



中国信达资产管理股份有限公司
CHINA CINDA ASSET MANAGEMENT CO., LTD.

2016 Interim Result

August 2016



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Key Achievements in 1H2016



Operating revenue and pre-tax profit remained stable, with total assets exceeding RMB1 tn



Traditional distressed asset management business recorded acquisition amount of RMB28.1 bn, continue to maintain leading position in the industry



Completed settlement of acquisition of Nanyang Commercial Bank, steadily promoted integration process and synergy effect emerged gradually



Effectively executed the disposal plan of DES Assets, with disposal gain and dividend income increased by 48%



Steady growth of principal investment with investment income increased by 24%



Further enhanced capital management, and optimized financing structure



Improved risk control system, with enhanced risk prevention



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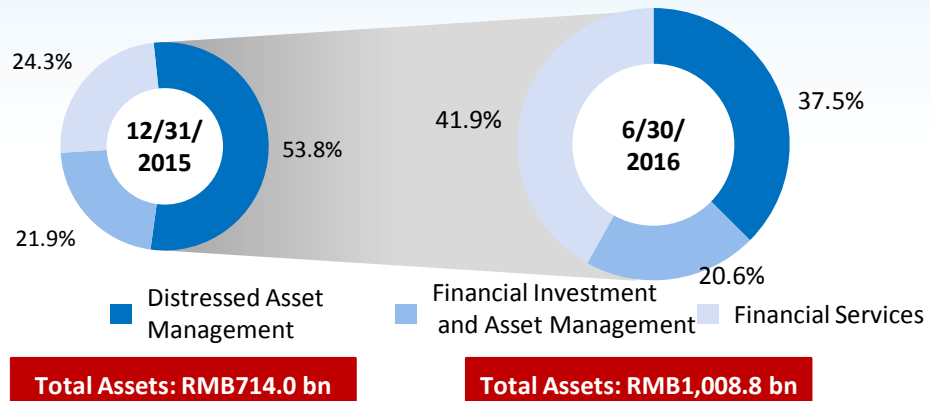
1 Business Review

2 Financial Results

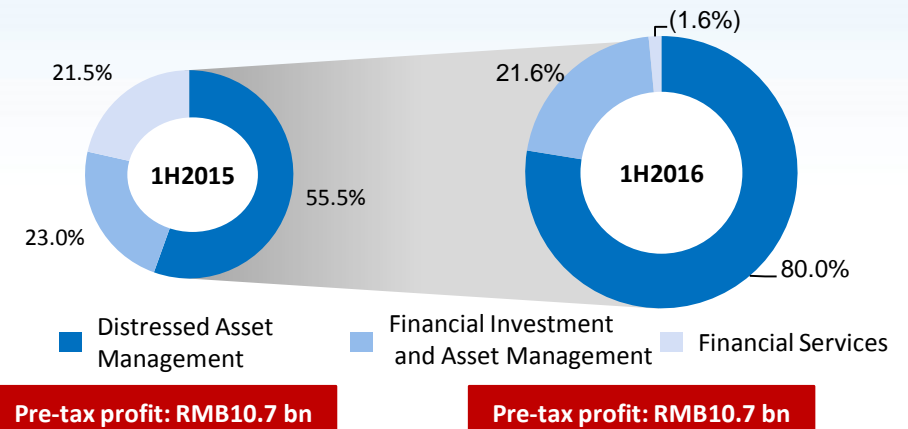
3 Outlook

Overview of Business Segments

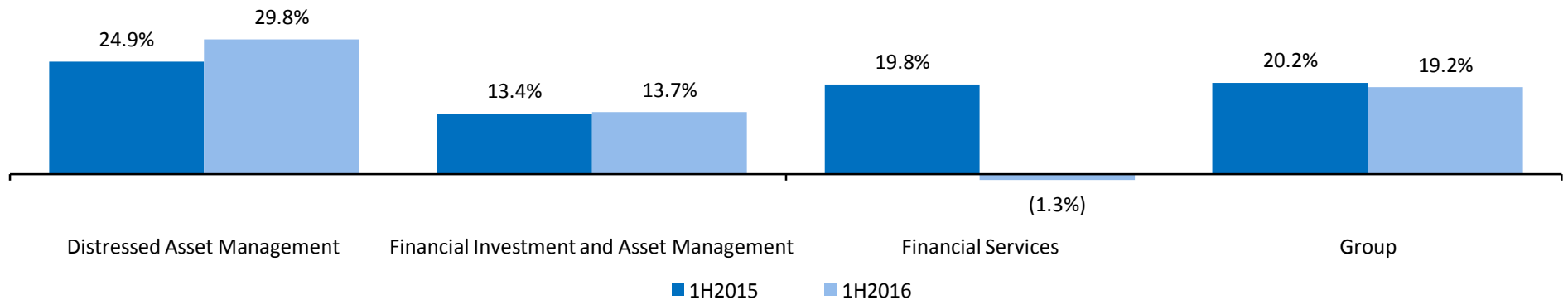
Total Assets Breakdown by Segment



Pre-tax Profit Breakdown by Segment



Pre-tax ROAE (Annualized)



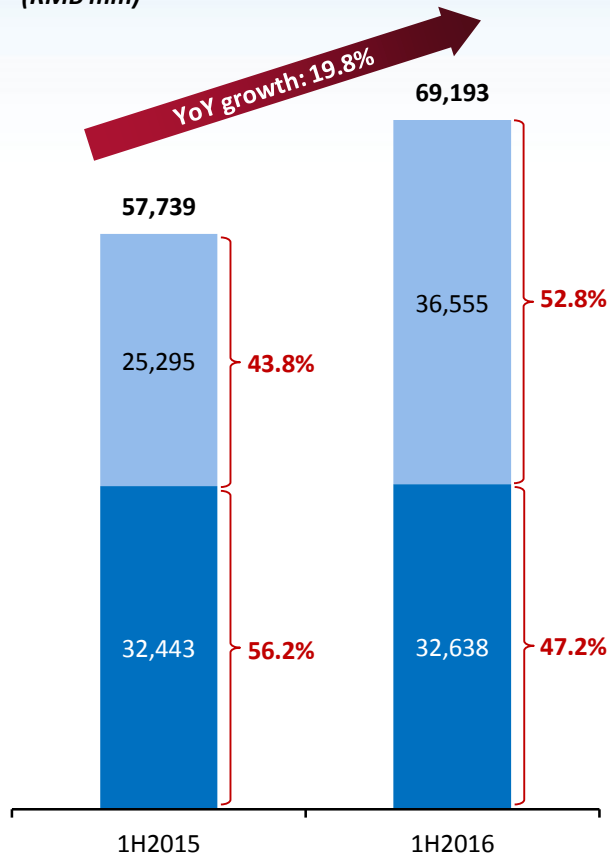
Note: Percentage calculation does not include elimination

1 Distressed Asset Management – Distressed Debt Assets

Focus on distressed asset management business with acquisition scale growing rapidly

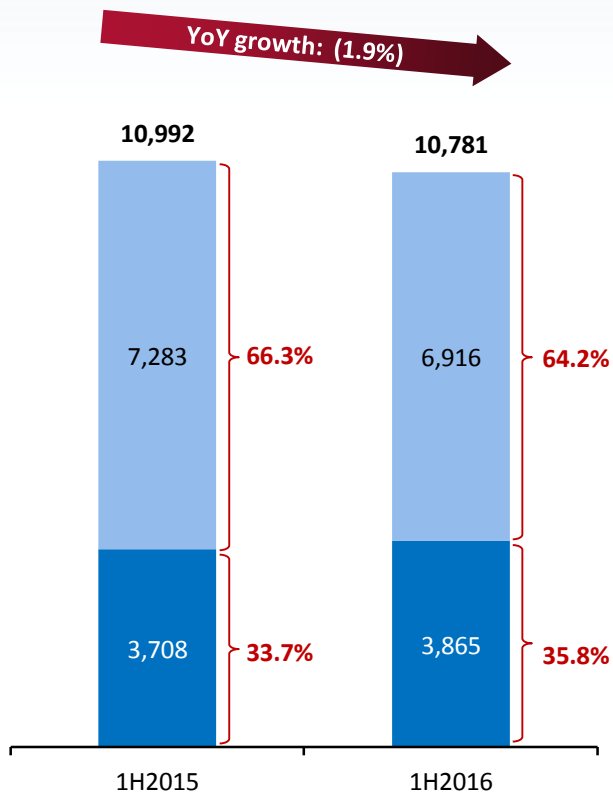
Acquisition Cost of Distressed Debt Assets

(RMB mm)

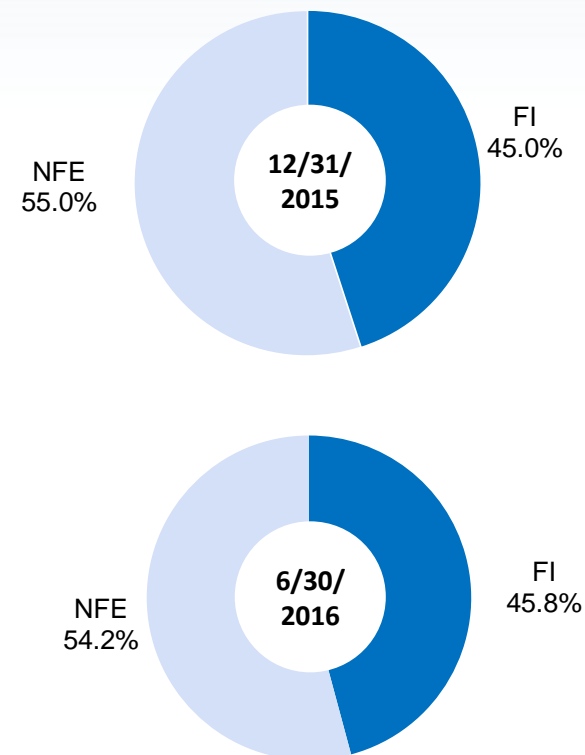


Income from Distressed Debt Assets

(RMB mm)



Net Balance of Distressed Debt Assets

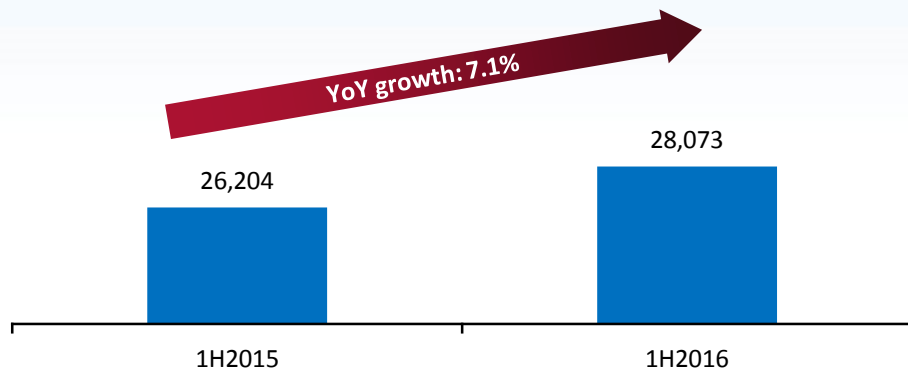


1 Distressed Asset Management – Traditional Distressed Assets

Acquisition amount increased steadily as banks accelerated disposal of NPL

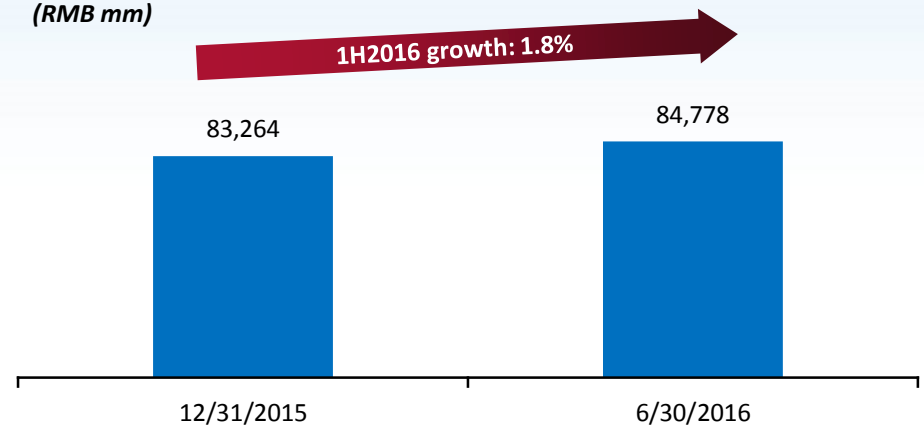
Acquisition Amount of Traditional Distressed Assets ⁽¹⁾

(RMB mm)



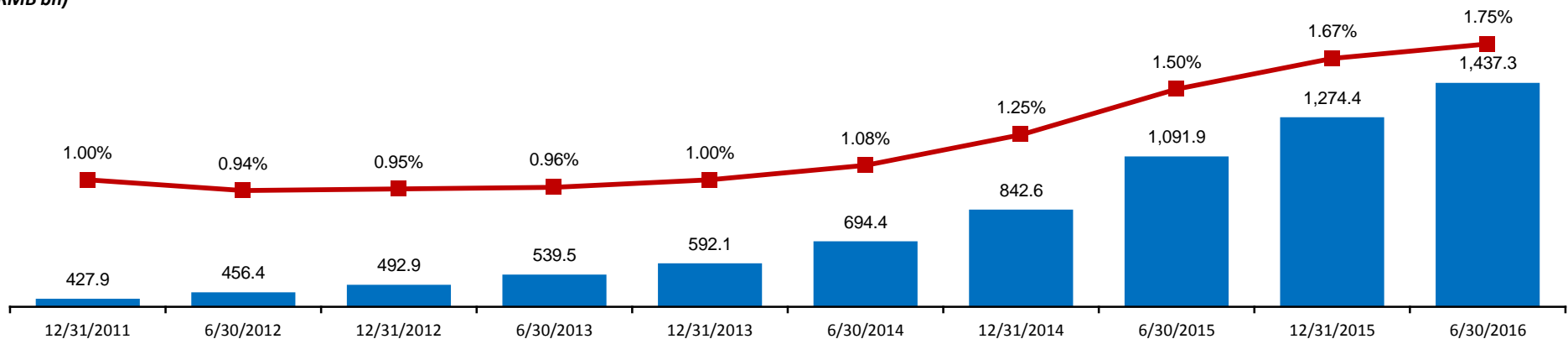
Net Balance of Traditional Distressed Assets ⁽¹⁾

(RMB mm)



Balance of NPLs from Commercial Banks ⁽²⁾

(RMB bn)



(1) First segment data

(2) Source: CBRC

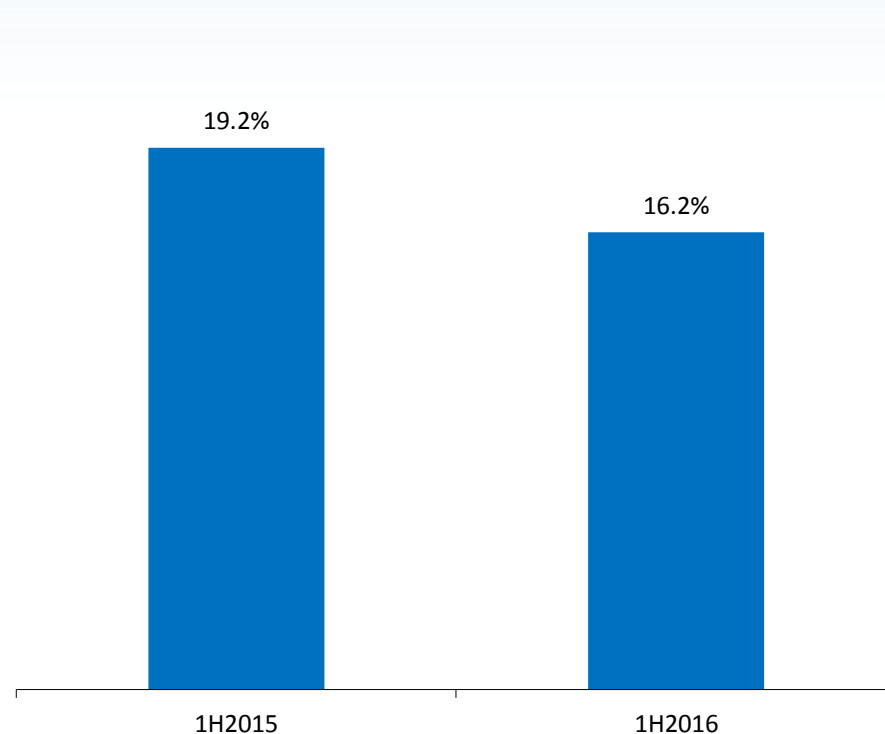
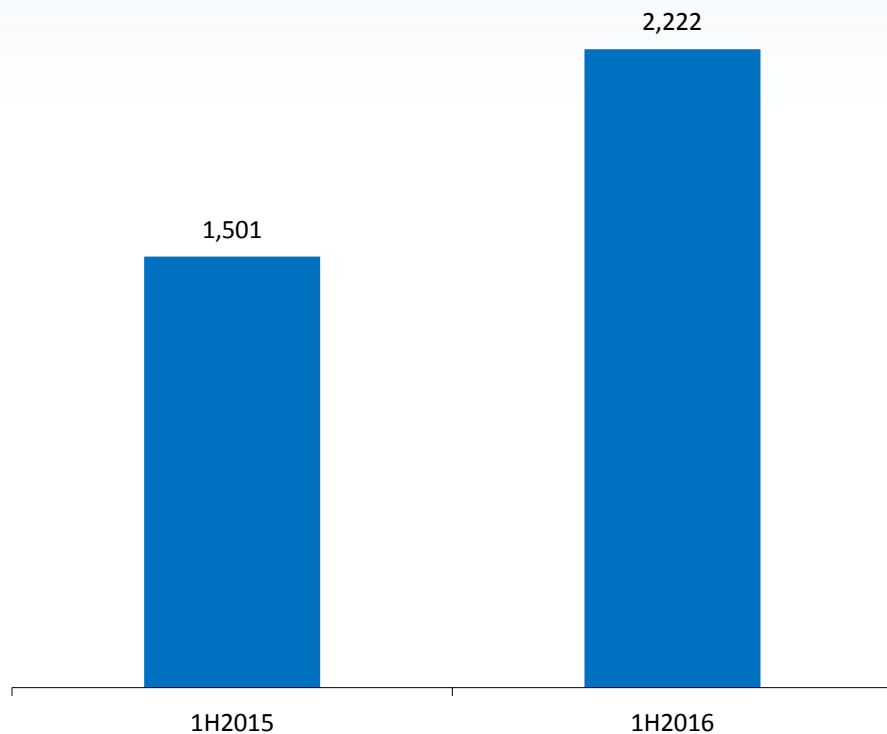
1 Distressed Asset Management – Traditional Distressed Assets

Accelerated disposal of traditional distressed assets, while maintained internal rate of return in line with expectation

Income from Traditional Distressed Assets⁽¹⁾

IRR⁽¹⁾

(RMB mm)



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

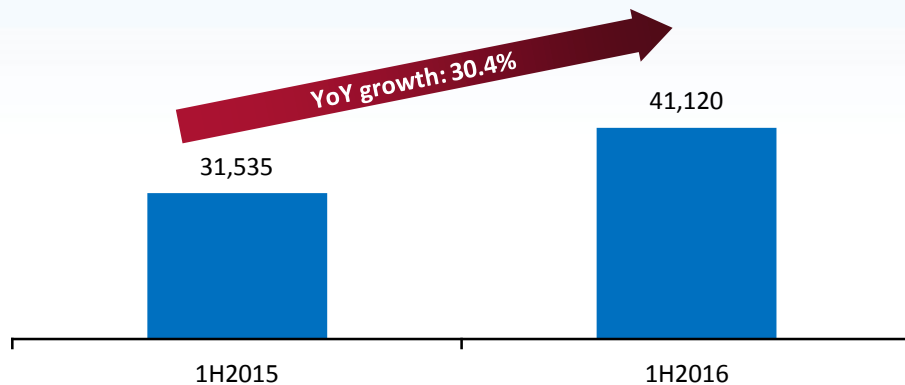
(1) First segment data

1 Distressed Asset Management – Restructured Distressed Assets

Significant increase of acquisition scale and optimized business structure

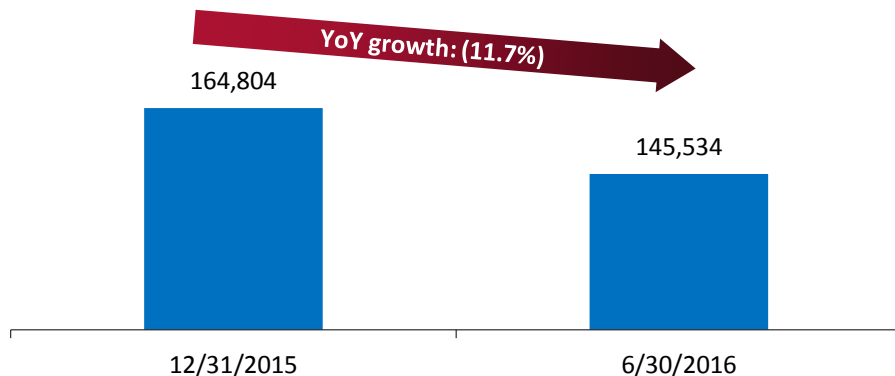
Acquisition Cost of Restructured Distressed Assets

(RMB mm)

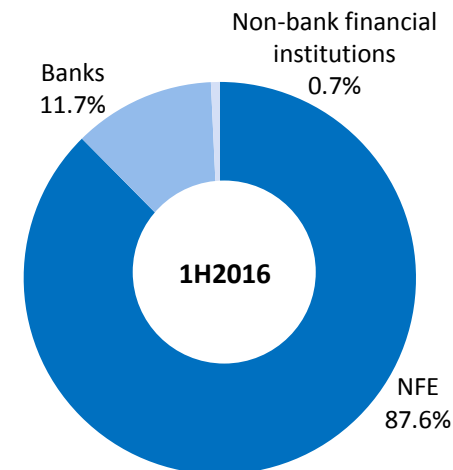
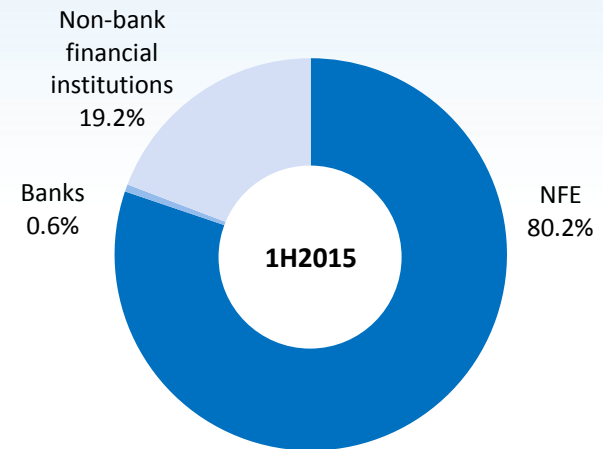


Net Balance of Restructured Distressed Assets

(RMB mm)



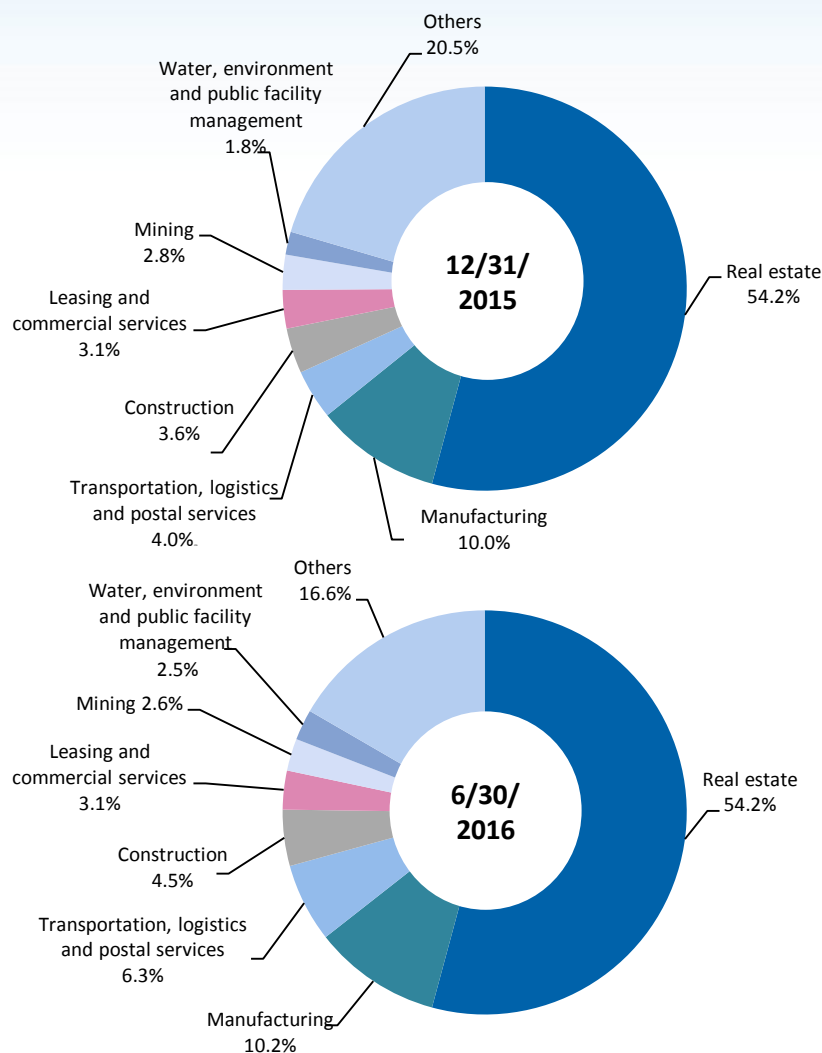
Acquisition Cost Breakdown by Sources



1 Distressed Asset Management – Restructured Distressed Assets

Business strategy of restructured distressed assets: balanced risk with return, and realize stable business growth

Industry Breakdown



Business Strategy

- Improve quality and expand customers with solidified foundation
 - ▶ Improve due diligence quality, optimize transaction structure for more stringent selection of projects and customers
 - ▶ Promote business system upgrade, strengthen process control and information management
 - ▶ Strengthen customer segmentation and expand customer base
- Adjust structure and optimize asset quality with focus
 - ▶ Focus continuously on key regions, key projects and key customers
 - ▶ Serve real economy, expand in infrastructure sector, and further explore financial demand of industry chain
 - ▶ Improve customer stickiness through comprehensive service platform
 - ▶ Optimize customer, regional and asset structure in real estate sector
- Strengthen risk control
 - ▶ Enhance research on macro economy and industry cycle
 - ▶ Improve risk identification with key focus, and strengthen process management and internal control
 - ▶ Strengthen project risk control, and continue to increase the proportion of secured/pledged projects
 - ▶ Accelerate risk resolve progress with innovation methods
 - ▶ Comprehensive risk review, appraisal and accountability mechanism

1 Distressed Asset Management – Restructured Distressed Assets

Maintain prudent asset quality with stable profitability under current economic conditions

Impaired Assets Ratio



Impaired Assets Coverage Ratio



Annualized Return on Monthly Average Balance

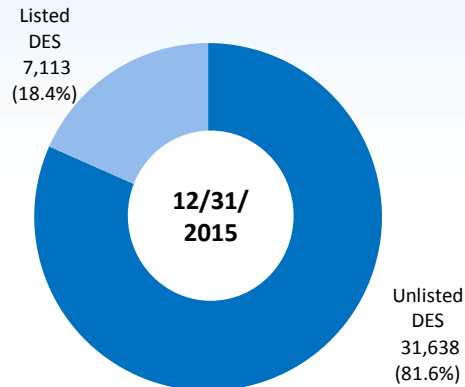


1 Distressed Asset Management–DES

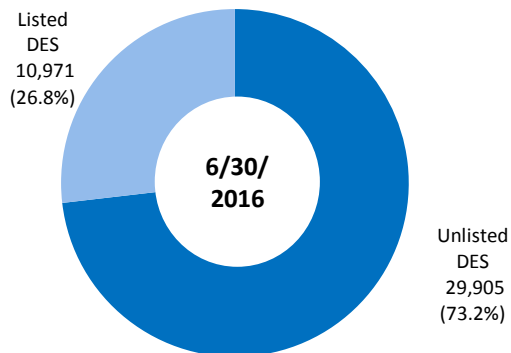
Captured the opportunities to dispose key projects to realize significant return

Book Value Breakdown by Type

(RMB mm)



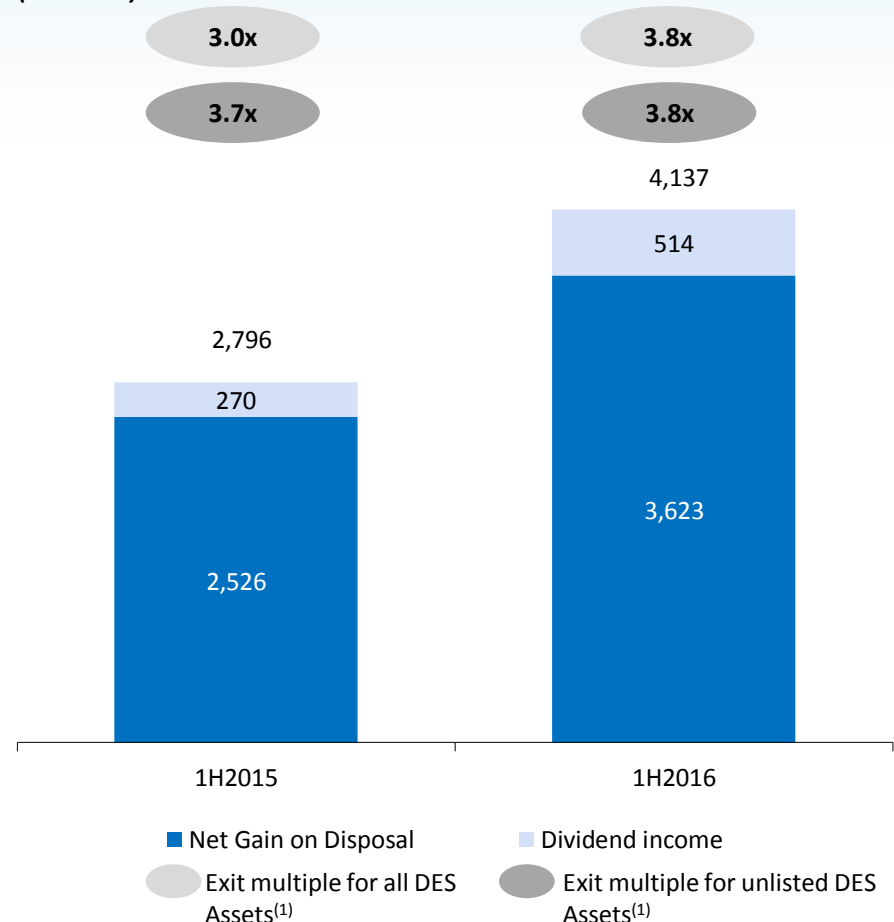
Total book value of RMB38.8 bn



Total book value of RMB40.9 bn

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

(RMB mm)



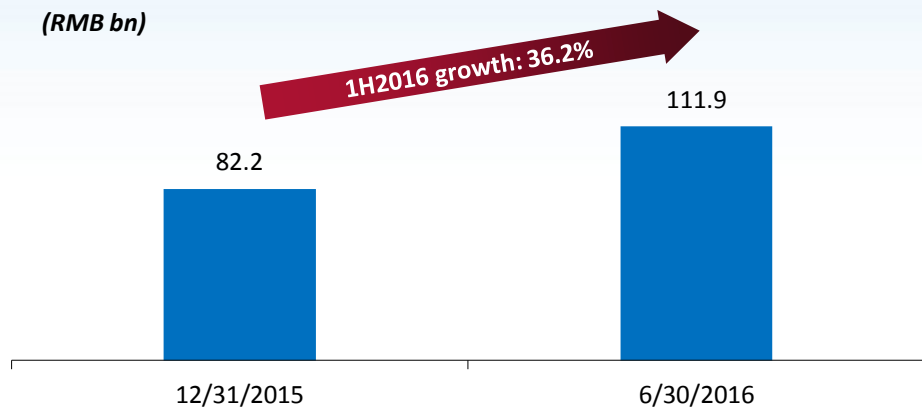
(1) (Net gain on disposal of DES Assets and acquisition cost of DES Assets disposed (net of allowance for impairment, if any); Excluding dividend income

2 Financial Investment and Asset Management

Continue to optimize investment portfolio with higher investment income

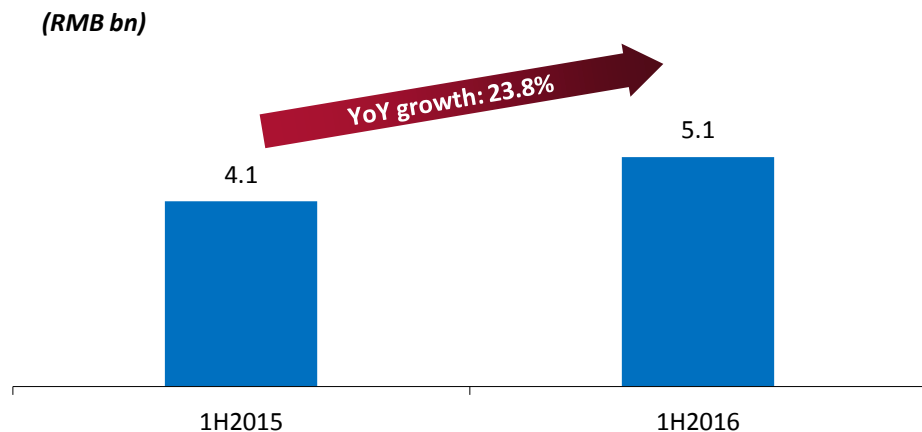
Balance of Principal Investments

(RMB bn)

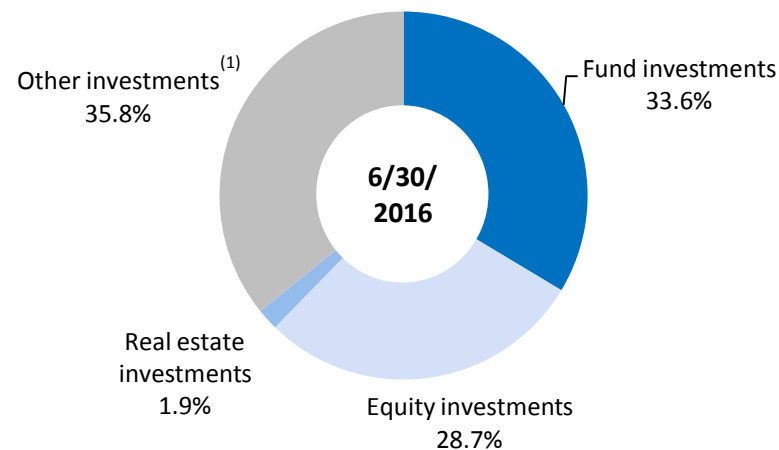
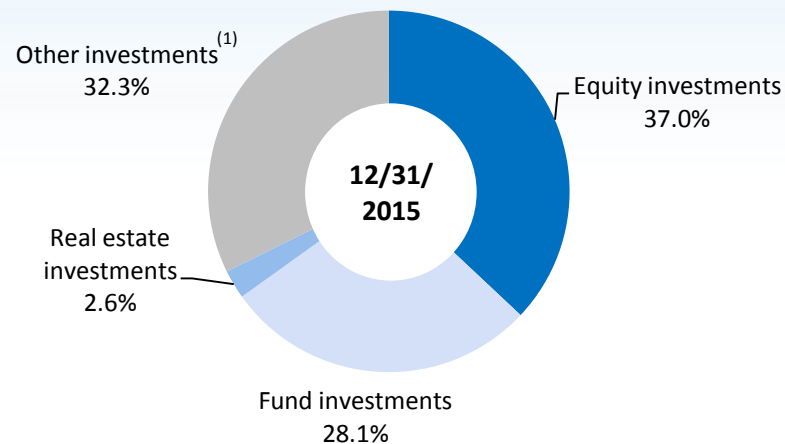


Income from Principal Investments

(RMB bn)



Principal Investments Breakdown by Investment Type



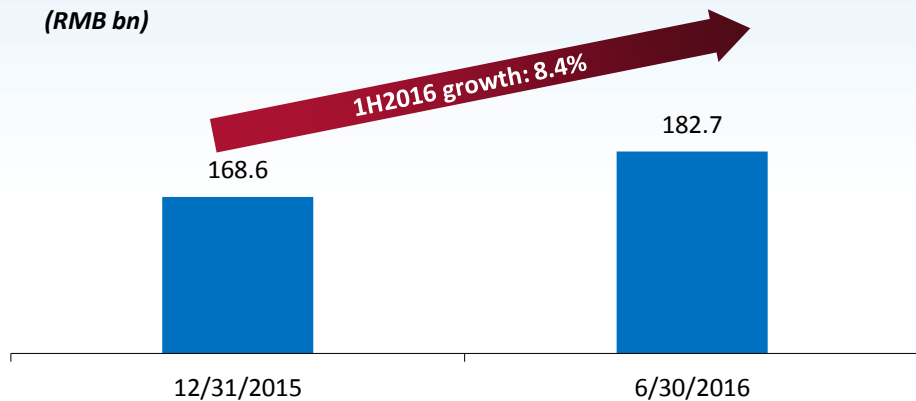
(1) Other investments mainly include investment in bond, trust and wealth management products

2 Financial Investment and Asset Management

Continue to expand third-party assets under management with management fee increased steadily

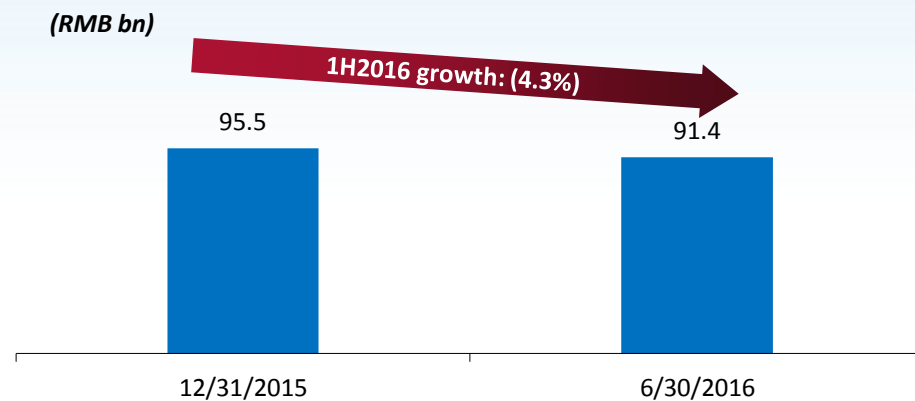
Total Committed Capital of Private Fund Business

(RMB bn)



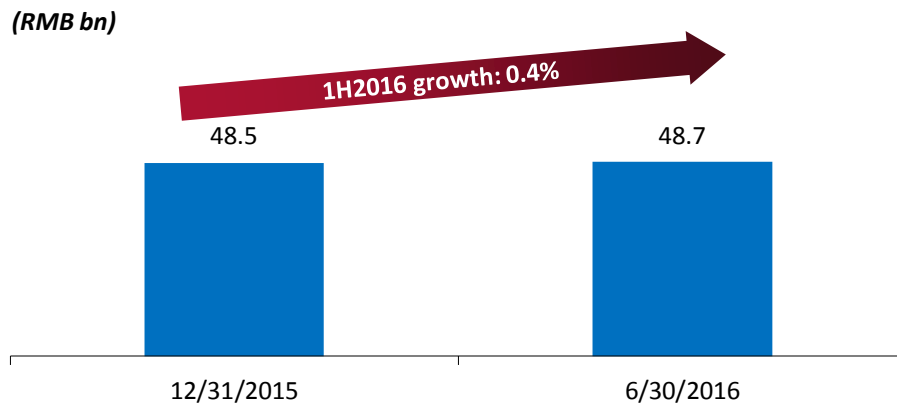
Total Paid-in Capital

(RMB bn)



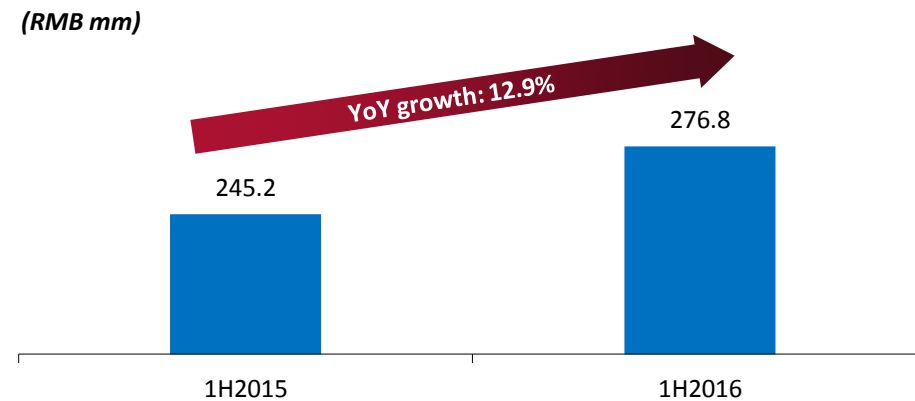
Paid-in Capital from Third Parties

(RMB bn)



Fund Management Fee Income

(RMB mm)

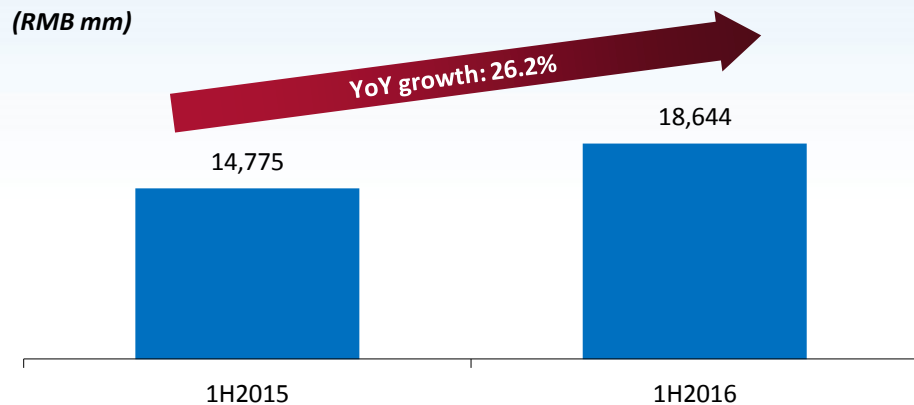


3 Financial Services

Established full-license financial services platform

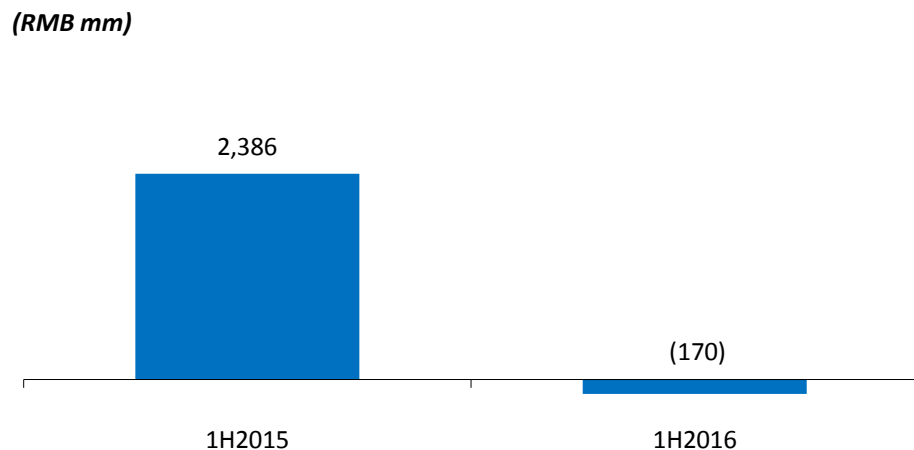
Total Income of Financial Subsidiaries⁽¹⁾

(RMB mm)



Pre-tax Profit of Financial Subsidiaries⁽¹⁾

(RMB mm)



Growth Momentum of Financial Subsidiaries

Bank⁽²⁾

- Revenue: RMB2.61 bn
- Pre-tax profit: RMB1.29 bn

Life Insurance

- Gross Written Premium: RMB10.89 bn
- Pre-tax profit: (RMB596 mm)

P&C Insurance

- Gross Written Premium: RMB1.62 bn
- Pre-tax profit: (RMB125 mm)

Securities & Futures⁽³⁾

- Pre-tax profit: RMB293 mm
- AUM balance: RMB56.9 bn

Leasing

- Pre-tax profit: RMB459 mm
- Net lease receivable : RMB40.55 bn

(1) Total income and PBT of financial service sector, including data only post acquisition of NCB on 5/30/2016

(2) Data included both before and post acquisition of NCB on 5/30/2016

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

3 Financial Services

Gradually realized strategic objective of acquisition of NCB with group synergies emerging gradually

Strategic objective of acquisition of NCB

- Maintain leading market position of distressed asset management business
- Improve group synergetic operation
- Consolidate group platform resources
- Provide customized and differentiated financial service to clients

Significant synergy and cross-selling effects

- Other branches and subsidiaries have referred 400 corporate clients to NCB, with synergetic business scale of RMB29.61bn
- Securities and funds platforms have aggregately utilized insurance fund of RMB1.76 bn
- The Group has established 44 funds and asset management projects through platforms including Cinda Securities, First State Cinda Fund and Cinda Capital with total paid-in capital amounted to RMB29.43 bn

Efficient Synergy Mechanism



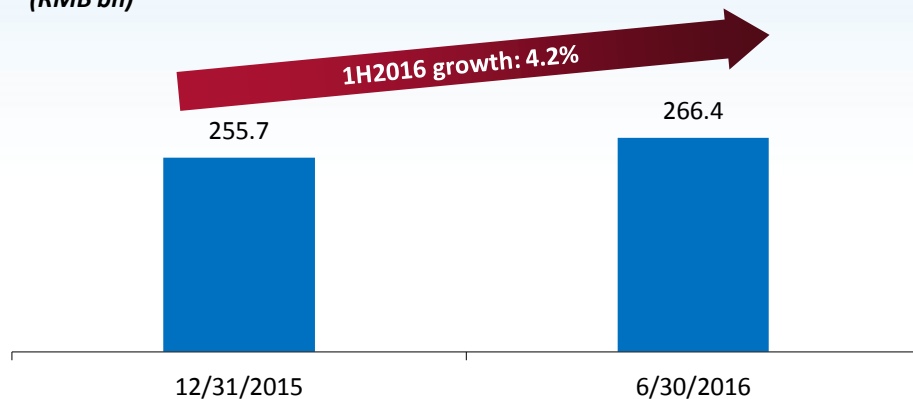
- **System guarantee:** clear internal guideline that identifies cooperation model, business model, revenue allocation, customer relationship and follow-up management
- **Project development:** joint coverage by professionals from subsidiaries and branches
- **Project execution:** improved efficiency and reduced costs through joint execution, with joint survey, independent review and cross verification in terms of risk control
- **Follow-up management:** timely and efficient management by leveraging branch network

3 Financial Services

Excellent asset quality and prudent capital level of NCB

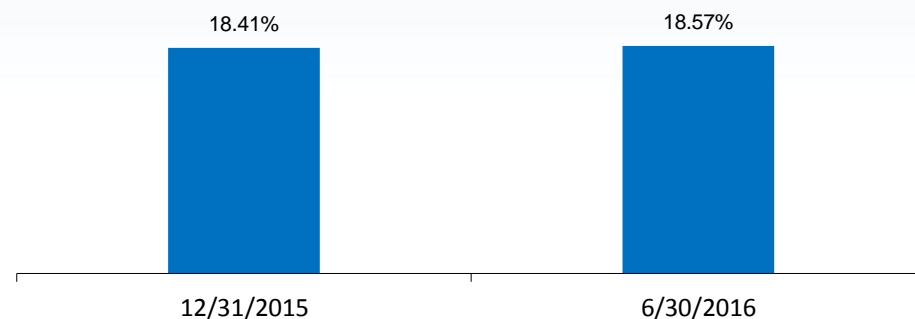
Total Assets

(RMB bn)



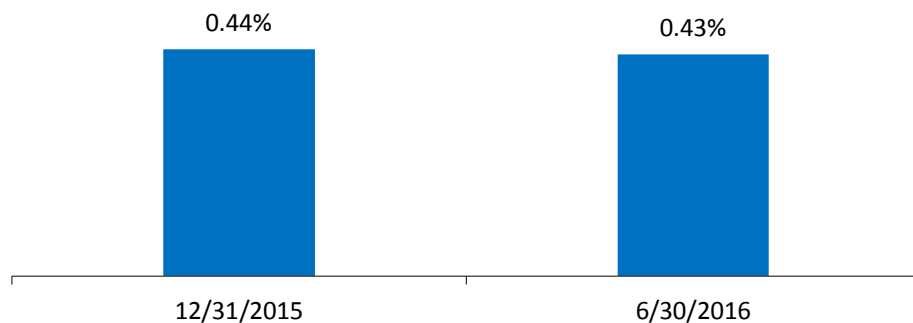
Capital Adequacy Ratio

Total Capital Adequacy Ratio⁽¹⁾

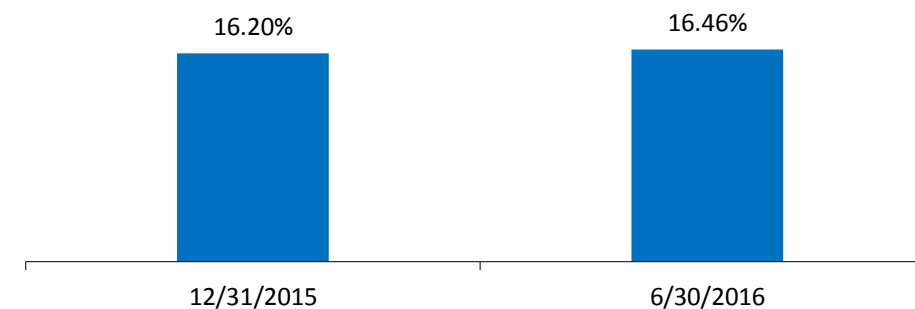


Asset Quality

NPL Ratio



Tier 1 Capital Adequacy Ratio⁽²⁾

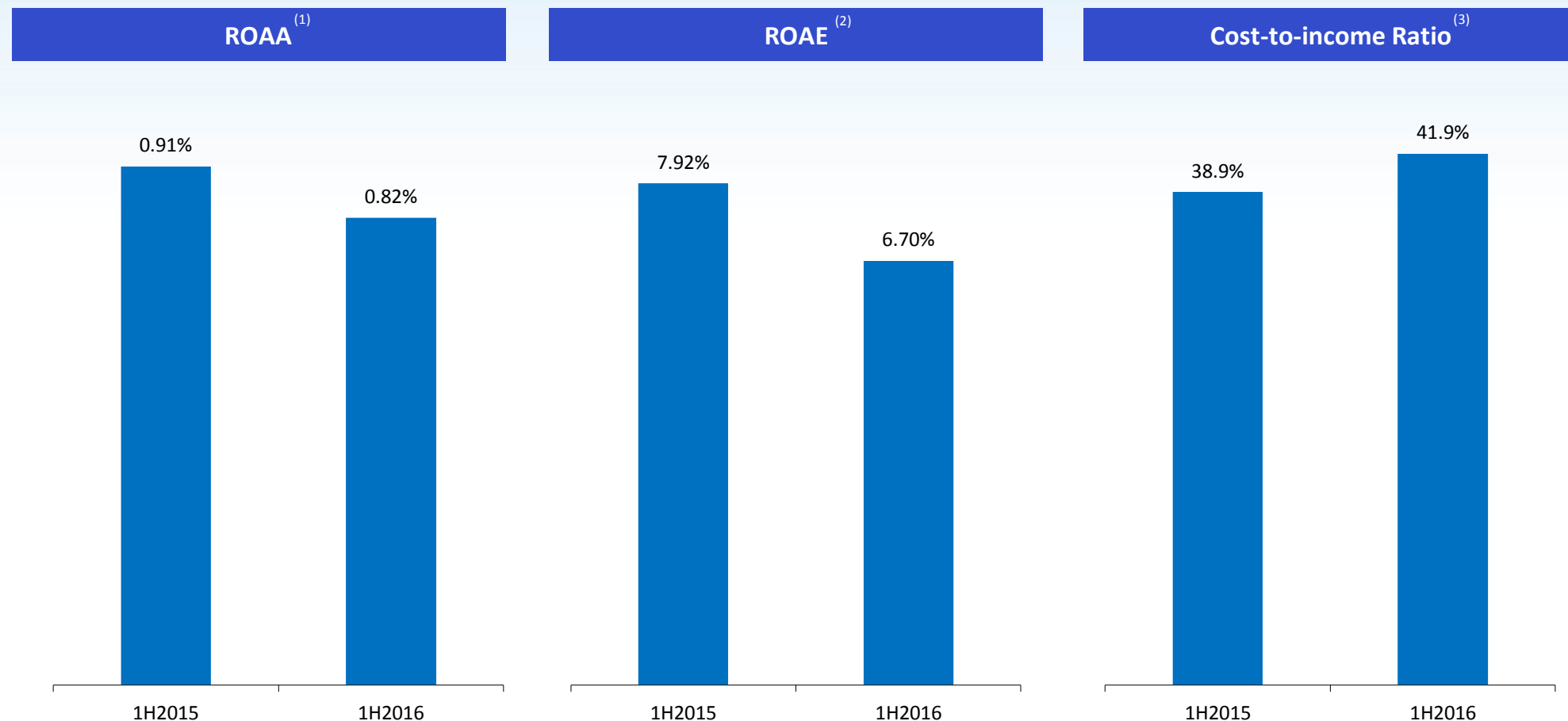


(1) Total capital ratio is defines as (Tier 1 capital + Tier 2 capital) / net risk weighted assets

(2) Tier 1 Capital Ratio is defined as Tier 1 capital / net risk weighted assets

3 Financial Services

Stable profitability of NCB



(1) ROAA equals to profit after tax during the period/ average of asset balance at the beginning and ending of the period, and being annualized

(2) ROAE equals to net profit attributable to the shareholders during the period/ average of equity balance attributable to the shareholders at the beginning and ending of the period, and being annualized

(3) Cost-to-income Ratio equals to Opex / operating income, and being annualized

3 Financial Services

Prospects of NCB

Objectives of NCB Integration

- Become a leading commercial bank
 - Leverage the synergetic operated comprehensive financial group
 - Focus on asset management and inter-bank businesses
 - Develop cross-border financial services
 - Focus on corporate financial services

Development Strategies of NCB

- Steadily develop Hong Kong and overseas businesses base on current Hong Kong platform
- Develop Mainland and cross-border businesses and view mainland China as a key growth driver
- Enhance cooperation between domestic and overseas businesses to fully utilize group synergy

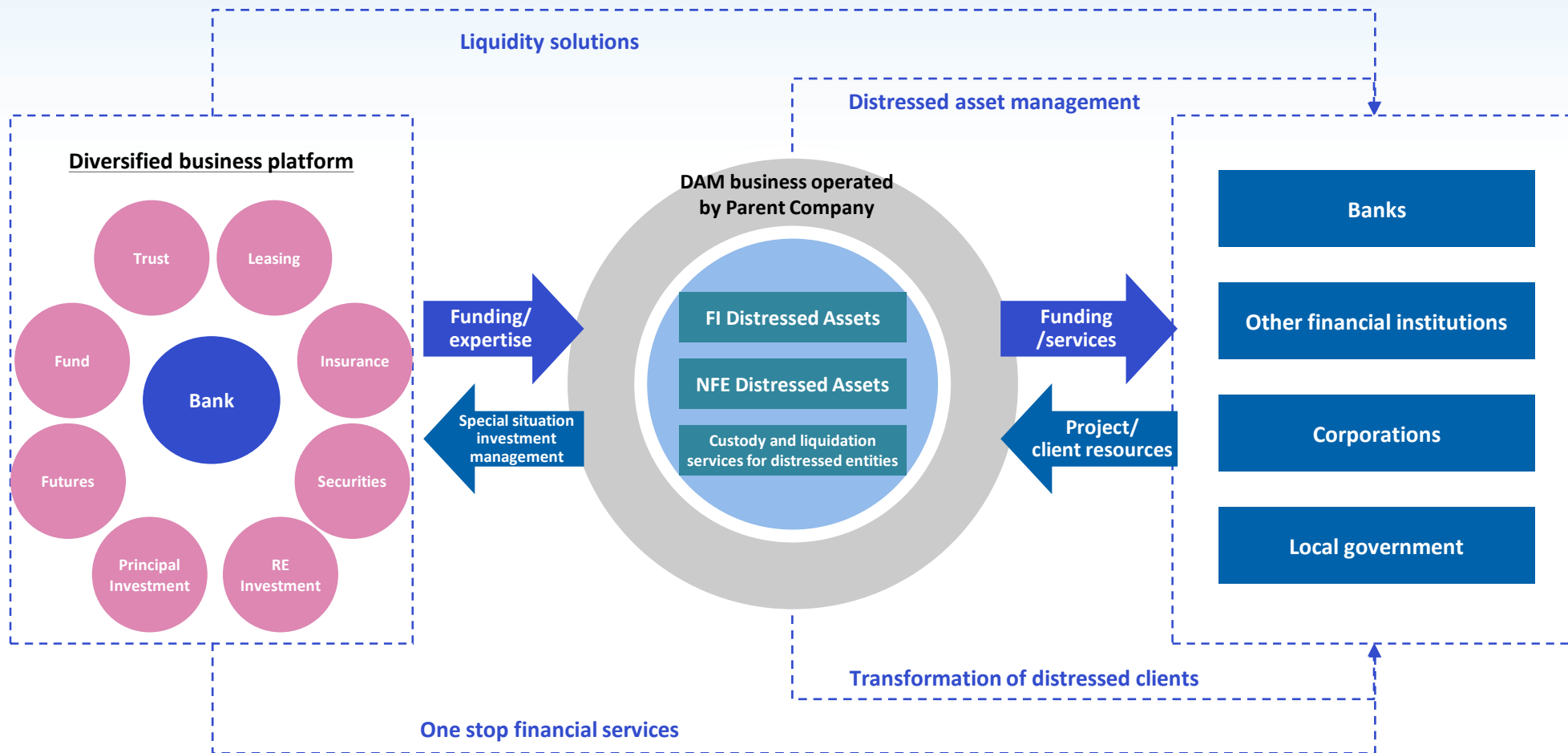
Prospects of NCB

- Focus on Mainland and cross-border businesses, capturing the opportunity arising from the acquisition and consolidation of NCB
- Fully leverage the advantages of Hong Kong business for the development of overseas businesses in response to the "globalization" strategy promoted by central government
- Transform into a customer-oriented operational model to improve competitiveness of financial services segment

3 Financial Service

Improved integration of financial service segment with enhanced synergies

Leverage core strength of the distressed asset management business to deliver one-stop comprehensive financial service via diversified platform



4 Risk Control and Capital Management

Continuously improve risk control and capital management capability

Continuously Improved Risk Control Capability

- Enhance the independence of risk management function by reforming the risk governance system
- Conducted risk detection and inspection against the compliance operation risk
- Formulated measures on capital management and risk liabilities to enhance asset quality
- Enhanced risk management system by consolidating risk management information system
- Improved accuracy by developing alert model for related party transactions and upgrading internal rating system

Improved Capital Management Capability

- Committed to improve the capital management capability by establishing internal fund transfer pricing mechanism
- Proactively explore innovative capital instruments with diversified capital replenishment channels and solidified capital base
- Improved capital monitoring mechanism by centralized asset management system



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Summary of Key Financials

<i>(RMB mm, except per share data and ratios)</i>	12/31/2015 or 1H2015	6/30/2016 or 1H2016	Change
Total assets	713,975	1,008,832	+41.3%
Equity attributable to shareholders of the Company	101,710	104,342	+2.6%
Total income	37,856	45,506	+20.2%
Profit before tax	10,740	10,722	- 0.2%
Profit attributable to shareholders of the Company	7,824	8,009	+2.4%
EPS	0.22	0.22	+0%
Cost-to-income ratio	23.4%	22.5%	- 0.9 ppts
ROAA (annualized)	2.7%	2.1% ⁽¹⁾	- 0.6 ppts
ROAE (annualized)	16.1%	15.5%	- 0.6 ppts
Capital Adequacy Ratio	16.11% ⁽²⁾	15.63% ⁽³⁾	-

(1) Excluding NCB merger

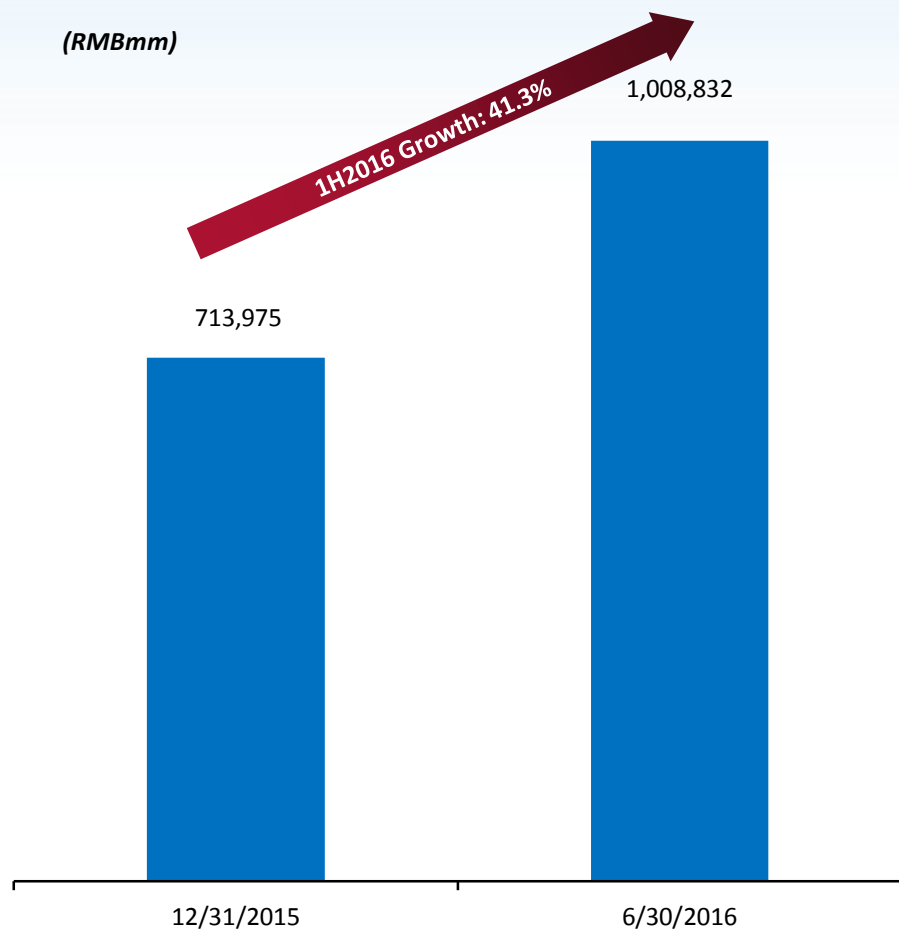
(2) Based on previous version of "Off-site Supervision Reporting Index System on Financial Asset Management Companies", issued by the CBRC in 2012

(3) Based on the updated version of "Off-site Supervision Reporting Index System on Financial Asset Management Companies"

1 Increasing Scale and Robust Leverage Ratio

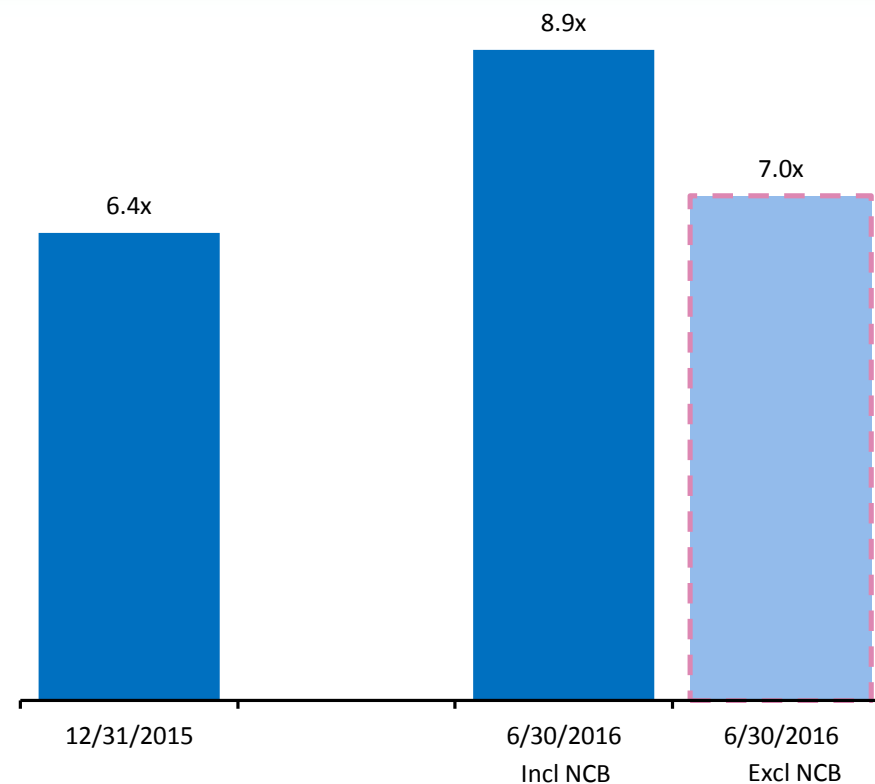
Increasing Asset Scale

(RMBmm)



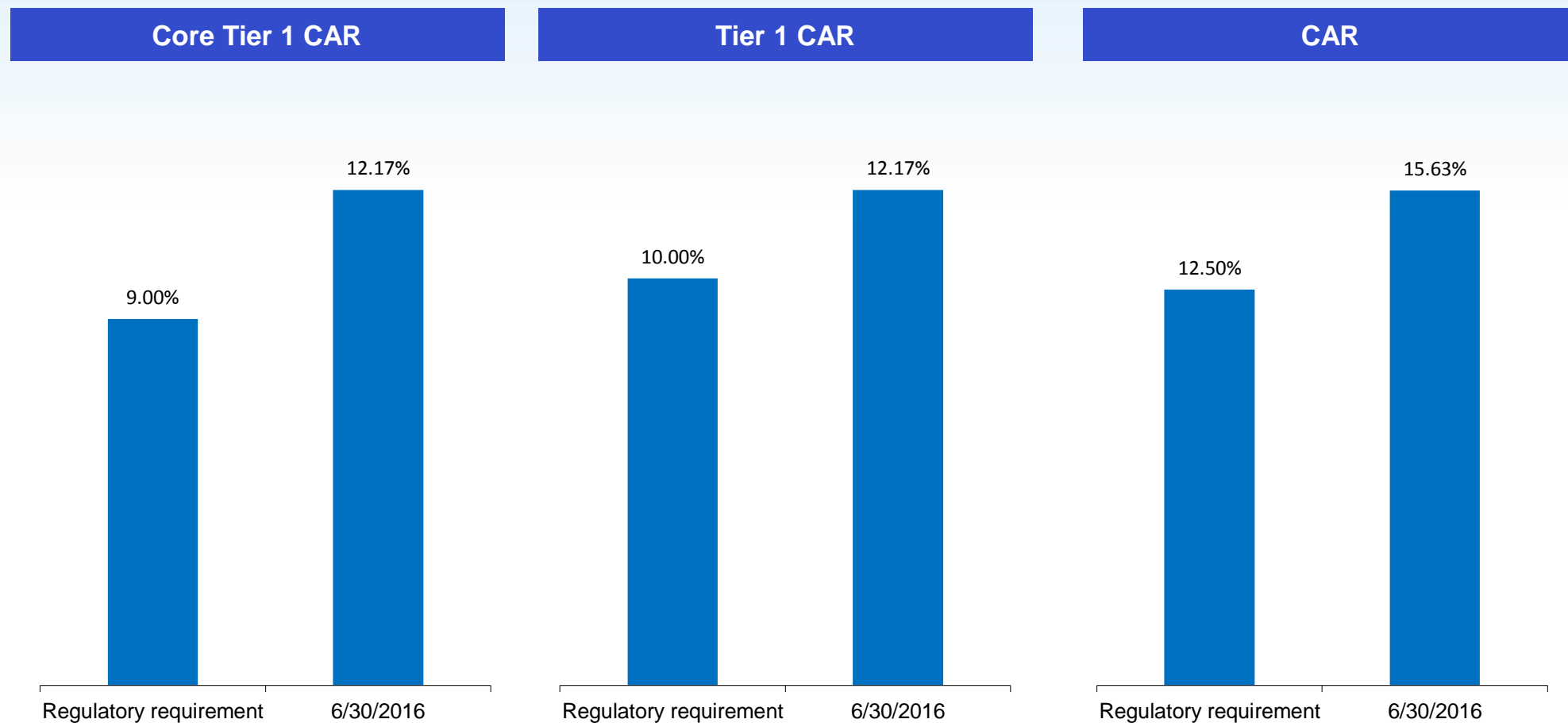
Robust Leverage Ratio of the Group ⁽¹⁾

Total Assets / Total Equity



(1) Represents total assets divided by total equity

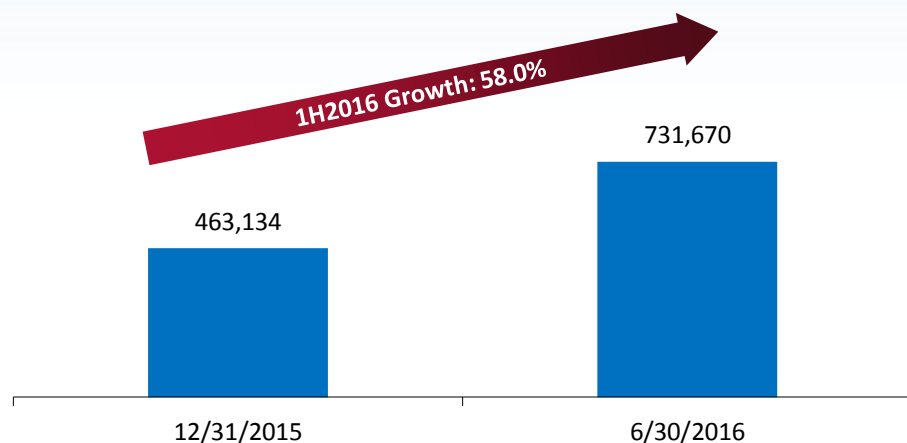
2 Well Managed Capital Level with Sufficient Buffer



3 Diversified Funding Channel with Optimized Liabilities Structure

Balance of Interest Bearing Liabilities

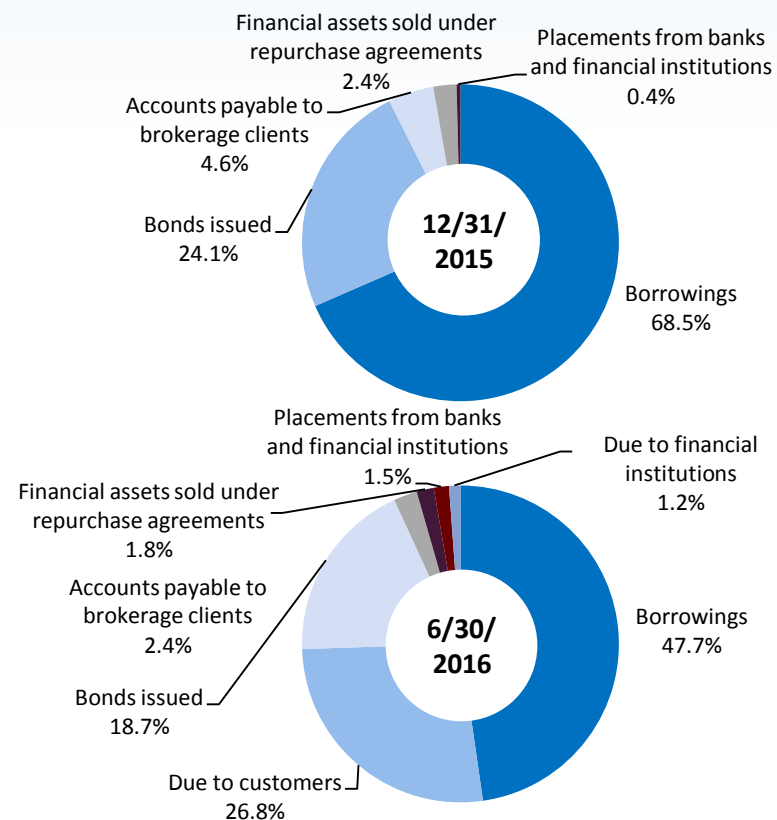
(RMBmm)



Interest Rate Range of Group Borrowings

	12/31/2015	6/30/2016
Fixed rate	1.12% - 10.00%	1.92% - 10.00%
Floating rate	1.05% - 7.80%	1.45% - 7.80%

Breakdown of Interest Bearing Liabilities

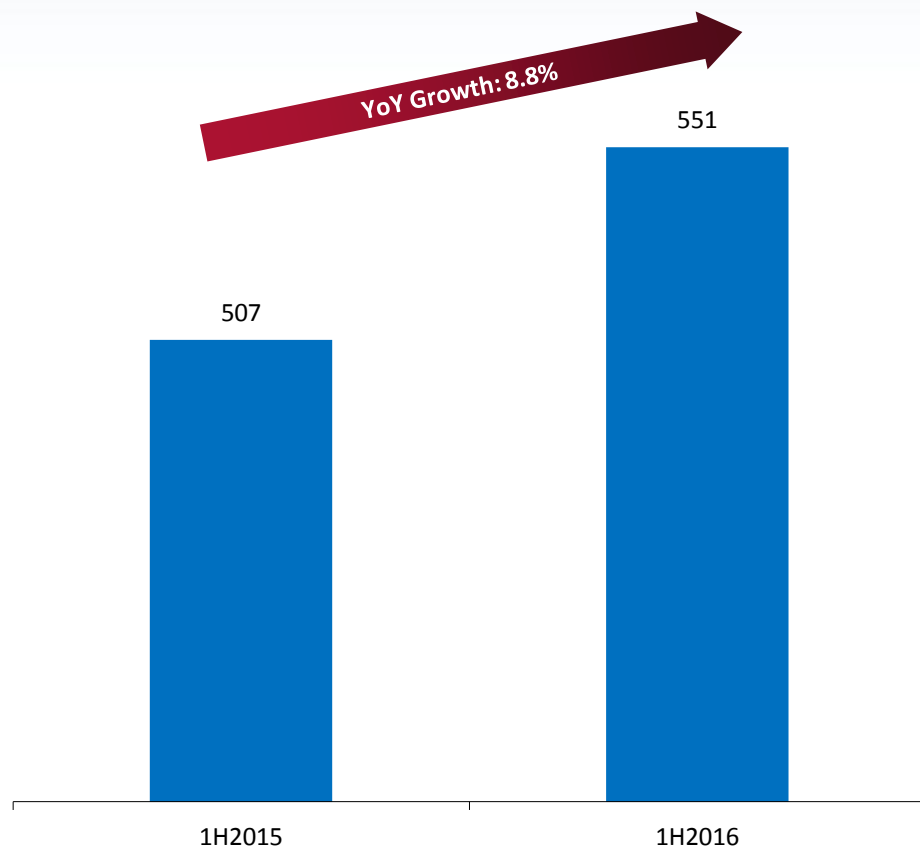


4 Improving Operational Efficiency

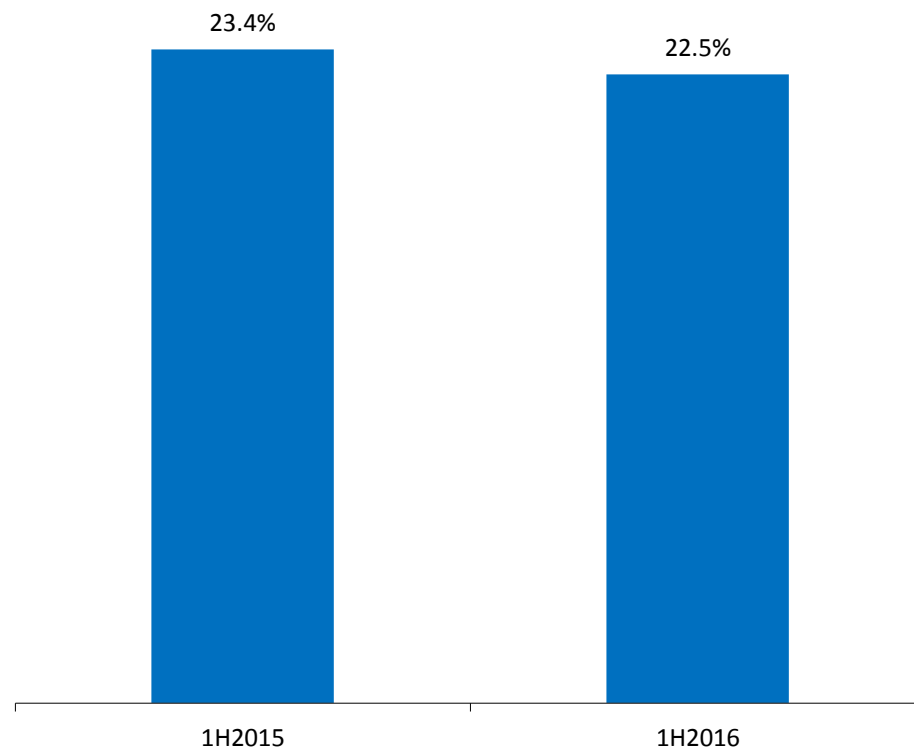
Enhanced Operation Efficiency

(RMB mm)

Average Income from Distressed Asset Management Per Branch ⁽¹⁾



Cost-to-Income Ratio ⁽²⁾



(1) Calculated based on total income from distressed asset management of 32 branches as of 6/30/2016 (excluding SFTZ Branch and China Cinda (Hefei) Emergency Relief Base)

(2) 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

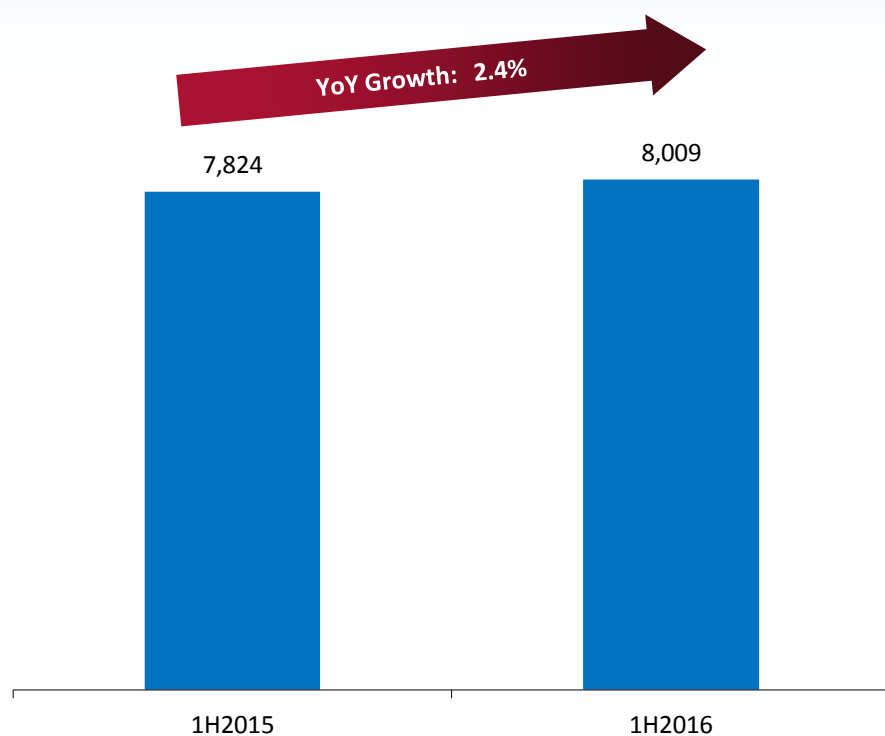


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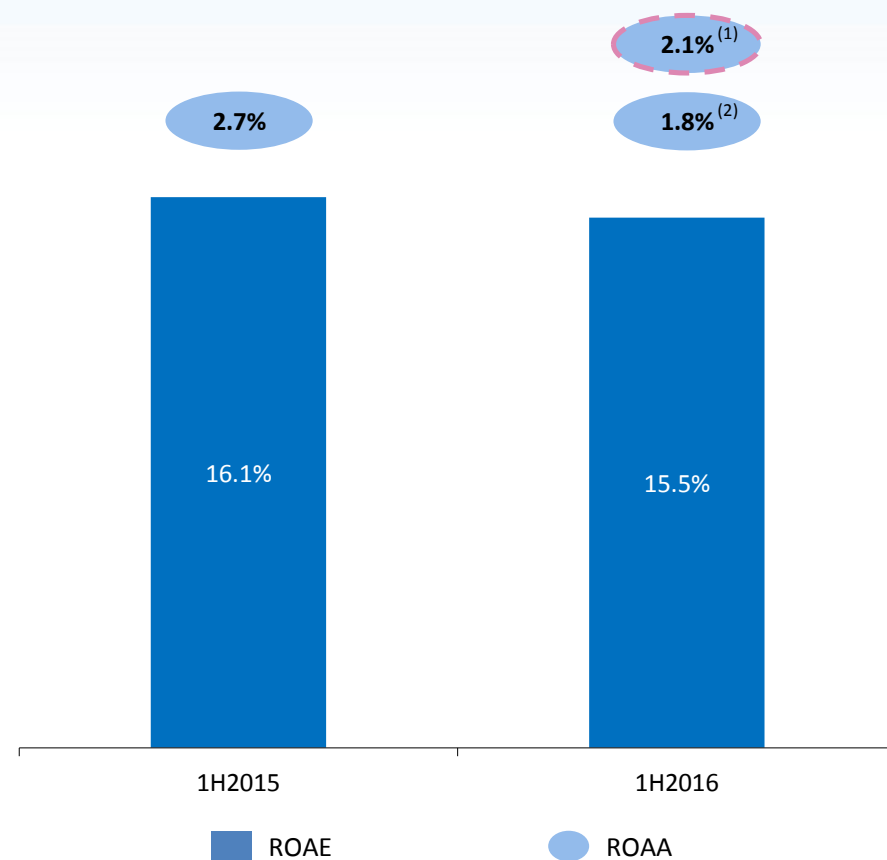
6 Sustained and Stable Profitability

Profit Attributable to Shareholders of the Company

(RMB mm)



ROAE / ROAA (Annualized)



(1) Excluding NCB merger

(2) Include NCB



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China Cinda's Potential Business Opportunities

Background Introduction

- Long term prospects of economy remain positive despite the downward pressure, with reform providing continuous momentum into economic growth
- Supply-side structural reform will provide China Cinda with numerous business opportunities

Objective Market and Business Opportunities

- 1 With the growing pressure for banks to carve out their NPL, traditional distressed asset management business still have promising prospects
- 2 Increasing demand from corporate M&A and debt restructuring, creating more opportunities for restructuring distressed assets business
- 3 More opportunities arising for asset restructuring from supply-side reform and the new round of debt to equity swap
- 4 Massive opportunities in comprehensive financial services arising from corporate cost cutting and industry upgrading transformation
- 5 Rising demand in infrastructure investment with implementation of national strategies in areas such as Yangtze River Economy Belt and Beijing, Tianjin and Hebei
- 6 SOE reform and mixed-ownership innovation brings more opportunities in asset management, investment and financial services
- 7 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

Focus in 2H2016



Achieve healthy growth by switching from scale expansion to structure optimization and efficiency improvement



Further develop distressed assets and distressed entities business, maintain industry leading position



Continue to strengthen synergetic operation and promote platform integration



Shift from “product-oriented” to “client-centered” and focus on serving strategic clients



Leverage opportunities from supply-side reform and utilize the full license platform to provide comprehensive financial services



Improve risk control and disposal efficiency



Actively implement 2016 business plan to kick off the 2nd “Five-year Plan”



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Appendix

Financial Summary

Consolidated Income Statement

(RMB mm)

	1H2016	1H2015	Change
Income from distressed debt assets classified as receivables	8,424	9,498	(11.3%)
Fair value changes on distressed debt assets	2,236	1,468	52.4%
Investment income	10,455	8,281	26.2%
Net insurance premiums earned	12,334	6,398	92.8%
Commission and fee income	1,532	2,350	(34.8%)
Revenue from sales of inventories	2,835	2,039	39.0%
Interest income	6,164	5,205	18.4%
Others	1,526	2,617	(41.7%)
Total	45,506	37,856	20.2%
Insurance costs	(12,782)	(6,618)	93.1%
Employee benefits	(2,373)	(2,723)	(12.9%)
Impairment losses on assets	(1,920)	(1,580)	21.5%
Interest expense	(10,520)	(9,806)	7.3%
Others	(5,949)	(5,197)	14.5%
Total	(33,544)	(25,925)	29.4%
Profit before tax	10,722	10,740	(0.2%)
Profit for the period	7,783	8,256	(5.7%)
Profit attributable to shareholders	8,009	7,824	2.4%

Consolidated Balance Sheet

(RMB mm)

	6/30/2015	12/31/2015	Change
Cash and bank balances	85,489	58,070	47.2%
Financial assets at fair value through profit or loss	134,124	117,287	14.4%
Available-for-sale financial assets	186,653	120,604	54.8%
Financial assets classified as receivables	157,553	181,058	(13.0%)
Loans and advances to customers	245,260	104,738	134.2%
Others	199,754	132,216	51.1%
Total assets	1,008,832	713,975	41.3%
Borrowings	349,185	317,071	10.1%
Bonds issued	136,490	111,773	22.1%
Others	410,407	174,237	135.5%
Total liabilities	896,082	603,081	48.6%
Total equity	112,750	110,894	1.7%
Equity attributable to equity holders of the Company	104,342	101,710	2.6%
Key Ratios			
ROAA (Annualized) ⁽¹⁾	2.1%	2.7%	
ROAE (Annualized)	15.5%	16.1%	
Cost-to-income ratio	22.5%	23.4%	
Total assets / total equity ⁽¹⁾	7.0x	6.4x	

(1) NCB excluded