



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

# 2017 Annual Results

March 2018



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## 1 Key Results

## 2 Business Overview

## 3 Future Outlook

# Key Results in 2017

**1** Steady growth in the scale of total assets with record-high net profit

**2** Continue to enhance distressed asset management business which contributes significant income and profit

**3** Capture the opportunity from the structural reform of the supply side and realize achievement in debt to equity swap (DES) and special situation investments

**4** Group's collaborative foundation continues to strengthen and provides better synergy

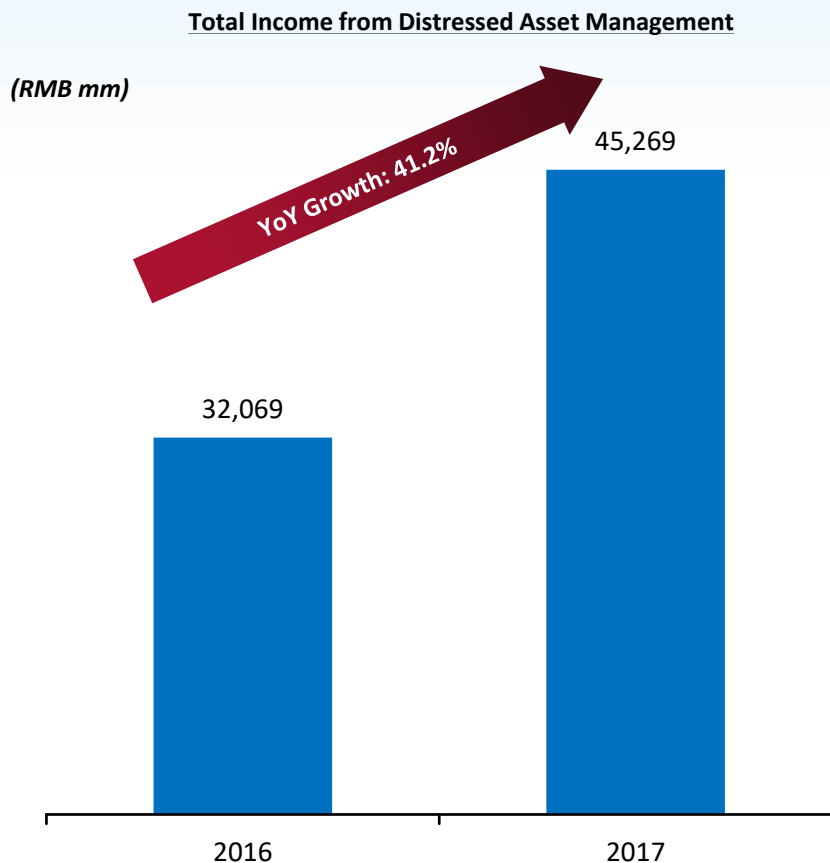
**5** Remarkable result from forward looking assets and liabilities management; continuous enhancement in comprehensive risk management

# 1 Steady Growth in the Scale of Group Assets with Record-high Net Profit

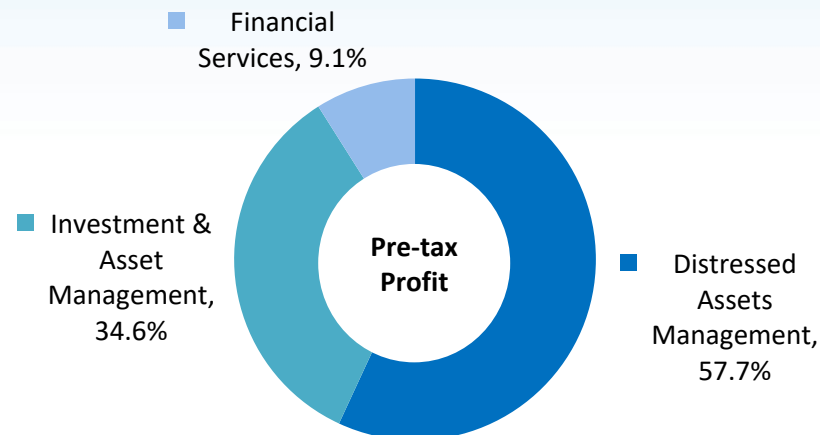
<i>(RMB mm, except data per share and ratios)</i>	2017	2016	Change	
Total assets	1,386,938	1,174,481	↑	18.1%
Equity attributable to the Company's shareholders	149,394	139,217	↑	7.3%
Total income	120,035	91,657	↑	31.0%
Profit before tax	26,131	21,766	↑	20.1%
Net profit attributable to shareholders	18,122	15,512	↑	16.8%
EPS	0.45	0.43	↑	4.7%
Cost-to-income ratio	24.9%	27.0%	↓	2.1pts
ROAA	1.46%	1.69%		Keep stable
ROAE	13.9%	14.1%		Keep stable
CAR	16.77%	19.38%		Maintain a reasonable range

## 2 Continue to Enhance Distressed Asset Management Business which Contributes Significant Income and Profit

### Steadily Growing Income from Distressed Asset Management



### Outstanding Pre-tax Profit Contribution<sup>(1)</sup>



- ❑ Acquisition-operation distressed assets<sup>(2)</sup>: net gain from distressed assets surged by 50.7%
- ❑ Restructured distressed assets<sup>(3)</sup>: optimizing business structure and improving asset quality
- ❑ Debt to Equity Swap (DES): breakthrough in investment and operation of existing equity assets

(1) Percentage calculation does not include elimination among segments

(2) Formerly traditional distressed assets business

(3) Category name in Chinese changed from “附重组条件类” to “收购重组类”

### 3 Capture the Opportunity from the Structural Reform of the Supply Side and Realize Achievement in DES and Special Situation Investments

#### New Stage of DES Business

Investment income from DES assets **RMB14 bn**

Market-oriented DES **RMB10 bn**

Set up deleverage fund **RMB50 bn**

#### Steady Development of Special Situation Investments



Participate in the mixed-ownership reform of SOEs



Involve in the asset restructuring and disposal of non-core business of central SOEs



Facilitate the industrial upgrade as well as the mergers and restructurings of large enterprises

## 4 Group's Collaborative Foundation Continues to Strengthen and Provides Better Synergy

### Achievement of Group Synergy



Cross-selling Revenue: RMB2.68 bn



Aggregate Business Scale: RMB357.0 bn



Number of projects: 624

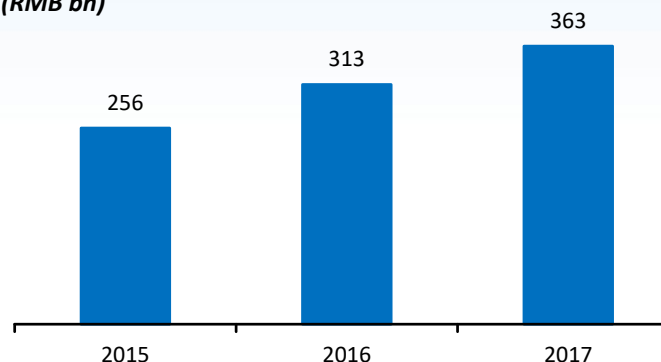


Number of Clients: 1,625

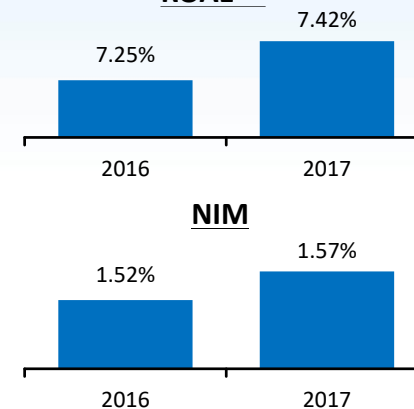
### Development Achievement of NCB

#### Total Assets

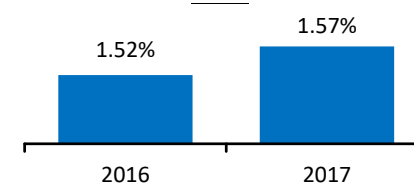
(RMB bn)



#### ROAE <sup>(1)</sup>



#### NIM



### Coordinated Development between NCB and the Group

(RMB bn)

	Balance of Synergy Deposit	Balance of Synergy Loans
NCB HK	27.7	7.3
NCB China	36.7	9.9

Expedite platform integration based on the principle of “relative concentration”; clearer positioning of subsidiaries

(1) Annualized data



## 5 Remarkable Result from Forward Looking Assets and Liabilities Management; Continuous Enhancement in Comprehensive Risk Management

### Enhance Assets and Liabilities Management and Continue to Optimize Asset Structure

- Optimize asset allocation and asset structure with more scientific proportion of related assets
- Enhance debt financing management; continuously optimize financing system and debt structure; better assets and liabilities structure in terms of duration matching
- Further optimize the pricing model of internal products to raise asset allocation efficiency
- Forward-looking financing strategies implemented, direct financing channel expanded, financing methods innovated and financing cost controlled effectively

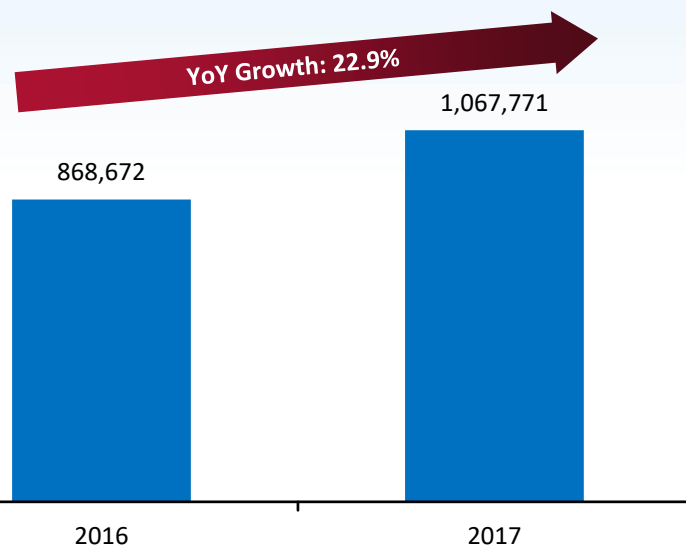
### Continue to Enhance Comprehensive Risk Management to Elevate Risk Control Capabilities and Control Risk Exposure

- Increase risk management awareness; implement frontline risk management with proactive attitude
- Further optimize risk management mechanism and continuously raise the efficiency and professionalism of risk control
- Continue to optimize risk management mechanism / policy; effective operation of risk appetite transmission mechanism
- Comprehensive application of risk pricing mechanism to optimize internal capital constraint system
- Liquidity risk management system improved continuously with liquidity risk prevented efficiently
- Effectively eliminate potential risk and strict control over increasing risk exposure to effectively protect assets quality

## 5 Remarkable Result from Forward Looking Assets and Liabilities Management; Continuous Enhancement in Comprehensive Risk Management (Cont'd)

### Balance of Interest Bearing Liabilities

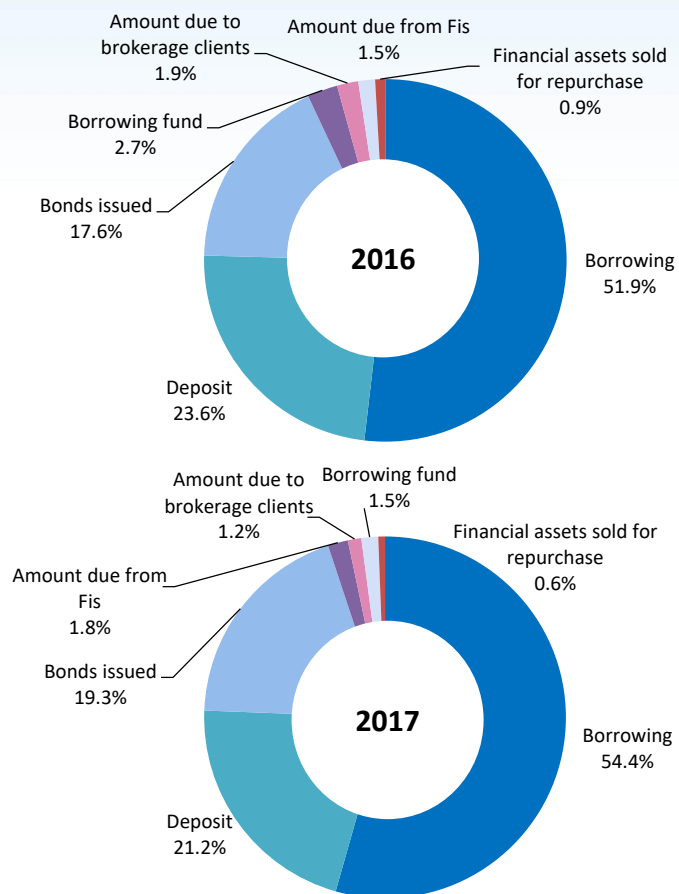
(RMB mm)



### Interest Rate of Borrowings by the Group

	2016	2017
Fixed Interest Rate Borrowings	1.67% – 9.00%	1.22% – 8.00%
Floating Interest Rate Borrowings	1.35% – 8.83%	2.23% – 6.00%

### Breakdown of Interest Bearing Liabilities



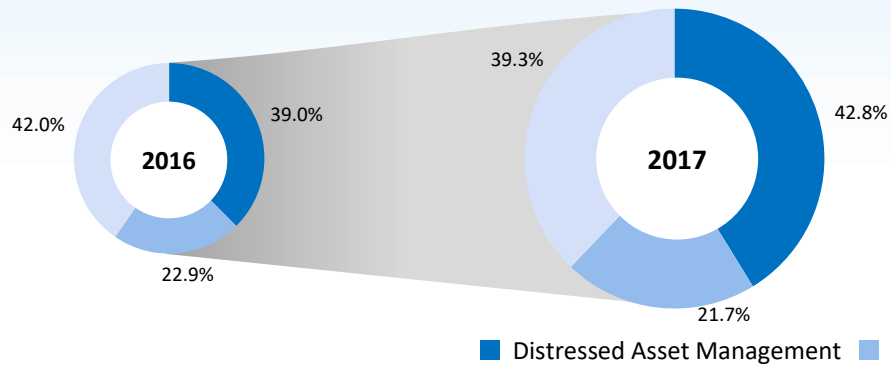
**1** Key Results

**2** Business Overview

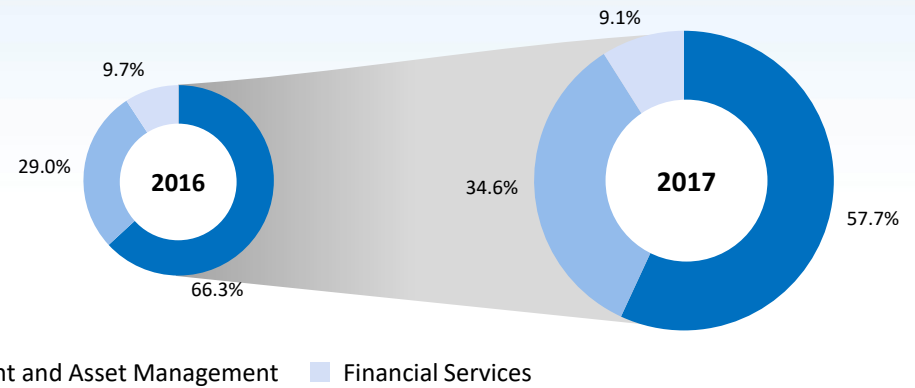
**3** Future Outlook

# Business Overview by Segment

## Total Assets Breakdown by Segment



## Pre-tax Profit Breakdown by Segment



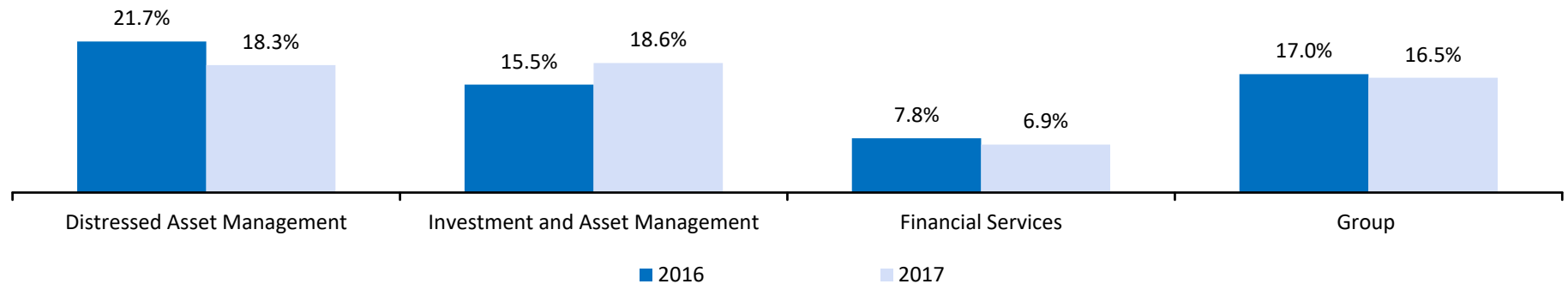
**Total Assets: RMB1,174.5 bn**

**Total Assets: RMB1,386.9 bn**

**Pre-tax Profit: RMB21.8 bn**

**Pre-tax Profit: RMB26.1 bn**

## Pre-tax ROAE



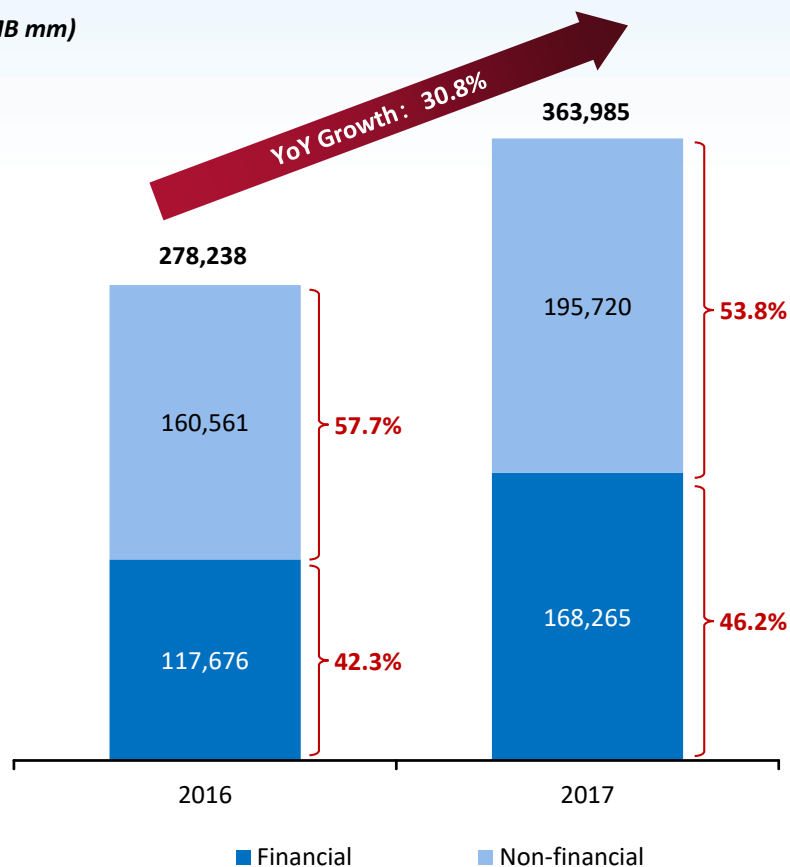
Note: Percentage calculation includes elimination among segments

# 1 Distressed Asset Management – Distressed Debt Assets

Continuous Improvement of Operating Capabilities, Business Model Innovation & Upgrading and Stable Revenue Growth

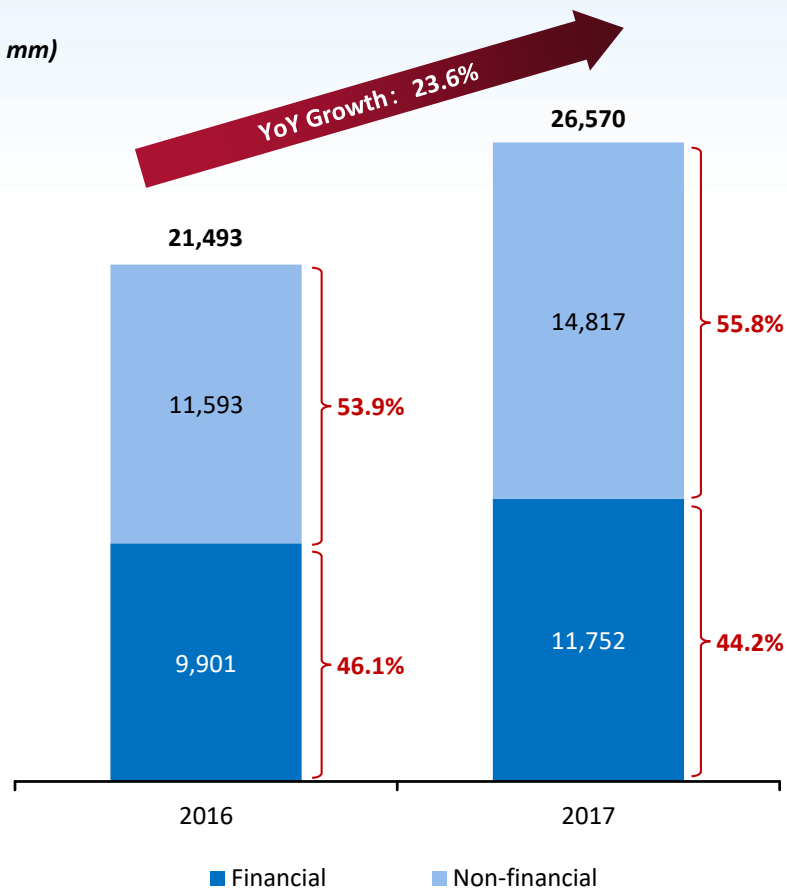
## Net Balance of Distressed Debt Assets

(RMB mm)



## Income of Distressed Debt Assets

(RMB mm)

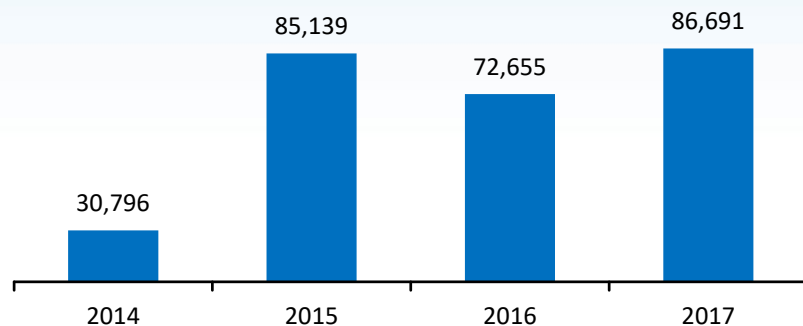


# 1 Distressed Asset Management – Acquisition-Operation Distressed Assets

Solid Performance Resulted from Sustained Channel Expansion for Asset Acquisition and Consistently Improving Asset Disposal Capabilities

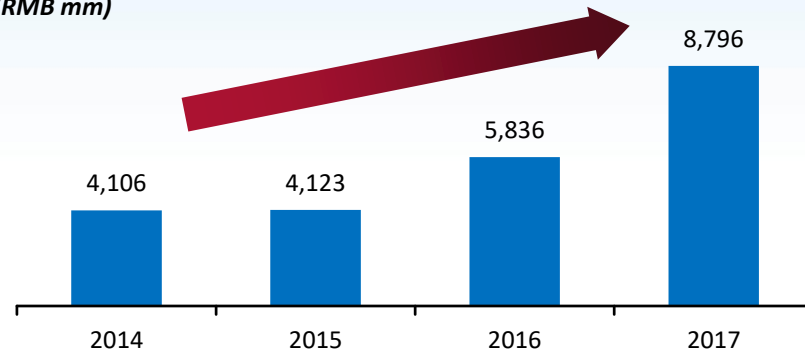
## Newly Acquired Acquisition-Operation Distressed Assets

(RMB mm)



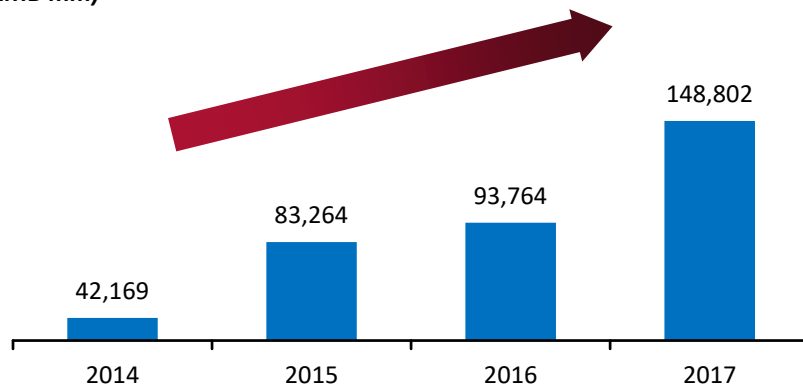
## Net Income of Acquisition-Operation Distressed Assets

(RMB mm)

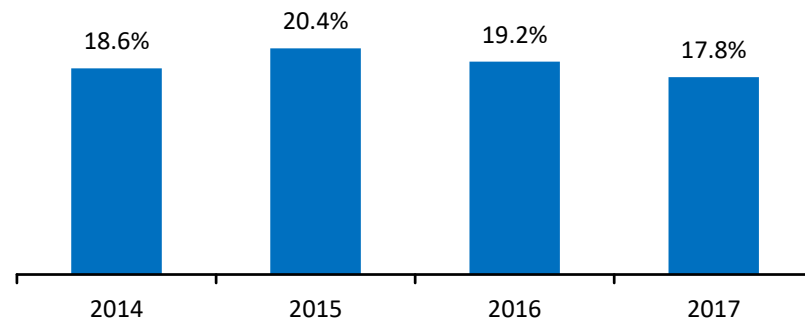


## Net Balance of Acquisition-Operation Distressed Assets

(RMB mm)



## IRR

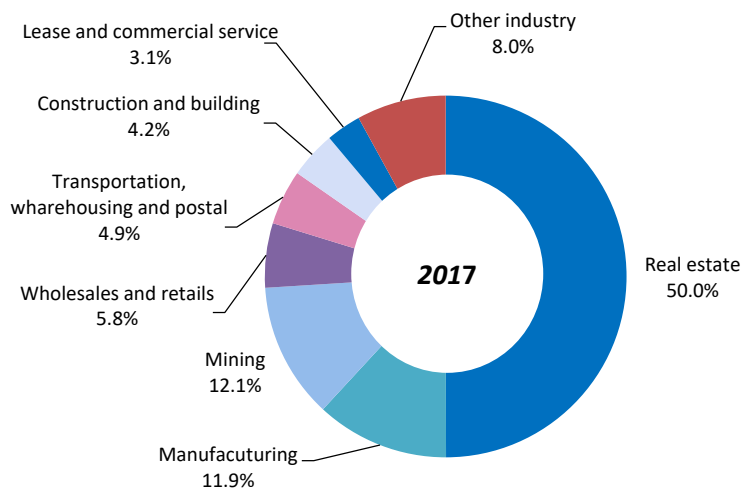
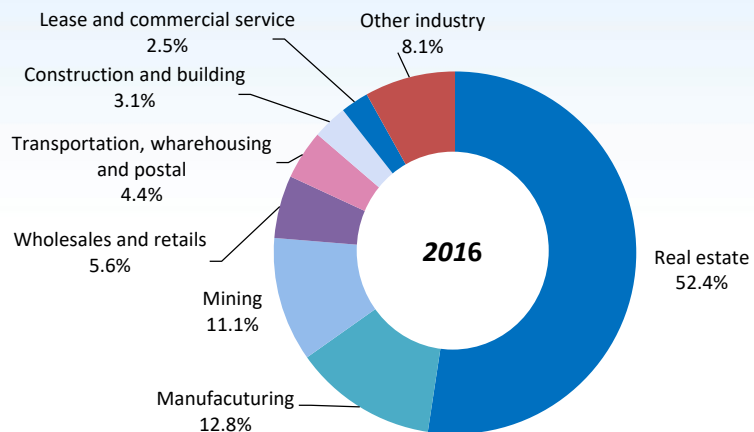


Note: IRR is the discount rate that make the cash income from disposal of acquisition-operation distressed assets and cost and expense incurred from the asset to be zero

# 1 Distressed Asset Management – Restructured Distressed Assets

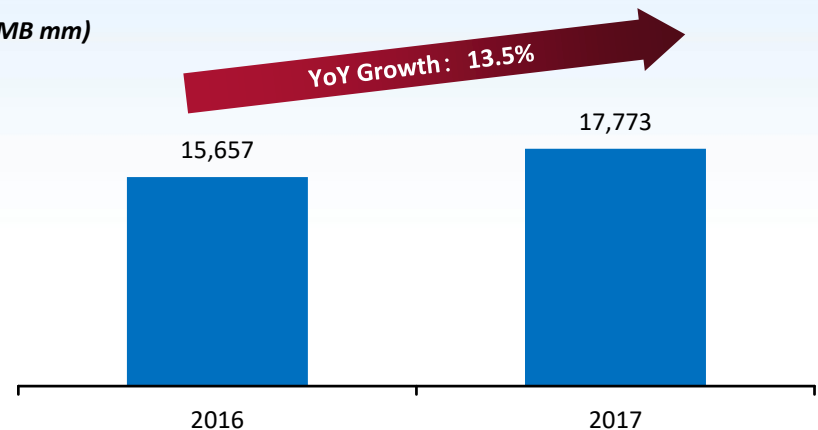
Significantly Optimized Capital Structure and Quality Leading to Stable Business Growth

## Industry Breakdown



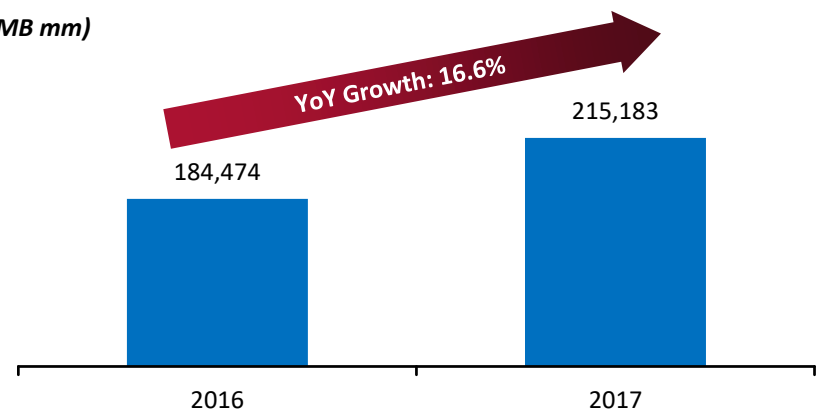
## Revenue of Restructured Distressed Assets

(RMB mm)



## Net Balance Restructured Distressed Assets

(RMB mm)



# 1 Distressed Asset Management – Restructured Distressed Assets

Consistent Promotion of Comprehensive Risk Control Leading to Significant Asset Quality Improvement

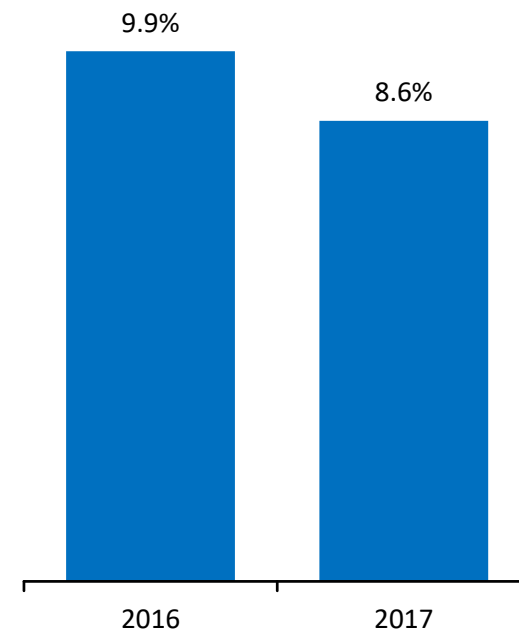
Impaired Assets Ratio



Provision Coverage



Monthly Average Annualized Returns



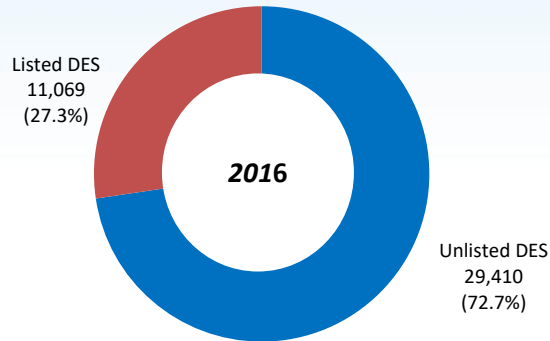


# 1 Distressed Asset Management – Debt to Equity Swap (DES)

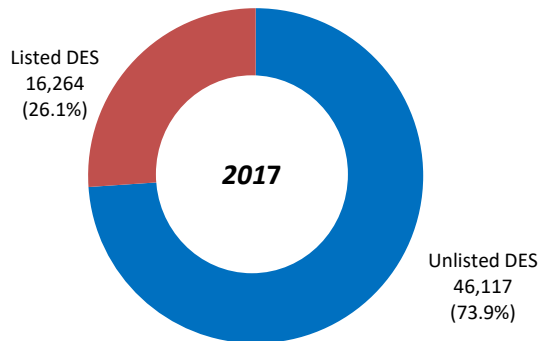
New Breakthrough on Existing Business with Significant Progress from Market-oriented DES Assets

## Book Value Breakdown by Type

(RMB mm)



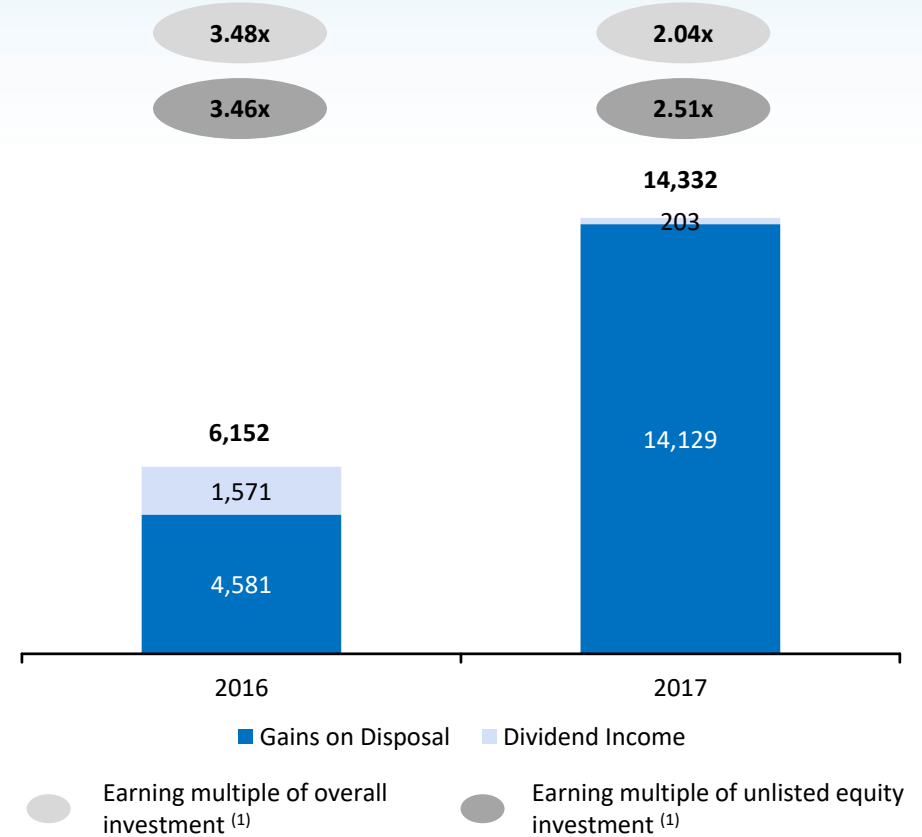
**Total Book Value: RMB40.5bn**



**Total Book Value: RMB62.4bn**

## Dividend Income of DES Assets, Gains from Equity Investment and Earning Multiples

(RMB mm)



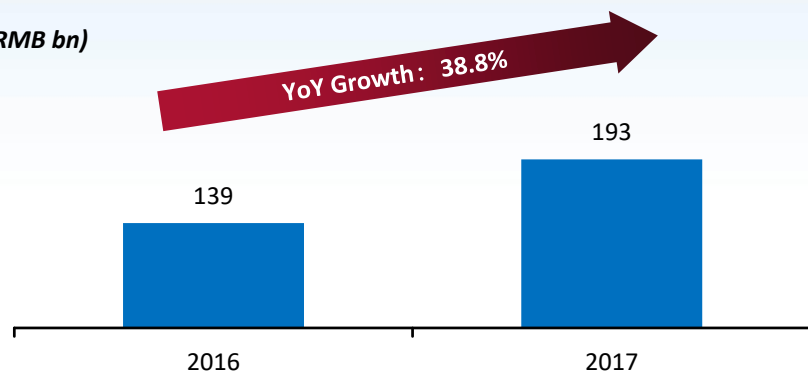
(1) Net gain + realized investment gains (net of provisions for impairment, if any)/acquisition cost of DES Assets with realized investment gains (net of provisions for impairment, if any)

## 2 Investment and Asset Management

Continuous Improvement of Principal Investment Capabilities and Performance with Major Business Lines as the Core; Step-by-Step Establishment of the Unique Asset Management Model

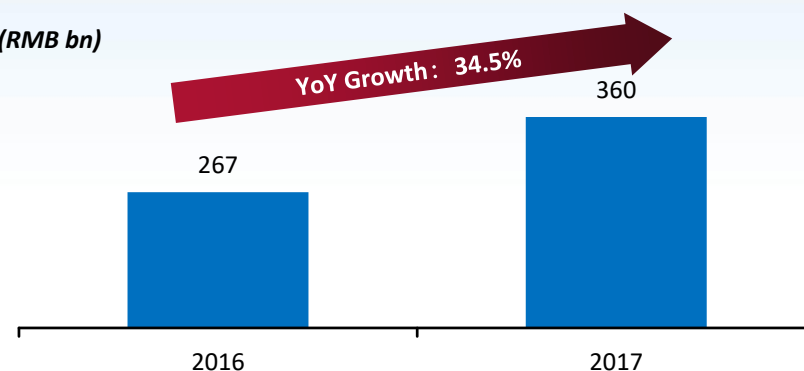
### Balance of Principal Investments

(RMB bn)



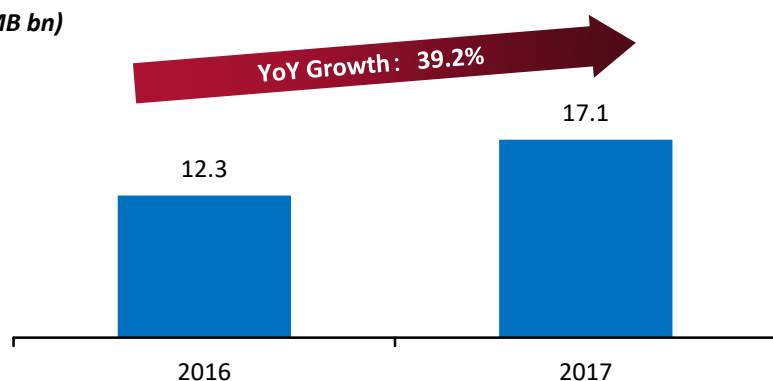
### Total Committed Capital of Private Funds

(RMB bn)



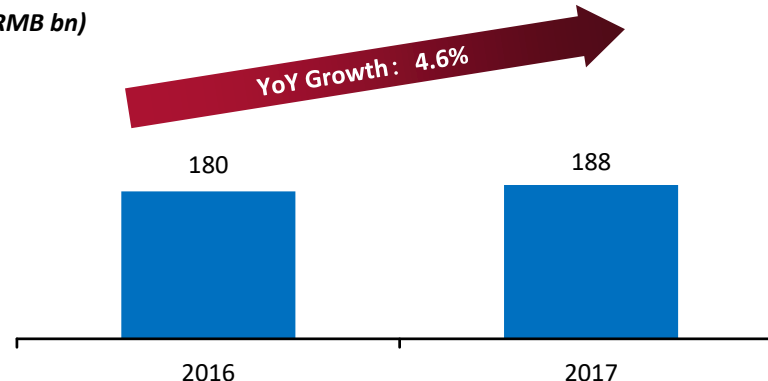
### Income from Principal Investment

(RMB bn)



### Total Paid-in Capital of Private Funds

(RMB bn)



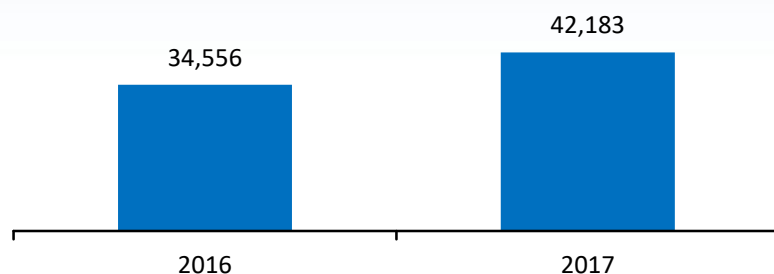
### 3 Financial Services

More Efficient Resources Allocation in Financial Sector with Orderly Promotion of Differentiated, Characteristic and Professional Asset Management as Well as Strengthened Synergies

#### Total Income of Financial Subsidiaries <sup>(1)</sup>

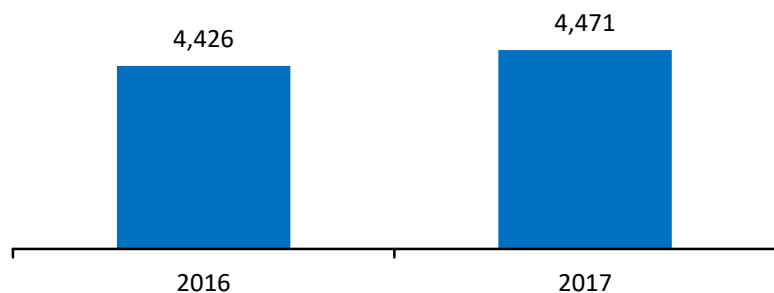
(RMB mm)

YoY Growth: 22.1%



#### Pre-tax Profit of Financial Subsidiaries

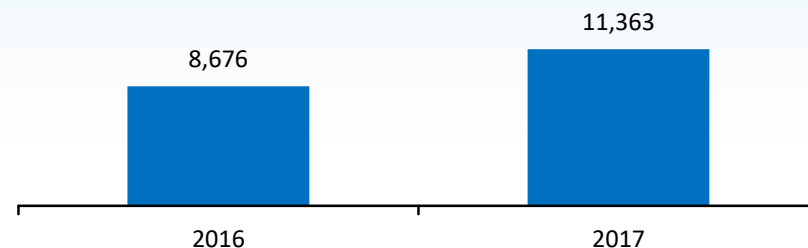
(RMB mm)



#### Positive Growth Momentum of Financial Subsidiaries

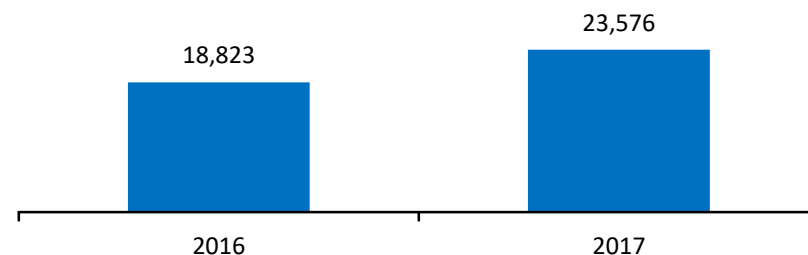
(RMB mm)

##### Revenue from Bank



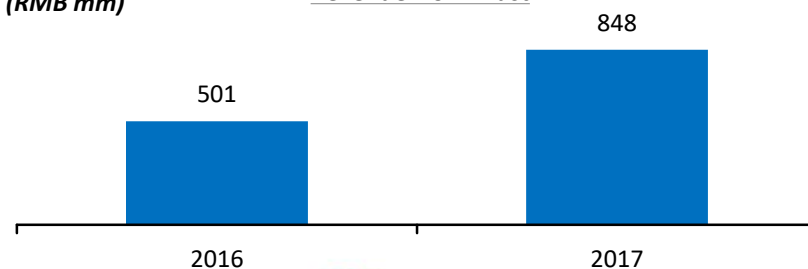
(RMB mm)

##### Revenue from Life Insurance



(RMB mm)

##### Revenue from Trust



(1) NCB related data include financial data of the Company prior and post the merger of NCB at May 30 2016; Exclude data related to Cinda Property and Casualty Insurance ("Cinda PCIC") as all administrative approval processes have completed, the Company has publicly transferred 1.23 bn shares of Cinda PCIC, i.e. 41% stakes

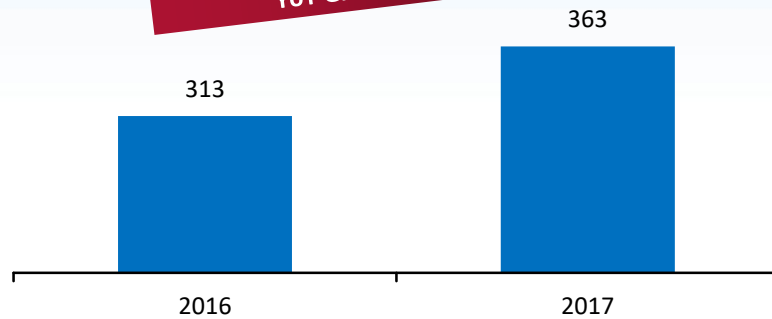
### 3 Financial Services

Stable and Rapid Development of NCB with Rapid Scale Growth, High CARs and Stronger Profitability

Total Assets of NCB

(RMB bn)

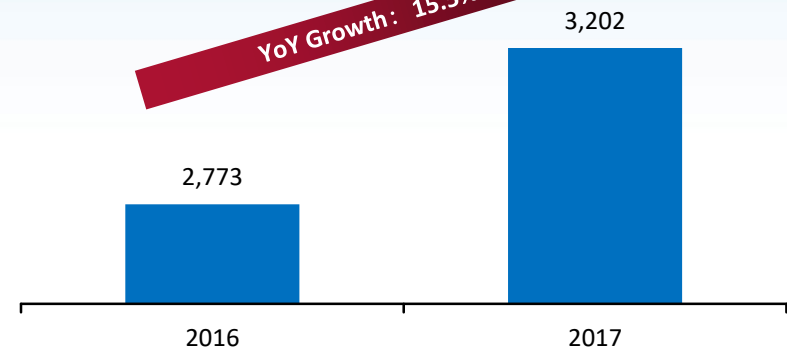
YoY Growth: 16.1%



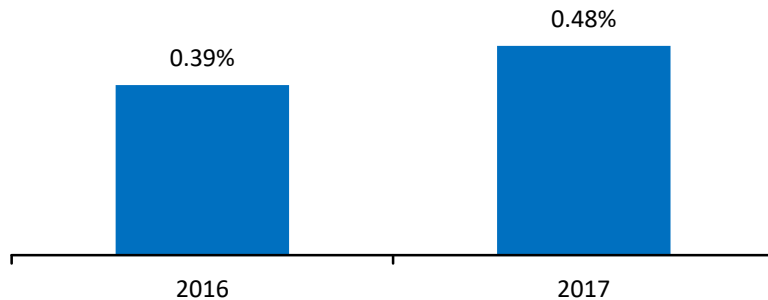
Pre-tax Profit of NCB

(RMB mm)

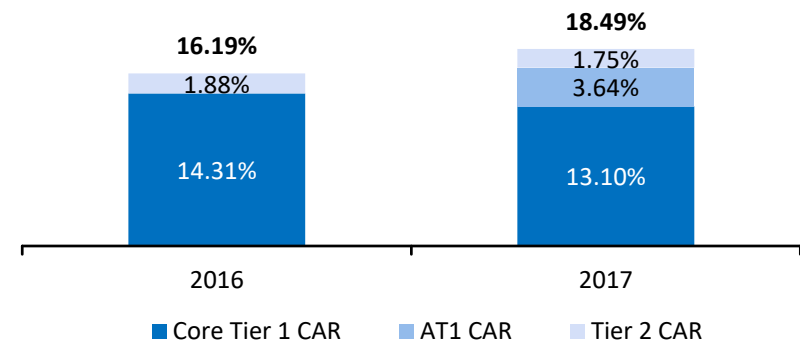
YoY Growth: 15.5%



NPL Ratio of NCB



Capital Adequacy Ratio of NCB<sup>(1)</sup>



(1) Total capital ratio=(tier1 capital +tier2 capital) / net risk-weighted assets

## 1 Key Results

## 2 Business Overview

## 3 Future Outlook

# China Cinda's Potential Business Opportunities

## Background

- Economic shift to high quality growth with positive fundamentals and sustained promotion of reforms in quality, efficiency and dynamics
- Deepening structural reform at the supply side and accelerated optimization and upgrading of economic structures
- Challenging situation in financial risk prevention and control requiring a more regulated financial market

## Target Markets and Business Opportunities

1

Advance main business through orderly disposal of distressed assets in this great campaign of precautions against financial risk

2

Opportunities are presented in assets disposal, business restructuring and merger and acquisition along with the deepening of the supply-side structural reforms

3

Demands are mounting in areas such as SOE deleveraging, mixed ownership reforms, separation of main and auxiliary business and merger and restructuring, in parallel with the advent of SOE reforms

4

Key driving forces are to be provided by tailor-made financial service for the development of real economy


5

Investment and financing demands are on the rise with the progressing built-up of the Three National Strategies, the Xiongan New Area and the Guangdong-Hong Kong-Macau Great Bay Area

Consolidate distressed assets business in line with general demand for high-quality growth, so as to establish and assets management and financial service brand with unique characteristics, and to be a leading financial enterprise with own core competitiveness

## Focus in 2018

 Maintain a strong focus and develop in an innovative manner Cinda's core business of distressed assets and to expand the model on a larger scale

 Strive to raise professional standards and capabilities in DES and business of investment in special opportunity

 Deepen business transformation to facilitate the development of branches and subsidiaries in a differentiated, unique and professional way

 Enhance management on debt financing to consistently improve liquidity management at the Group level

 Enhance comprehensive risk management and uphold risk bottom line

# Financial Summary

<i>(RMB mm)</i>	2017	2016	Change	<i>(RMB mm)</i>	12/31/2017	12/31/2016	Change
Income from distressed debt assets classified as receivables	17,773	15,539	14.4%	Cash and bank balances	21,511	17,368	23.9%
Fair value changes on distressed debt assets	8,266	5,716	44.6%	Deposits with banks and financial institutions	54,429	75,801	(28.2%)
Investment income	29,466	17,991	63.8%	Financial asset at fair value through profit or loss	213,796	149,045	43.4%
Net premium earned	19,267	16,636	15.8%	Available-for-sale financial assets	273,183	212,496	28.6%
Interest income	20,641	14,506	42.3%	Financial assets classified as receivables	234,227	198,787	17.8%
Revenue from sales of inventories	14,426	10,955	31.7%	Loans and advances to customers	312,118	294,937	5.8%
Commission and fee income	4,219	3,848	9.6%	Others	277,674	226,046	22.8%
Others	5,977	6,466	(7.6%)	<b>Total assets</b>	<b>1,386,938</b>	<b>1,174,481</b>	<b>18.1%</b>
<b>Total</b>	<b>120,035</b>	<b>91,657</b>	<b>31.0%</b>	Borrowings	580,352	450,515	28.8%
Insurance costs	(20,914)	(17,549)	19.2%	Bonds issued	206,483	152,498	35.4%
Commission and fee expense	(2,405)	(2,122)	13.3%	Accounts payable to brokerage clients	12,394	16,272	(23.8%)
Purchases and changes in inventories	(10,356)	(8,456)	22.5%	Due to customers	226,221	204,629	10.6%
Employee benefits	(7,411)	(6,110)	21.3%	Others	193,224	202,597	(4.6%)
Impairment losses on assets	(11,405)	(4,814)	136.9%	<b>Total liabilities</b>	<b>1,218,673</b>	<b>1,026,511</b>	<b>18.7%</b>
Interest expense	(35,911)	(23,224)	54.6%	<b>Total equities</b>	<b>168,265</b>	<b>147,970</b>	<b>13.7%</b>
Others	(5,835)	(6,083)	(4.1%)	Equity attributable to equity holders of shareholders	149,395	139,217	7.3%
<b>Total</b>	<b>(94,237)</b>	<b>(68,358)</b>	<b>37.9%</b>	<b>Key ratios</b>			
Profit before tax	26,131	21,766	20.1%	ROAA	1.46%	1.69%	
<b>Profit for the period</b>	<b>18,758</b>	<b>15,982</b>	<b>17.4%</b>	ROAE	13.88%	14.12%	
Profit attributable to equity holders	18,122	15,512	16.8%	Cost-to-income ratio	24.9%	27.0%	
				Total assets / total equities	8.2x	7.9x	