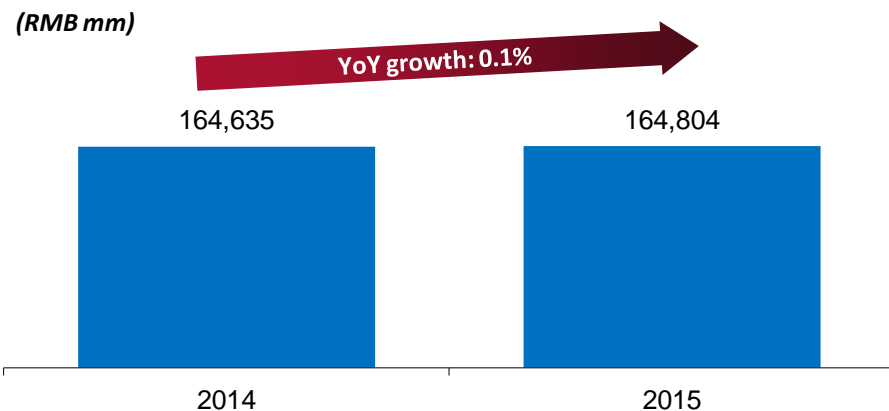
1 Distressed Asset Management – Restructured Distressed Assets

Proactively controlled acquisition scale and optimized business structure

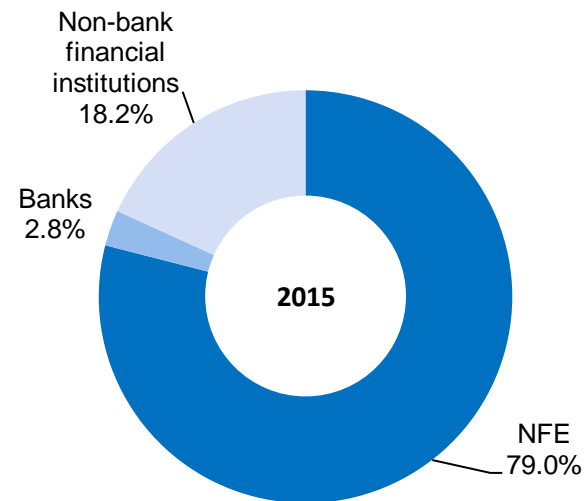
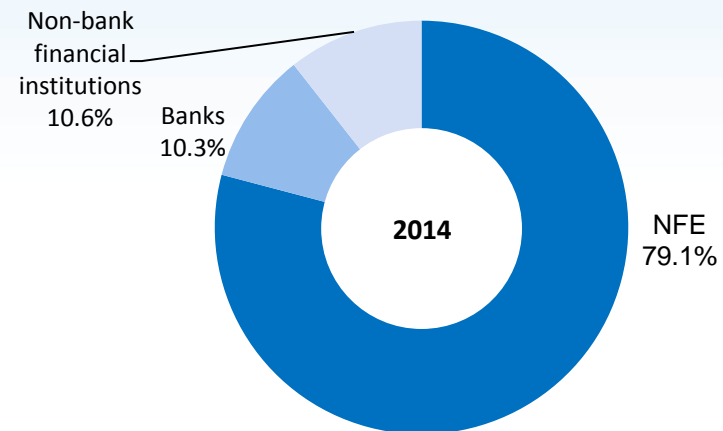
Acquisition Cost of Restructured Distressed Assets



Net Balance of Restructured Distressed Assets



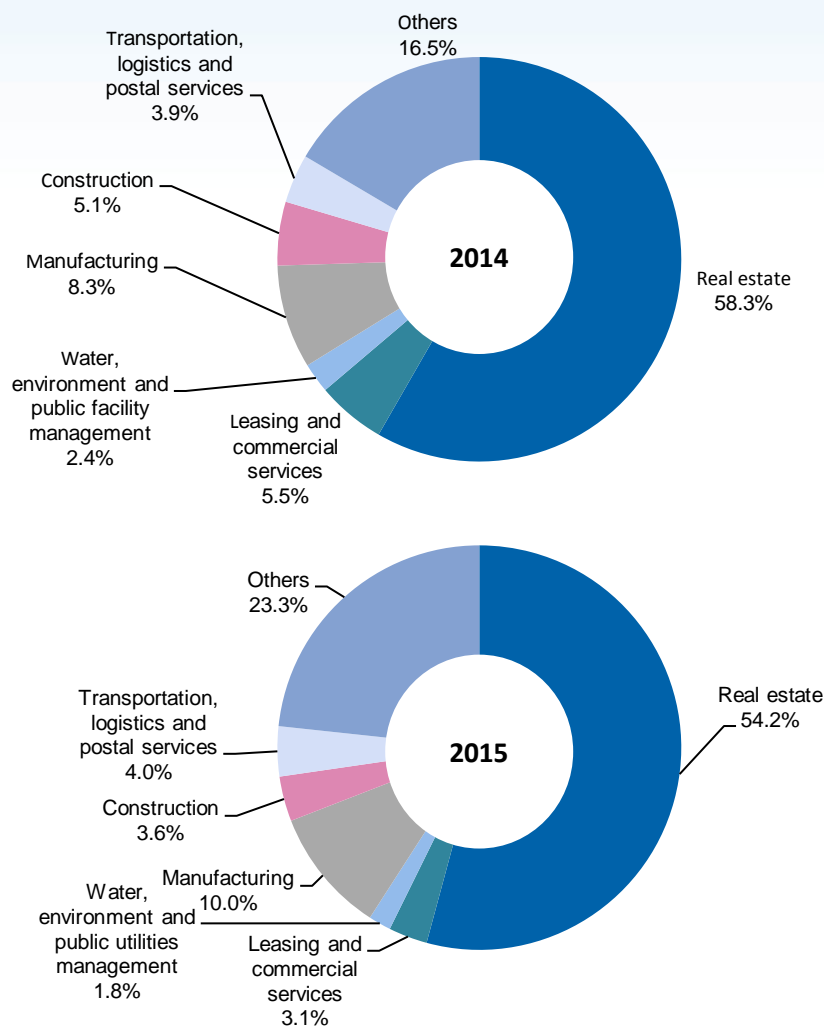
Acquisition Cost Breakdown by Sources



1 Distressed Asset Management – Restructured Distressed Assets

Steady growth and risk control are the strategic focus of Restructuring Model

Industry Breakdown



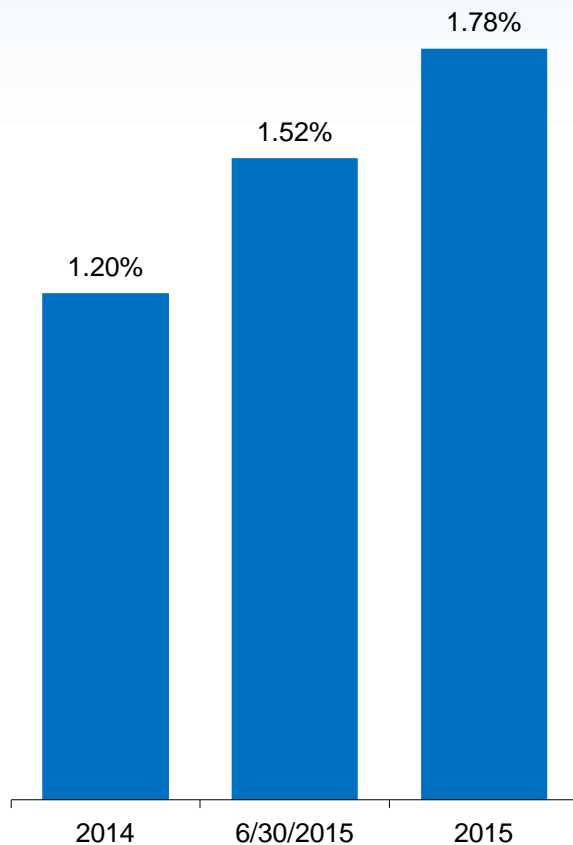
Strategic Focus

- Maintain proper scale and profit margin, and promote quality growth
 - ▶ Grasp opportunities from supply-side structural reform and cultivate longstanding and high quality clients
 - ▶ Stick to client-centric business strategies promoting business model innovation and product transformation
- Optimize asset allocation by industries and regions, and promote differentiated and specialized business development
 - ▶ Further enhance the quality of real estate projects and reasonably control the proportion of real estate projects
 - ▶ Strengthen analysis on macro economy and industries to explore business opportunities
 - ▶ Leveraging regional resources and advantages to provide differentiated services
- Solidify business management and strengthen risk control
 - ▶ Enhance risk control at due diligence to proactive manage risk
 - ▶ Strengthen risk management with regular risk monitoring and inspection
 - ▶ Accelerated the disposal of risk projects and enhance disposal capabilities

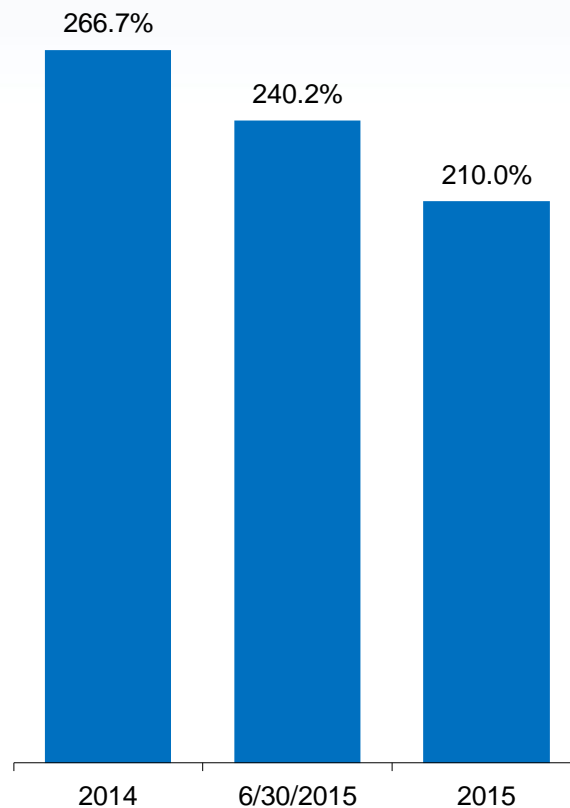
1 Distressed Asset Management – Restructured Distressed Assets

Further strengthen risk management and enhance business quality with stable profitability

Impaired Assets Ratio



Impaired Assets Coverage Ratio



Annualized Return on Monthly Average Balance

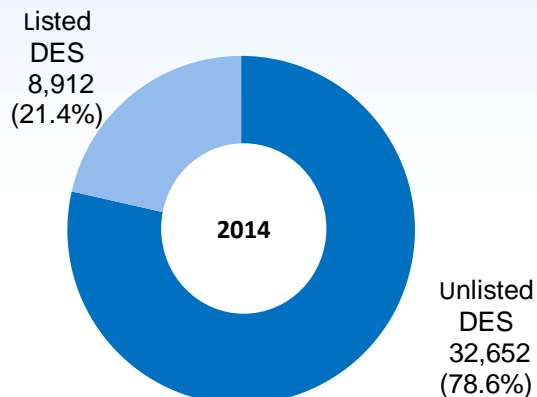


1 Distressed Asset Management – DES

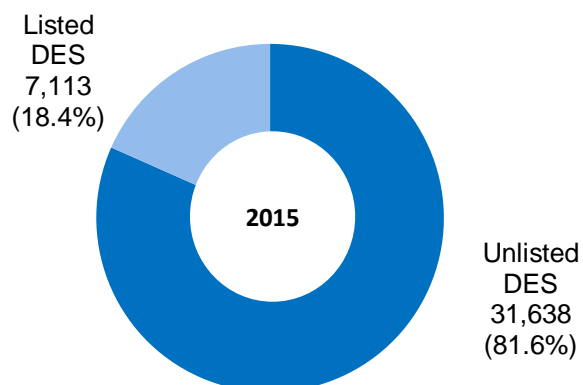
Accelerated disposal of listed assets, and the disposal of selected major projects progressed smoothly

Book Value Breakdown by Type

(RMB mm)



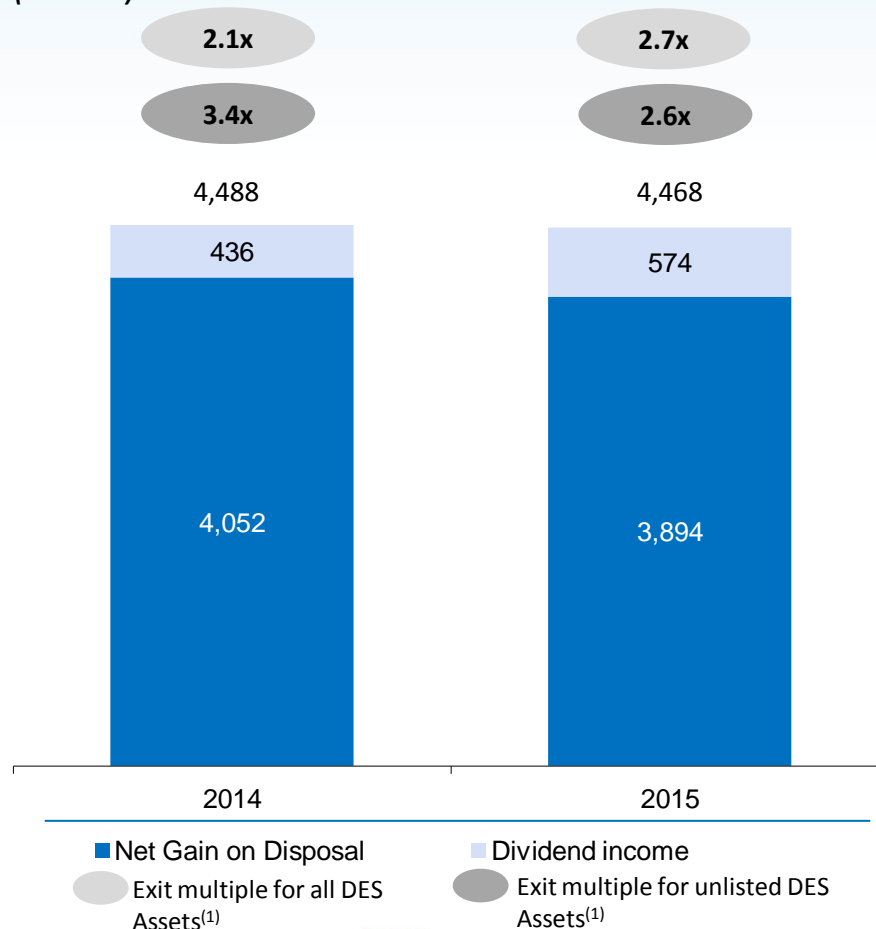
Total book value of RMB41.6 bn



Total book value of RMB38.8 bn

Dividend Income and Net Gain on DES Assets Disposed & Exit Multiple

(RMB mm)



■ Net Gain on Disposal

■ Dividend income

● Exit multiple for all DES Assets⁽¹⁾

● Exit multiple for unlisted DES Assets⁽¹⁾



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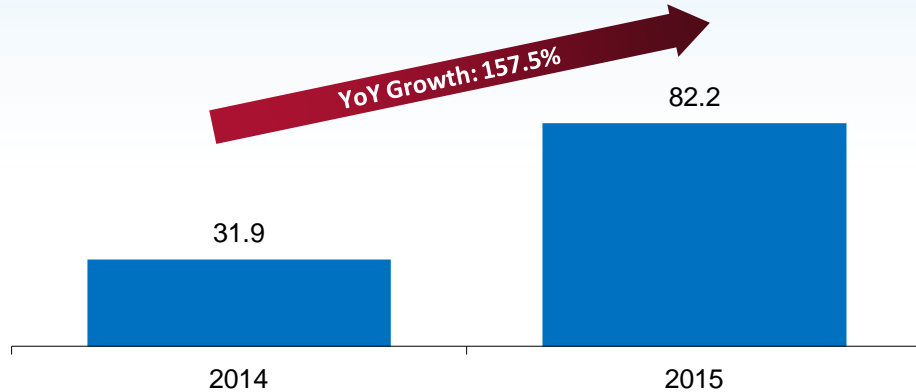
(1) (Net gain on disposal of DES Assets and acquisition cost of DES Assets disposed (net of allowance for impairment, if any); Excluding dividend income

2 Financial Investment and Asset Management

Continued to optimize investment portfolio, and income from principal investments increased significantly

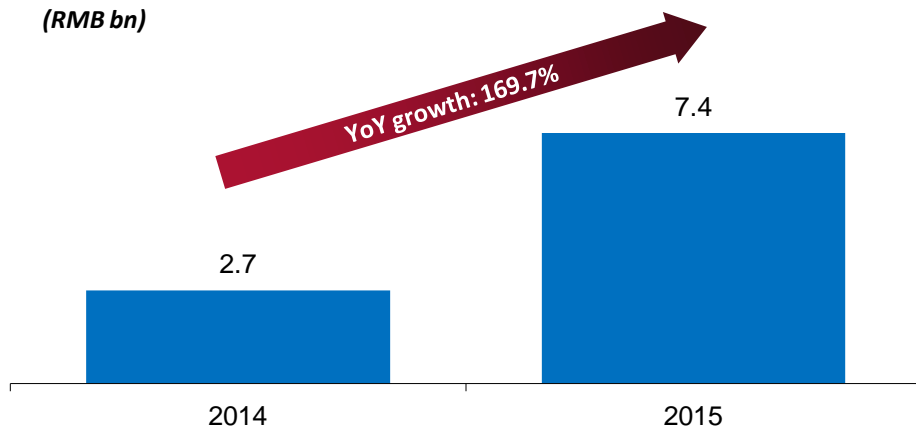
Balance of Principal Investments

(RMB bn)

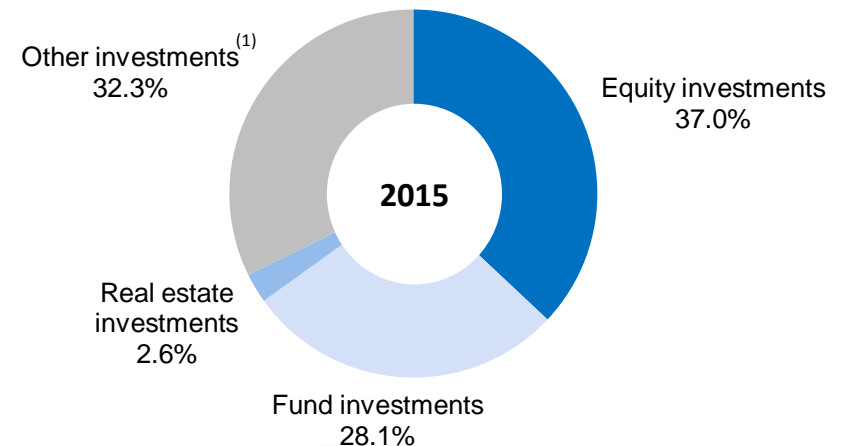
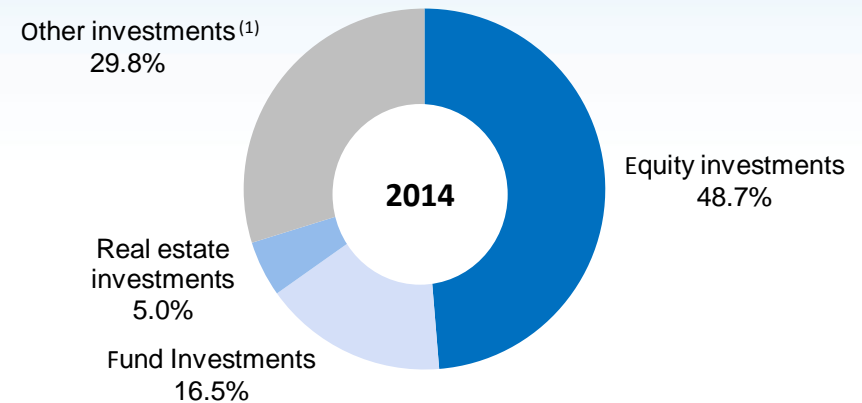


Income from Principal Investments

(RMB bn)



Principal Investments Breakdown by Investment Type



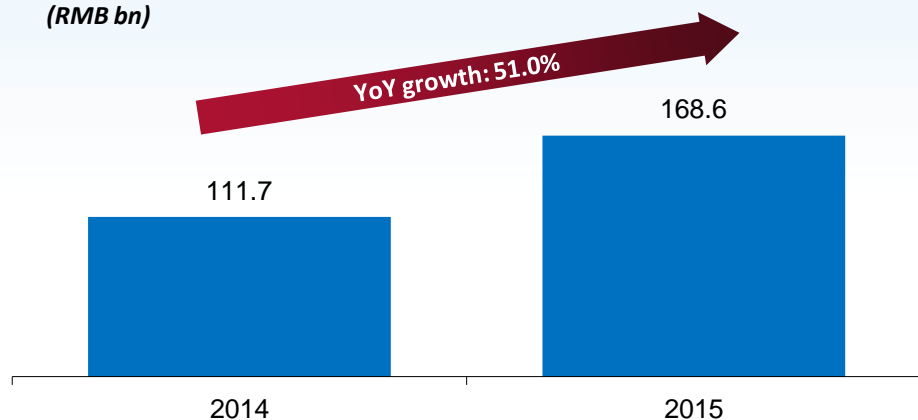
(1) Other investments mainly include bond investment, trust investment and wealth management product investment

2 Financial Investment and Asset Management

Continued to expand third-party assets under management by leveraging our group strengths and brand name

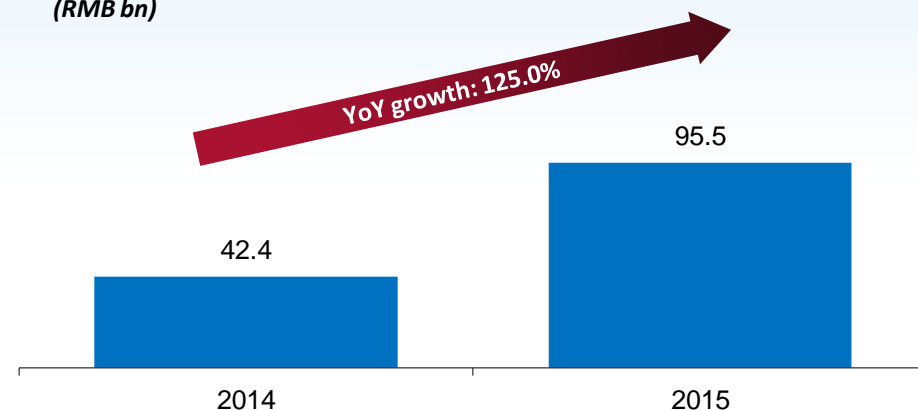
Total Committed Capital of Private Fund Business

(RMB bn)



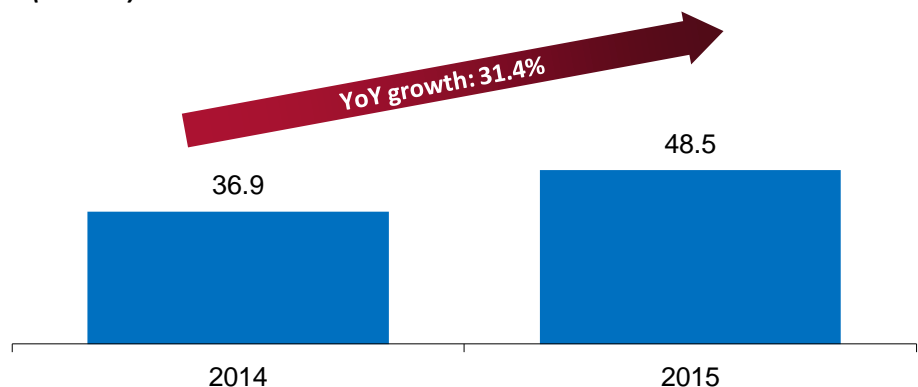
Total Paid-in Capital

(RMB bn)



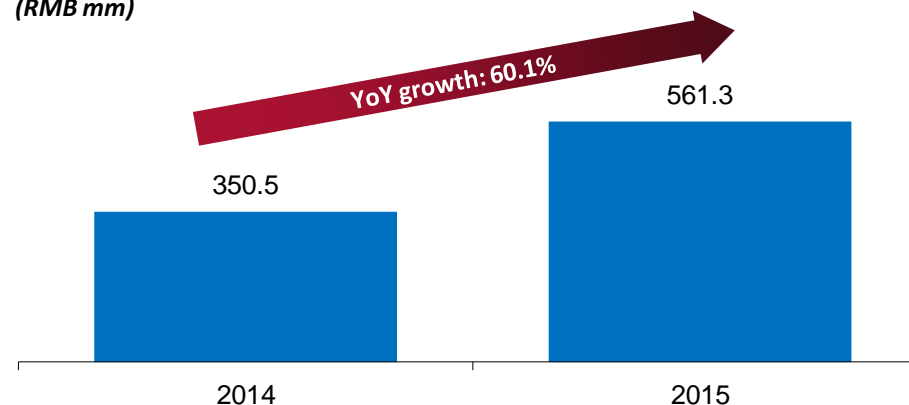
Paid-in Capital from Third Parties

(RMB bn)



Fund Management Fee Income

(RMB mm)

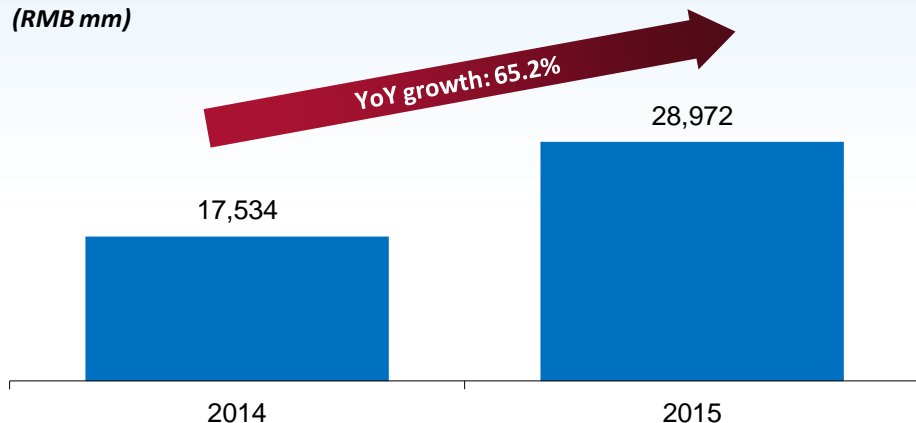


3 Financial Services

Improved performance of financial subsidiaries with increasing profit contribution to the group

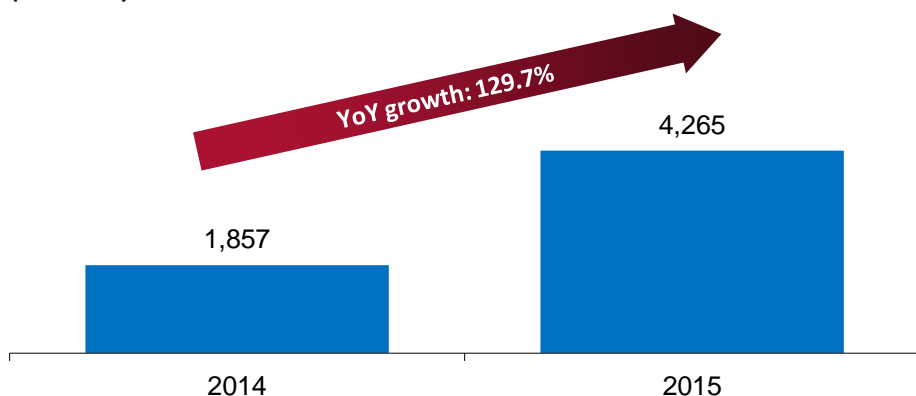
Total Income of Financial Subsidiaries ⁽¹⁾

(RMB mm)



Pre-tax Profit of Financial Subsidiaries ⁽¹⁾

(RMB mm)



Strong Growth Momentum of Financial Subsidiaries

Life Insurance

- Gross Written Premium: RMB10.75 bn (↑ 41.7%)
- Pre-tax Profit: RMB328 mm (first-time full-year profit)

P&C Insurance

- Gross Written Premium: RMB3.1bn (↓ 11.7%)
- Pre-tax Profit: RMB23.3 mm (↑ 8.9%)

Securities & Futures ⁽²⁾

- Pre-tax Profit: RMB2.83 bn (↑ 77.4%)
- AUM balance: RMB54.7 bn (↑ 49.5%)

Leasing

- Pre-tax Profit: RMB899 mm (↑ 12.5%)
- Net lease receivable : RMB43.5 bn (↑ 20.0%)

(1) Total income and PBT of financial service sector

(2) Including Cinda Securities, First State Cinda Fund, Cinda Futures and Cinda International

4 Risk Management and Internal Control

Further enhanced risk management capability and corporate government mechanism

Improving Risk Management Capability to Ensure Stable Business Operation

- Improved risk management system, optimized risk management structure and enhanced risk monitoring and controlling
- Adopted multi-pronged measures to proactively mitigate risks for selected projects
- Actively promoted risk inspection and monitoring to prevent operational risk
- Applied internal rating system, connected transaction management system and credit system to improve IT risk management
- Emphasize the importance of asset quality in performance review and focus on risk performance appraisal and accountability

Endeavoured to Optimize the Corporate Governance to Stimulate Business Development Effectively

- Enhanced evaluation and dynamic authorization system, set clear objectives by business lines and improved operation vitality
- Improved branch classification management to strengthen head office's management over branches and to facilitate the business development of branches
- Strengthened the functional integration and performance evaluation system of subsidiaries to fully utilize their strengths and enhance their profitability
- Enhanced the coordination among head office, branches and subsidiaries on the execution of major projects and on the business development with core clients



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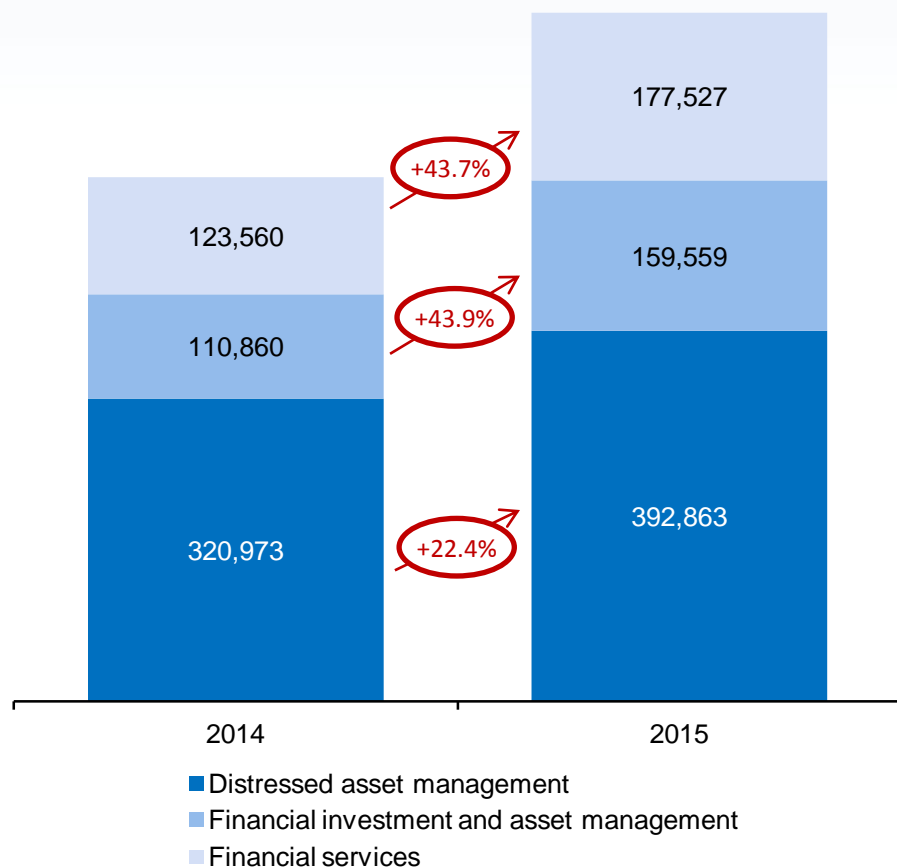
Summary of Key Financials

<i>(RMB mm, except per share data and ratios)</i>	2014	2015	Change
Total assets	544,427	713,975	+31.1%
Equity attributable to equity holders of the Company	93,369	101,710	+8.9%
Total income	59,790	78,744	+31.7%
Profit before tax	16,307	19,298	+18.3%
Profit attributable to equity holders of the Company	11,896	14,027	+17.9%
EPS	0.33	0.39	+18.2%
Cost-to-income ratio	24.0%	23.9%	-0.1 ppt
ROAA	2.62%	2.34%	- 0.28 ppt
ROAE	14.0%	14.4%	+ 0.4 ppt
Capital Adequacy Ratio	18.08%	16.11%	- 1.97 ppt

1 Sufficient Capital and Moderate Leverage Level to Support Future Business Development

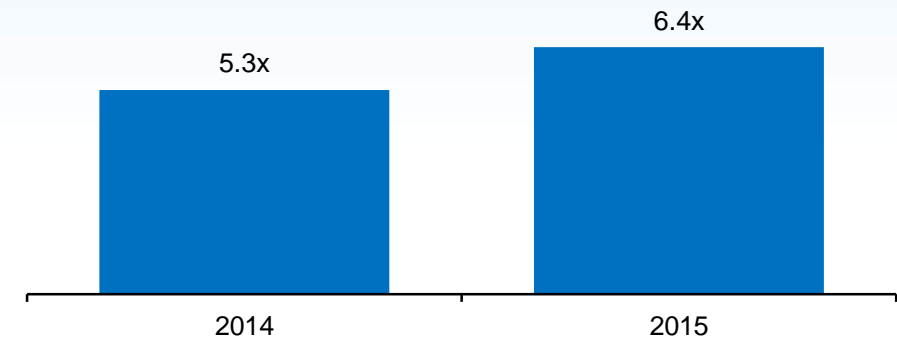
Increasing Asset Scale ⁽¹⁾

(RMB mm)

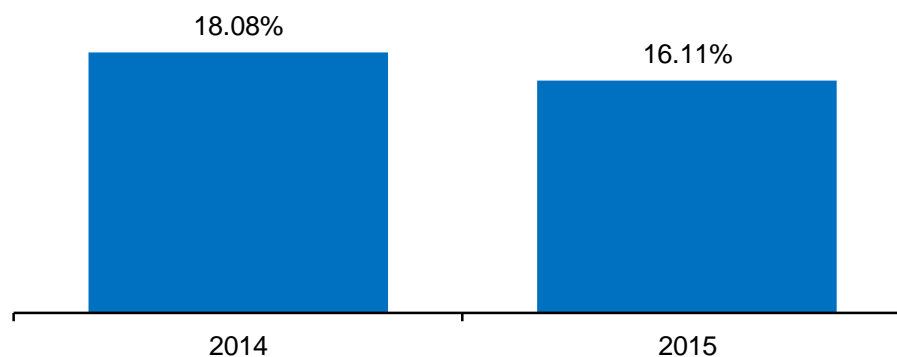


Leverage Ratio ⁽²⁾ and Capital Adequacy Ratio

Total Assets / Total Equity



Capital Adequacy Ratio (Parent Company)



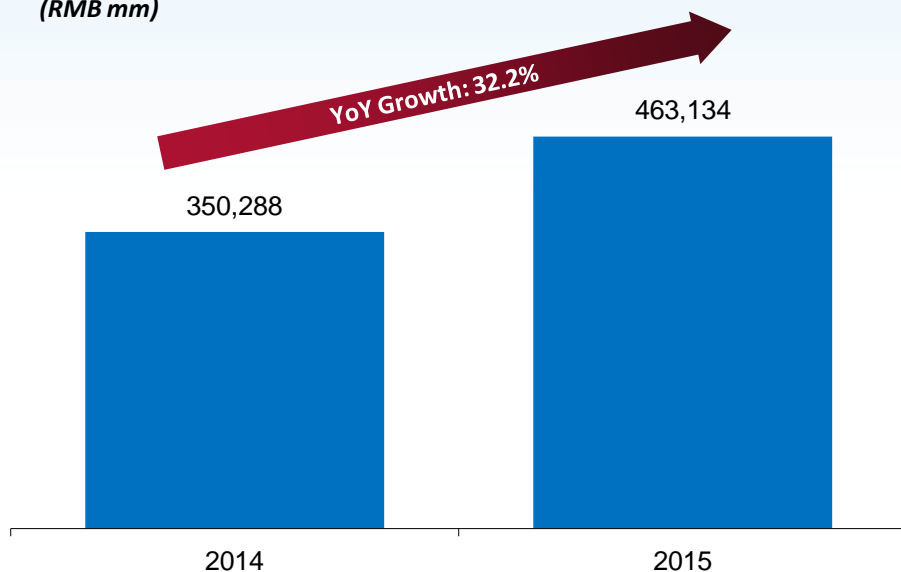
(1) Exclude elimination

(2) Total assets divided by total equity

2 Diversified Funding Channel with Optimizing Liabilities Structure

Balance of Interest Bearing Liabilities

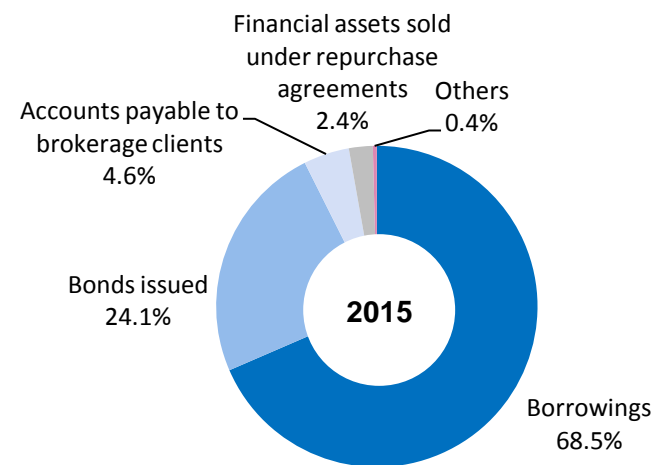
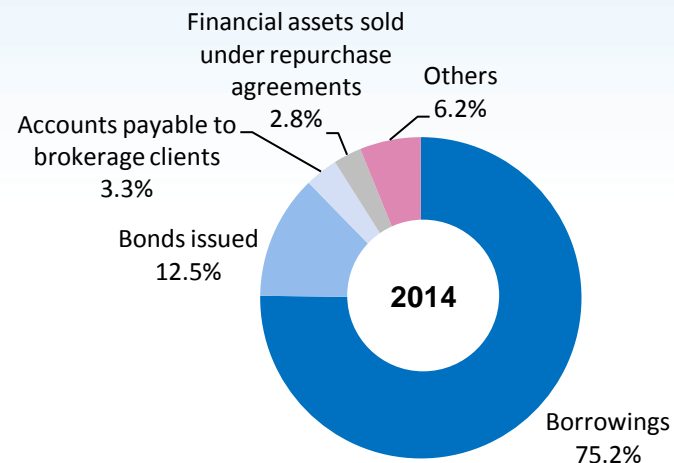
(RMB mm)



Interest Rate Range of Borrowings of Parent Company

	12/31/2013	12/31/2015
Fixed rate	4.98% - 7.30%	2.80% - 7.20%
Variable rate	4.98% - 6.00%	4.75% - 5.81%

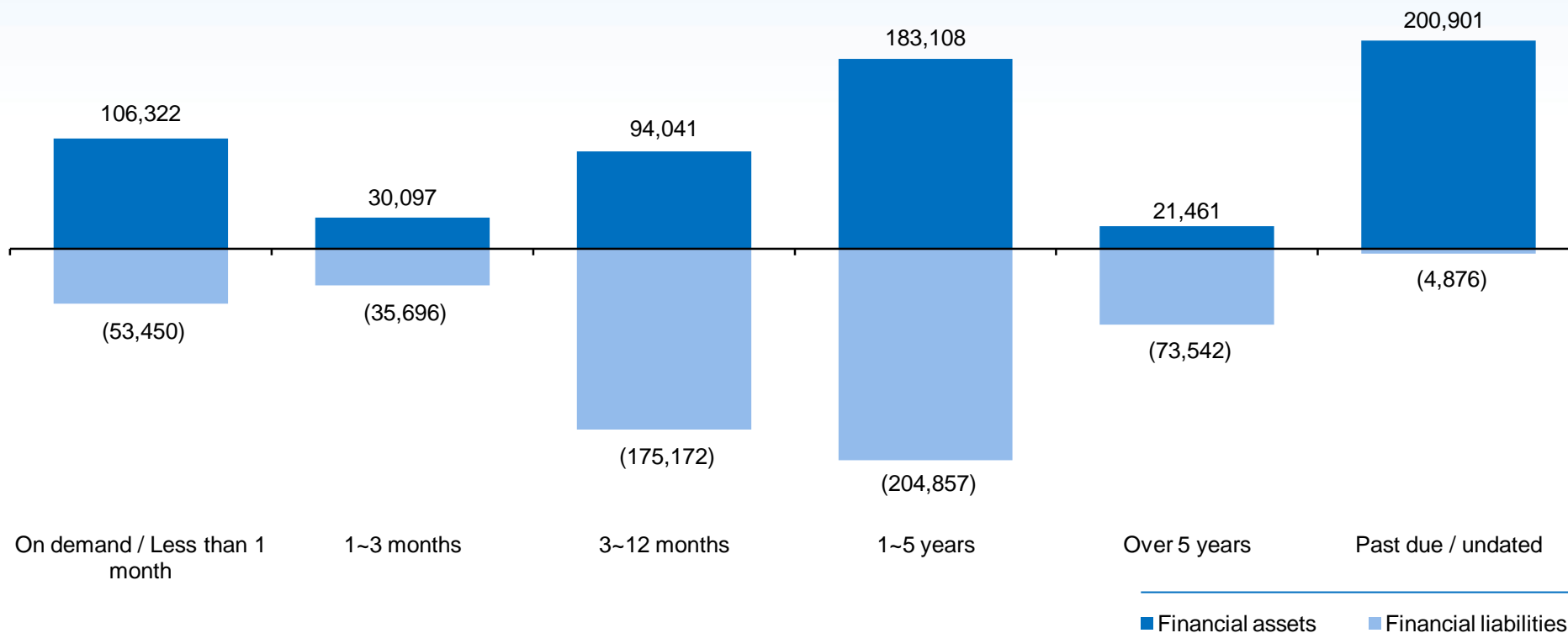
Interest Bearing Liabilities Breakdown



3 Well Matched Maturity of Financial Assets and Liabilities

Analysis of Maturity of the Financial Assets and Liabilities as of 12/31/2015

(RMB mm)



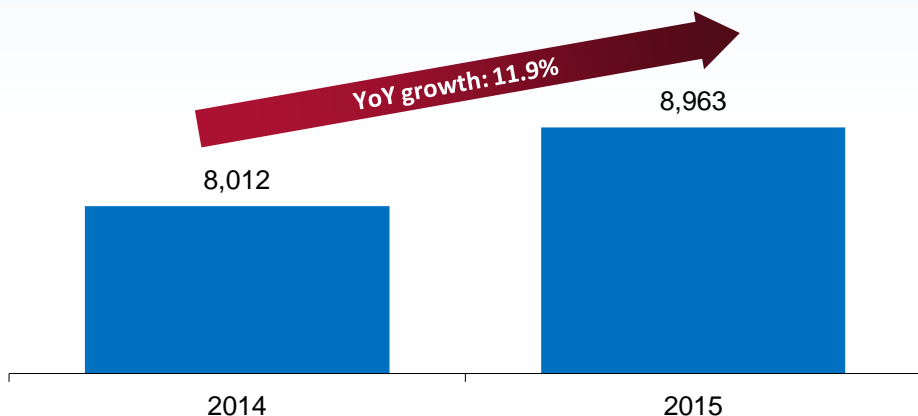
As of 12/31/2015, the balance of financial assets due within one year amounted to RMB230.5 bn and the financial liabilities due within one year amounted to RMB264.3 bn. The maturity of financial assets and liabilities are well matched

4 Improved Operational Efficiency Driven by Economies of Scale

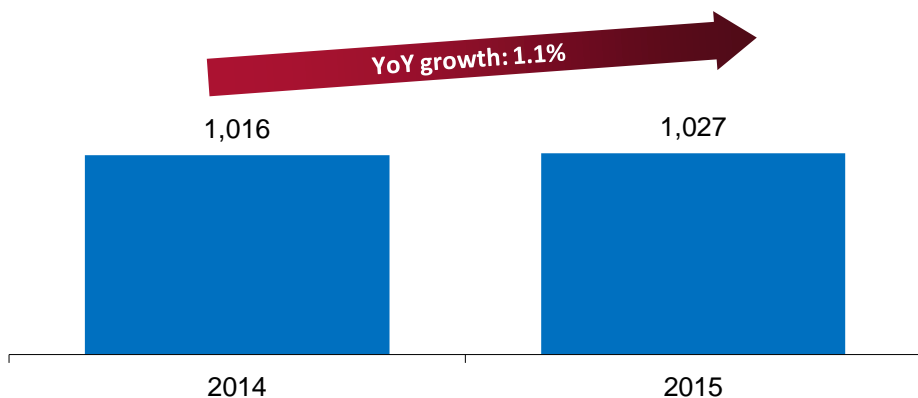
Further Enhancement in Operational Efficiency

(RMB mm)

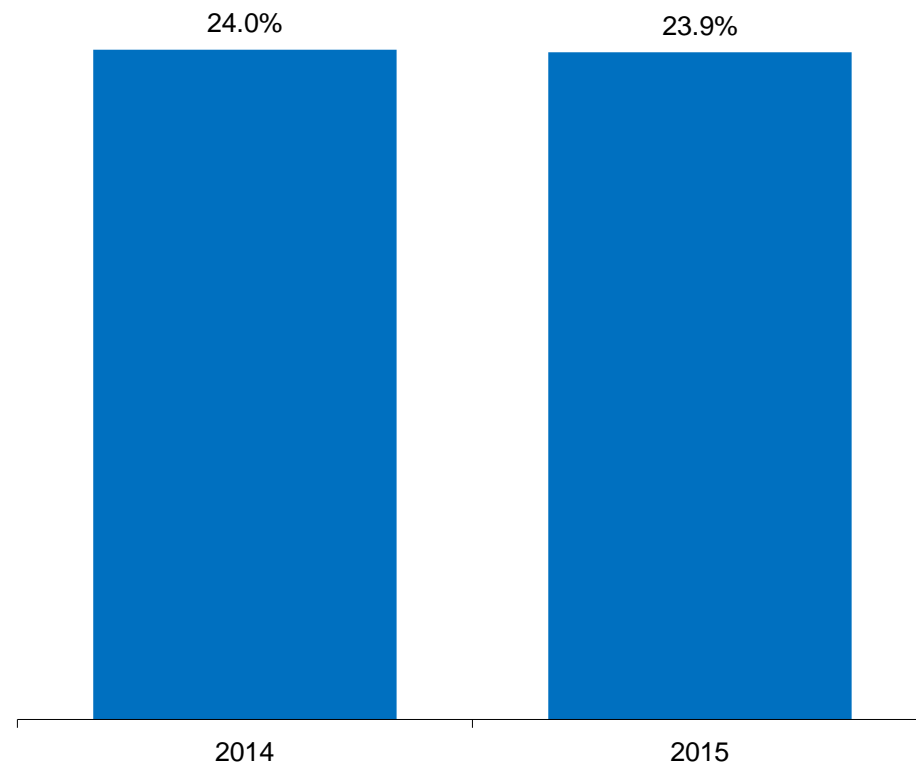
Average of Distressed Assets Managed Per Branch ⁽¹⁾



Average Income from Distressed Asset Management Per Branch ⁽²⁾



Cost-to-Income ratio ⁽³⁾



(1) Calculated based on sum of book value of distressed debt assets and book value of DES assets divided by 31 branches as of 2014 and 32 branches as of 2015 (excluding China Cinda (Hefei) Emergency Relief Base)

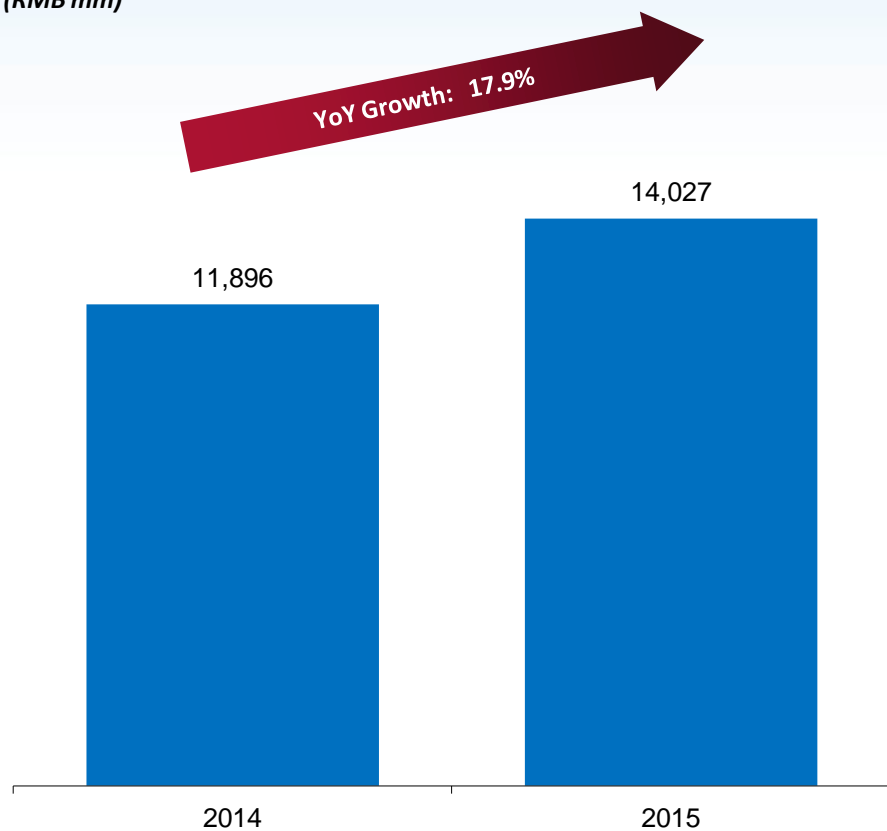
(2) Calculated based on total income from distressed asset management divided by 31 branches as of 2014 and 32 branches as of 2015 (excluding China Cinda (Hefei) Emergency Relief Base)

(3) Cost-to-income ratio = operating expense / (total income – insurance costs – commission and fee expense – purchases and changes in inventories – interest expense), in which operating expense include employee benefits, depreciation and amortization and other expenses

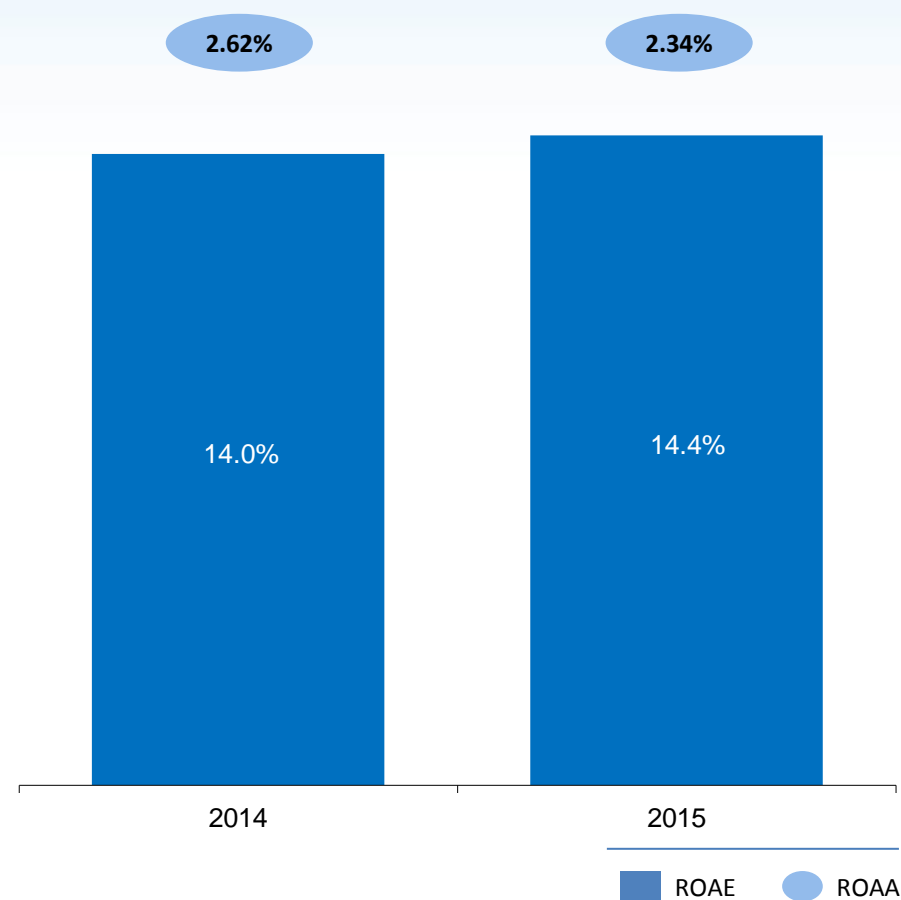
5 Superior Profitability

Profit Attributable to Equity Holders of the Company

(RMB mm)



ROAE / ROAA





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China Cinda's Potential Business Opportunities

Background

- The economy is facing downward pressure and challenges, while fundamentals are still positive, promoting economic transformation and upgrading through comprehensively deepened reforms
- Supply-side structural reform will provide China Cinda with numerous business opportunities

Target Markets and Business Opportunities

- 1 With mounting pressure on economy, banks' NPLs continue to grow and traditional distressed assets business is expanding rapidly
- 2 By eliminating obsolete capacities, there will be increasing demand from corporate M&A and debt restructuring, creating more opportunities for restructuring distressed assets business
- 3 With the progress of structural reforms and SOE reforms, new sectors are emerging with huge growth potential for financial services such as investment & financing, financial advisory and asset management
- 4 With the urbanization and the development of Beijing-Tianjin-Hebei Economic Zone and Yangtze River Economic Zone, we have seen increasing business opportunities in investment and financial services for infrastructure sector
- 5 More diversified and differentiated financial demands results in massive opportunities for comprehensive financial services and alternative asset management business
- 6 The opening up of financial market, implementation of "One Belt, One Road" strategy and integration of domestic and international markets create positive backdrop for the development of integrated domestic and international businesses
- 7 The increasing embedded financial risks and occasional financial risk events implied the importance of risk prevention and mitigation

Focus in 2016

- ✓ Expand traditional distressed asset business, seize opportunities of distressed asset disposal in banking industry and solidify market leading position
- ✓ Innovate transaction structure to proactively support the supply-side structural reform by leveraging the strength of integrating existing restructured distressed assets
- ✓ Classify and manage the DES Assets to discover the potentials and realize the equity value
- ✓ Continue to optimize business structure and actively develop alternative investment and asset management business including special situation investments
- ✓ Integrate group resources and further improve synergetic operation after the acquisition of Nanyang Commercial Bank
- ✓ Promote the differentiated development of subsidiaries to improve profitability of financial services segment
- ✓ Enhance the prospective, pertinence and effectiveness of risk control and enhance liquidity and foreign exchange risk management
- ✓ Accelerate the improvement of IT system and data mining to support business development
- ✓ Implement the second “Five-Year Plan” to ensure a solid start



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Appendix

Selected Financials

Consolidated Income Statement

(RMB mm)

	2015	2014	Change
Income from distressed debt assets classified as receivables	18,884	18,114	4.3%
Fair value changes on distressed debt assets	4,420	4,077	8.4%
Investment income	13,552	9,116	48.7%
Net insurance premiums earned	12,912	7,443	73.5%
Commission and fee income	4,330	3,008	43.9%
Revenue from sales of inventories	7,637	4,341	75.9%
Interest income	13,516	8,811	53.4%
Others	3,493	4,880	(28.4%)
Total	78,744	59,790	31.7%
Insurance costs	(13,767)	(6,865)	100.5%
Employee benefits	(5,192)	(4,601)	12.9%
Impairment losses on assets	(4,377)	(5,438)	(19.5%)
Interest expense	(20,185)	(15,961)	26.5%
Others	(13,680)	(9,169)	49.2%
Total	(57,201)	(42,034)	36.1%
Profit before tax	19,298	16,307	18.3%
Profit for the period	14,704	12,143	21.1%
Profit attributable to shareholders	14,027	11,896	17.9%

Consolidated Balance Sheet

(RMB mm)

	12/31/2015	12/31/2014	Change
Cash and bank balances	58,070	43,891	32.3%
Financial assets at fair value through profit or loss	117,287	57,221	105.0%
Available-for-sale financial assets	120,604	85,795	40.6%
Financial assets classified as receivables	181,058	180,913	0.1%
Loans and advances to customers	104,738	80,225	30.6%
Others	132,216	96,383	37.2%
Total assets	713,975	544,427	31.1%
Borrowings	317,071	263,452	20.4%
Bonds issued	111,773	43,695	155.8%
Others	174,237	135,417	28.7%
Total liabilities	603,081	442,564	36.3%
Total equity	110,894	101,863	8.9%
Equity attributable to equity holders of the Company	101,710	93,369	8.9%
Key Ratios			
ROAA (Annualized)	2.34%	2.62%	
ROAE (Annualized)	14.4%	14.0%	
Cost-to-income ratio	23.9%	24.0%	
Total assets / total equity	6.4x	5.3x	