



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

2018 Interim Results

August 2018



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1 Key Achievements

2 Business Overview

3 Future Outlook

Key Achievements in 1H2018

1

Delivered steady asset growth and stable profitability

2

Expanded business scale and profit contribution of distressed asset management with the leading market share

3

Achieved breakthrough in strategic business and completed a number of DES projects

4

Steadily promoted the integration of subsidiaries and enhanced group management, efficiency and synergies

5

Continue to optimize liability structure with innovative financing and diversified funding channel

6

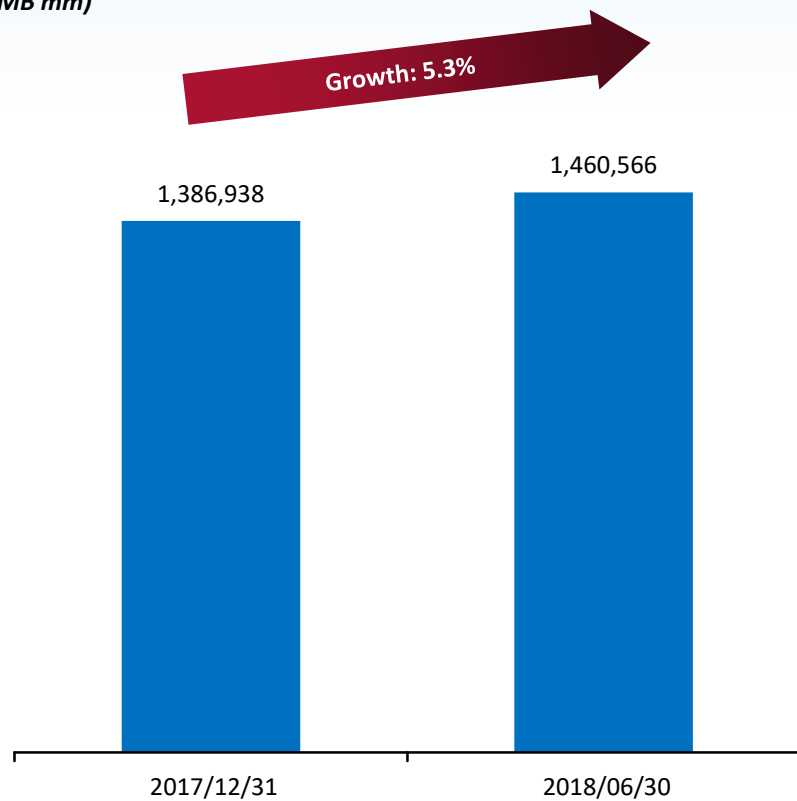
Promoted effective capital management and further strengthened risk management

1 Delivered Steady Asset Growth and Stable Profitability

Steady Asset Growth

Total Assets

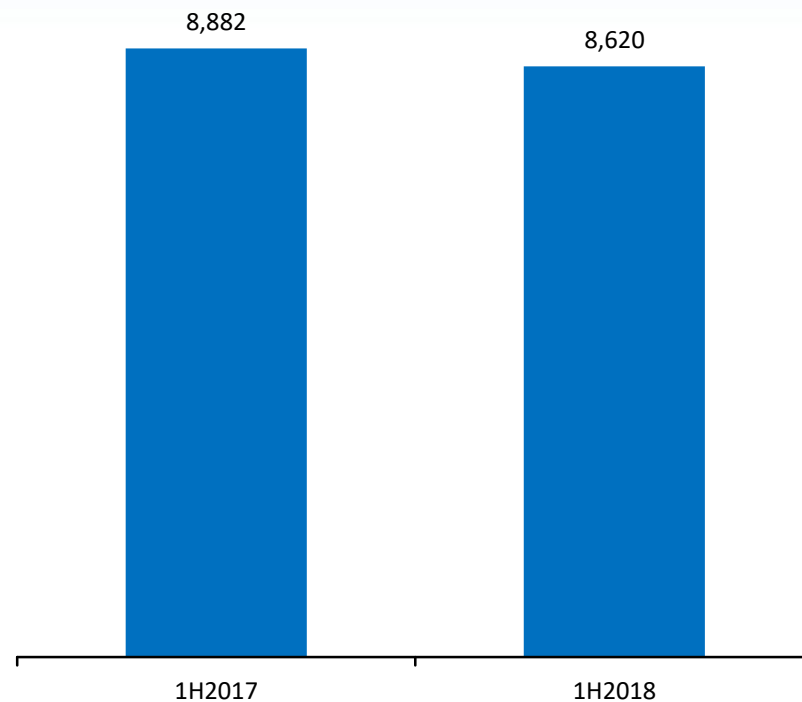
(RMB mm)



Stable Profitability

Profit Attributable to Equity Holders

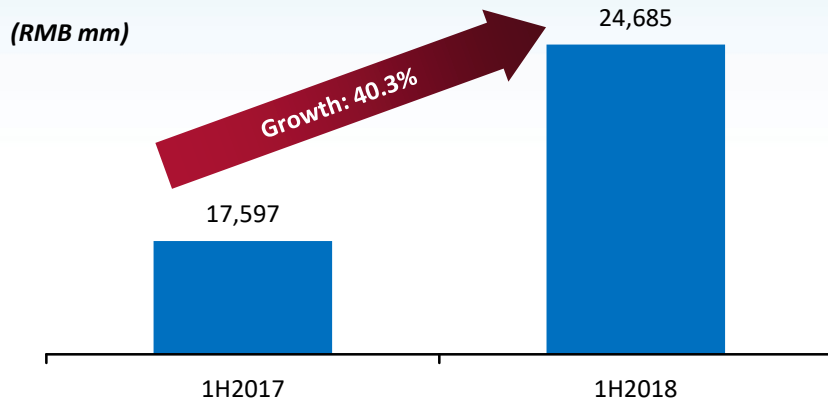
(RMB mm)



2 Expanded Business Scale and Profit Contribution of Distressed Asset Management with the Leading Market Share

Rapidly Expanding Business Scale

Total Operating Income of Distressed Asset Management

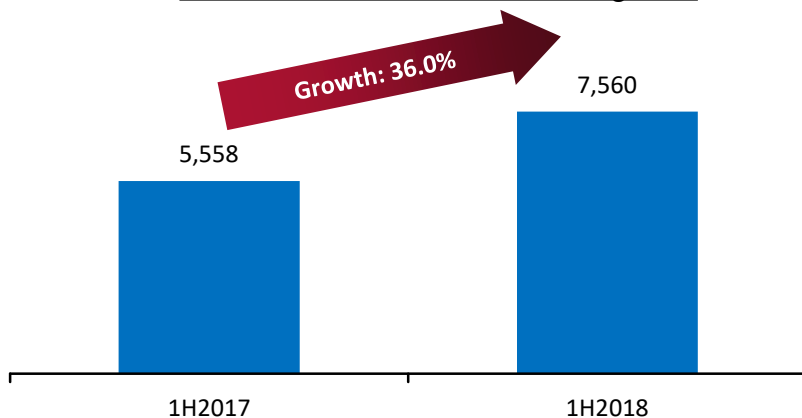


Increasing Profit Contribution from Core Business

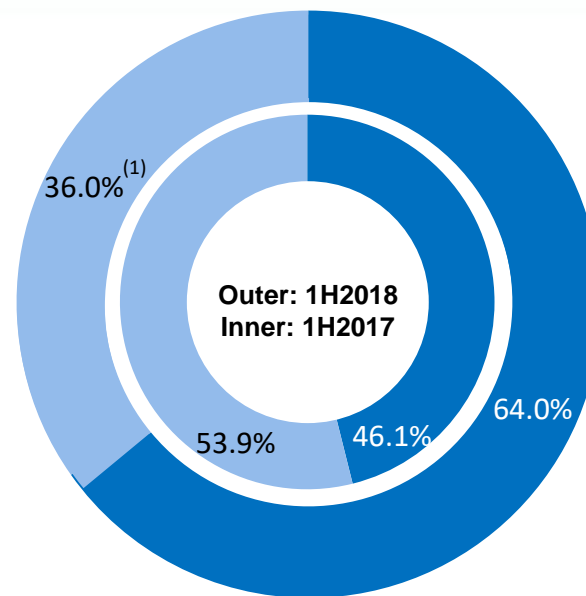
Significant Growth in Pre-tax Profit

(RMB mm)

Pre-tax Profit of Distressed Asset Management



(1) Including the offset part by divisions



■ Distressed Asset Management ■ Others



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3 Achieved Breakthrough in Strategic Business and Completed a Number of DES Projects



Facilitated Industry M&A and Restructuring to Promote Industries Transformation and Upgrade



Captured the Opportunity for SOE Mixed Ownership and Business Restructuring to Support SOE Reform



Bolstered Special Opportunities Investments Business Related to Substantial Corporate Restructuring



Completed RMB13.9bn⁽¹⁾ Market-oriented DES Projects to Assist SOE Deleveraging

4 Steadily Promoted the Integration of Subsidiaries and Enhanced Group Management, Efficiency and Synergies

Achievement of Group Synergy in 1H2018



Cross-selling Revenue:
RMB1.91 bn



Aggregate Business Size:
RMB236.2bn



No. of Projects: 1,622

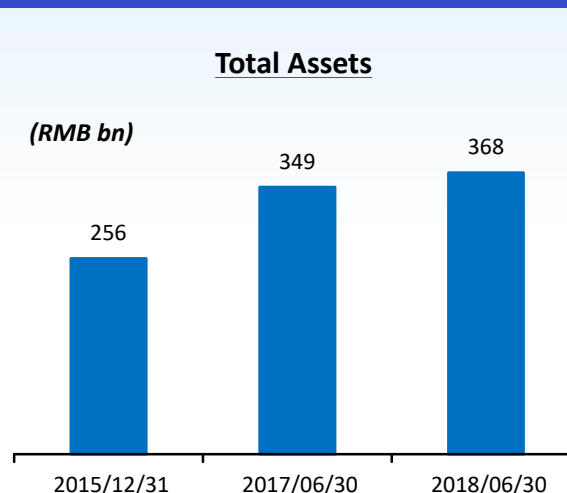


No. of Clients Involved: 2,289

NCB's Business Achievements

Total Assets

(RMB bn)



NCB

NCB
China

ROAA⁽¹⁾



Synergistic Development between CINDA Group and NCB

(RMB bn)

| | Deposit Balance Generated from Group Synergy | Loan Balance Generated from Group Synergy |
|---------------|--|---|
| NCB Hong Kong | 29.2 | 8.5 |
| NCB China | 33.5 | 11.3 |

Conduct Group structure adjustment centered with “Great Distressed Asset”
based on the principle of “relative concentration and highlighting core business”



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(1) Annualized data

5 Continue to Optimize Liability Structure with Innovative Financing and Diversified Funding Channel

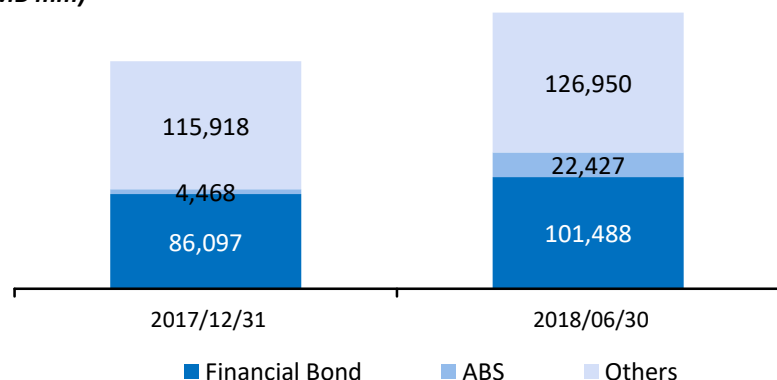
Balance of Interest Bearing Liabilities

(RMB mm)

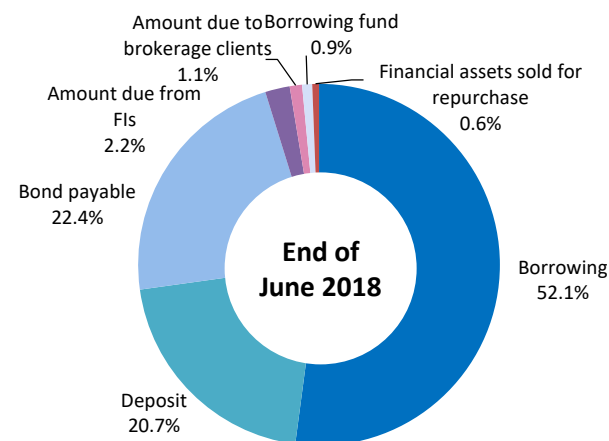
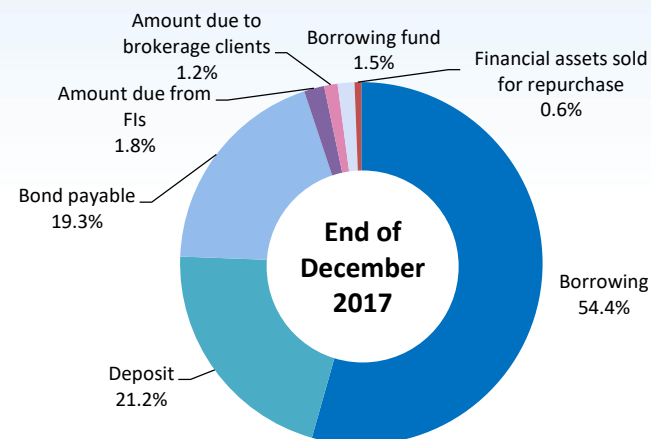


Structure of the Group's Bond Issued

(RMB mm)



Breakdown of Interest Bearing Liabilities



6 Promoted Effective Capital Management and Further Strengthened Risk Management

Enhanced Capital Management Mechanism and Optimize Business Structure

- Enhanced forward looking capital management and economic capital management system
- Continued to improve product pricing mechanism to optimize asset structure
- Finalized the criteria of restructuring business to promote high-quality and high-efficiency business development
- Ensured a seamless and smooth transition across the change of accounting principle

Enhanced Comprehensive Risk Management System to be More Effective in Risk Management

- Strictly controlled the risk of incremental business and mitigated the risk of existing assets to ensure asset quality tightly under control
- Optimized the mechanism of personal accountability and performance review in risk management to level up the risk management awareness
- Strengthened risk concentration management, optimized related party transactions management, and ensure risk segregation and the proper setup of firewall
- Continued to bolster the group liquidity risk management framework to ensure a prudent management of group liquidity

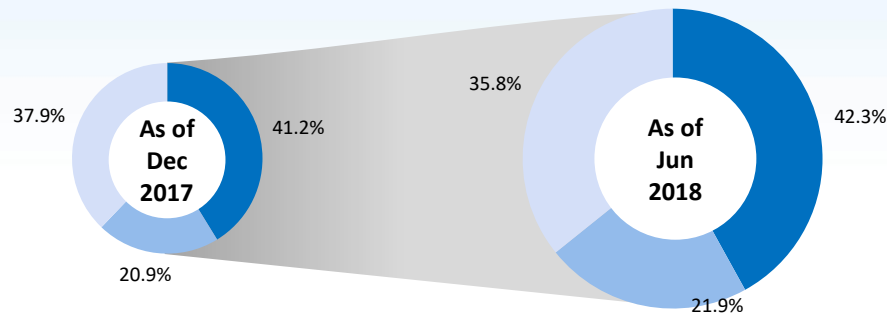
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Business Overview by Segment

Total Assets Breakdown by Segment



■ Distressed Asset Management

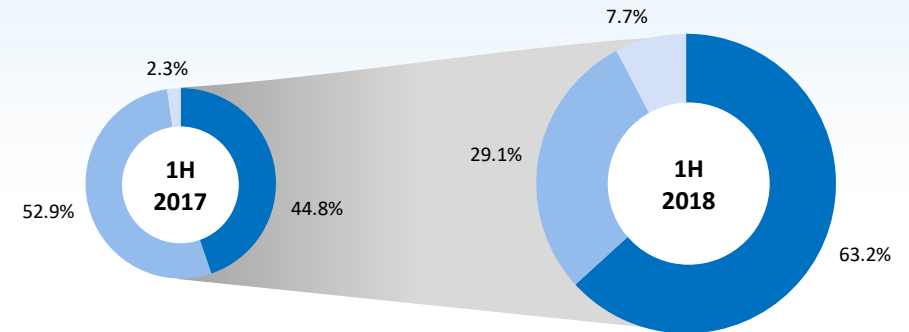
■ Investment and Asset Management

■ Financial Services

Total Assets: RMB1,386.9 bn

Total Assets: RMB1,460.6 bn

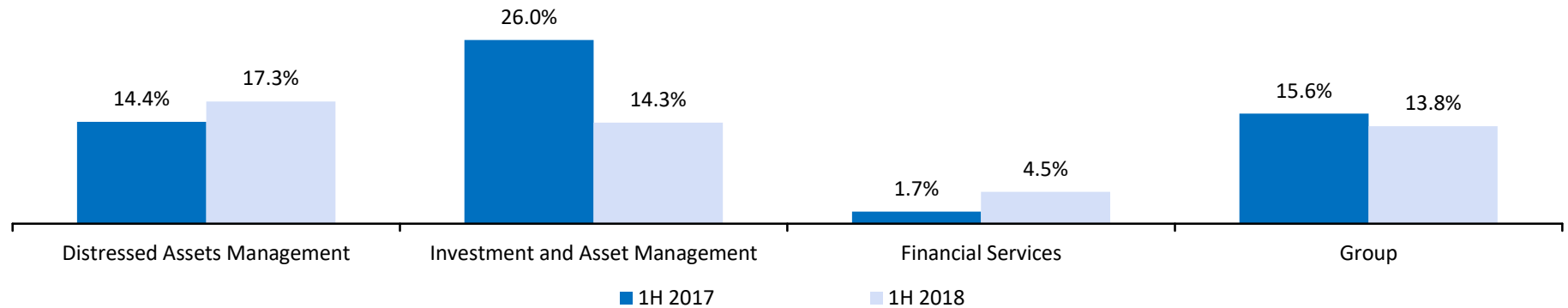
Pre-tax Profit Breakdown by Segment



Pre-tax Profit: RMB12.1 bn

Pre-tax Profit: RMB11.8 bn

Pre-tax ROAE

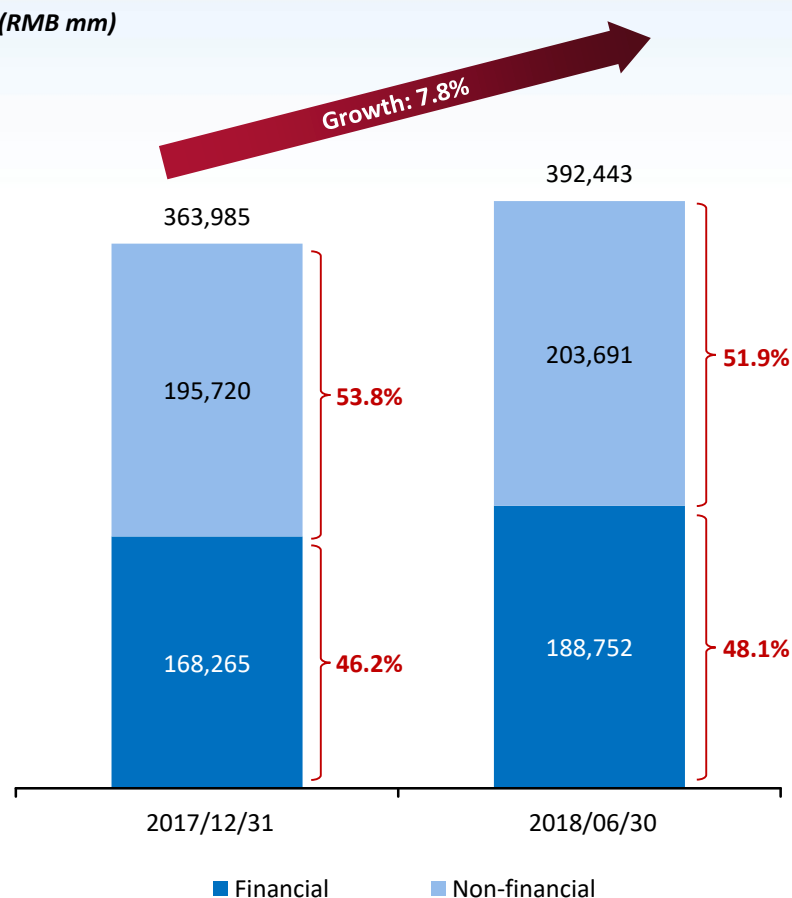


1 Distressed Assets Management – Distressed Debt Assets

Laser-focused on core business with steady business growth as well as continuous business upgrade and transformation

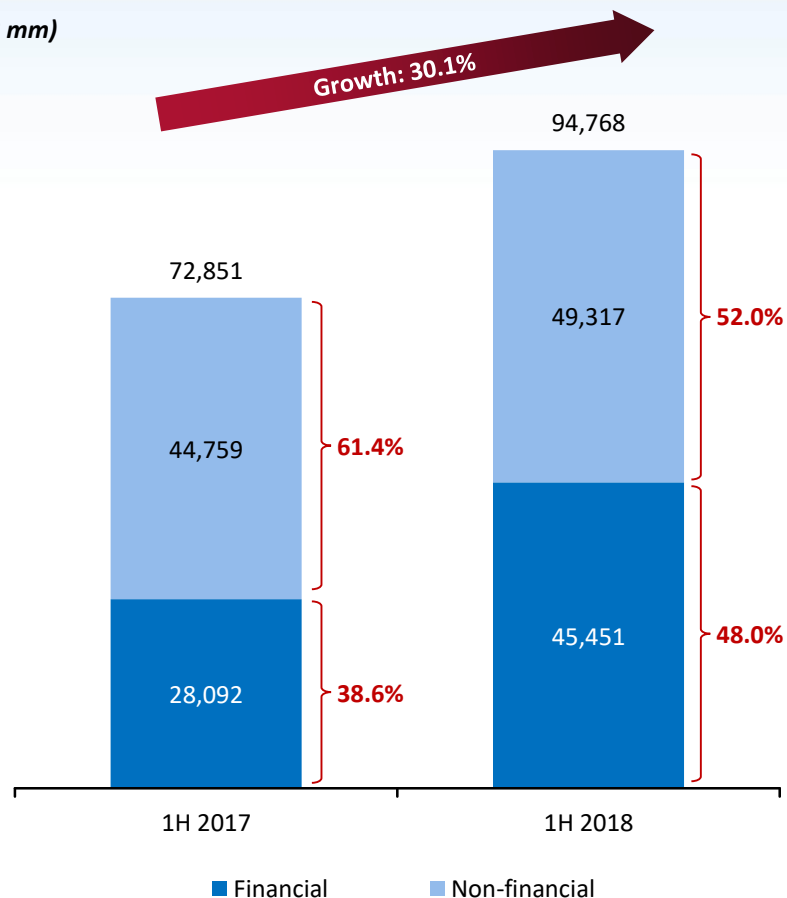
Net Balance of Distressed Debt Assets

(RMB mm)



Acquisition Cost of Distressed Debt Assets

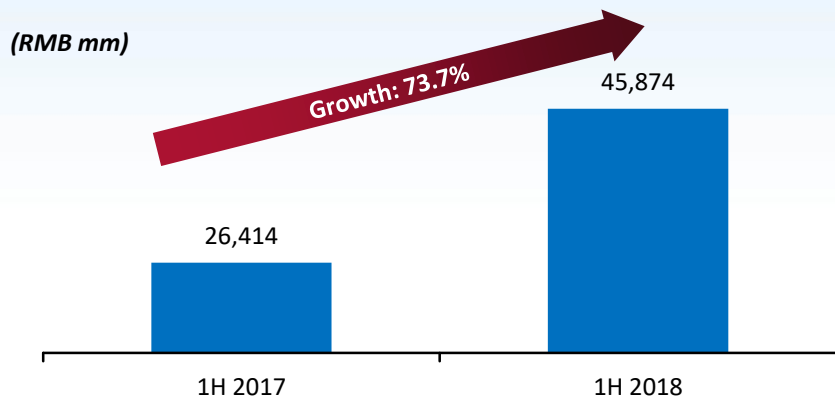
(RMB mm)



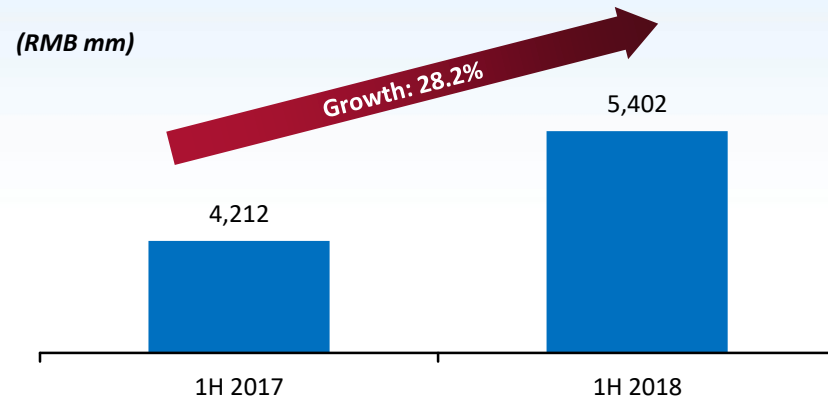
1 Distressed Asset Management – Acquisition-operation Distressed Assets

Solidified our industry leading position through business innovation and resources commitment

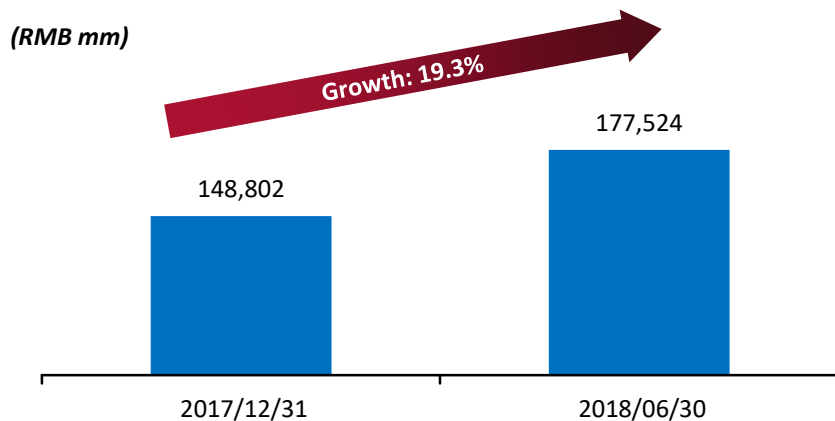
Newly Acquired Acquisition-operation Distressed Assets



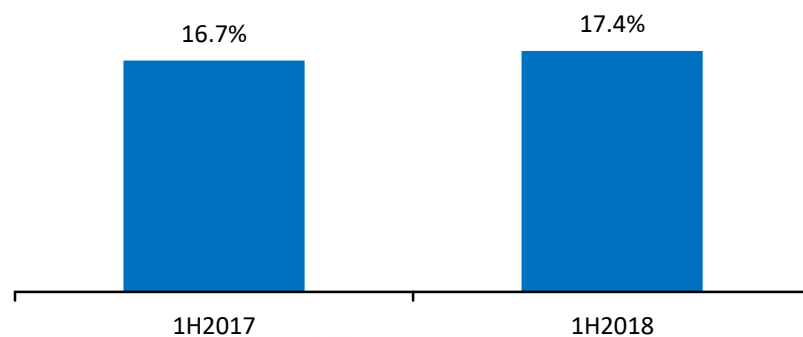
Net Income of Acquisition-operation Distressed Assets



Net Balance of Acquisition-operation Distressed Assets



IRR⁽¹⁾

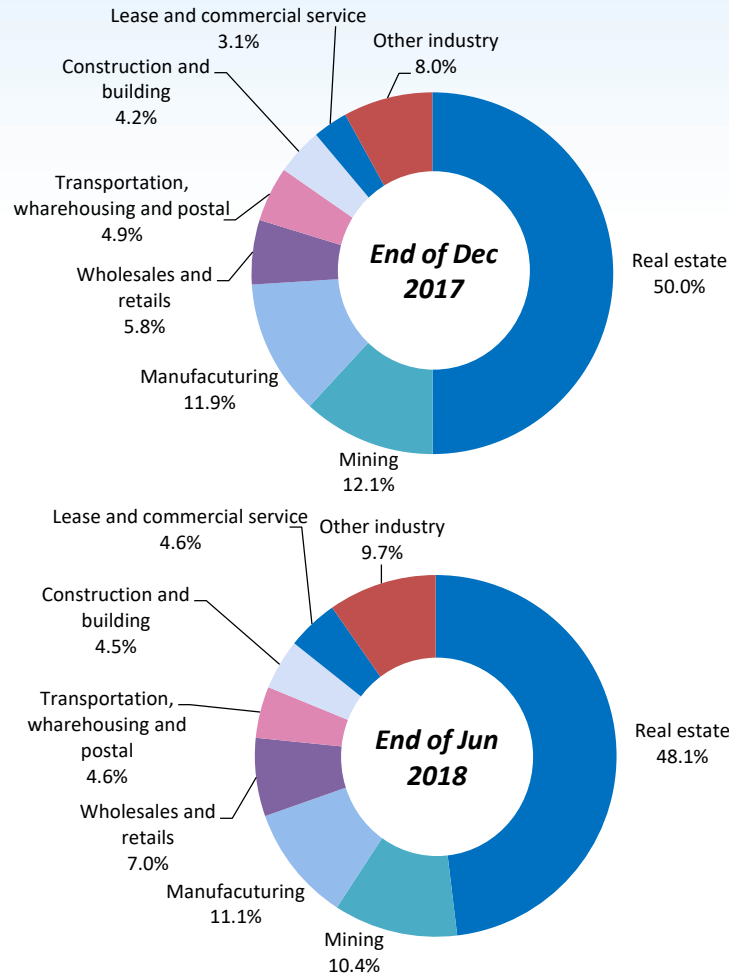


(1) IRR is the discount rate that make the cash income from disposal of traditional distressed assets and cost and expense incurred from the asset to be zero

1 Distressed Asset Management – Restructured Distressed Assets

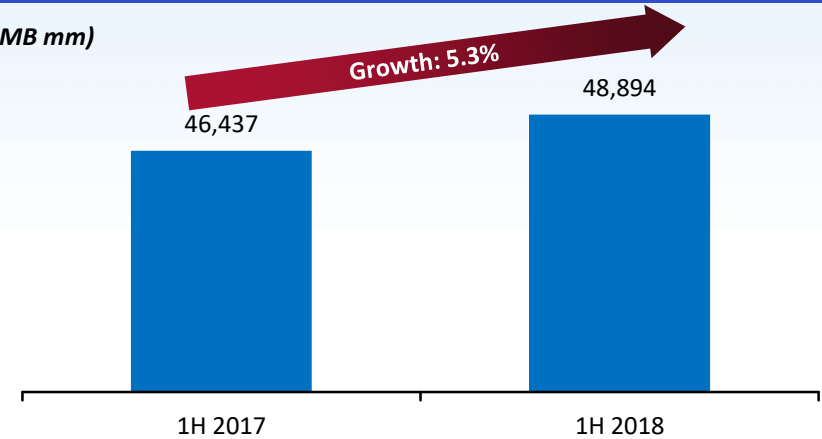
Continued to optimize industry exposure, enhance client coverage capability, and maintained steady growth in business scale and revenue

Industry Breakdown



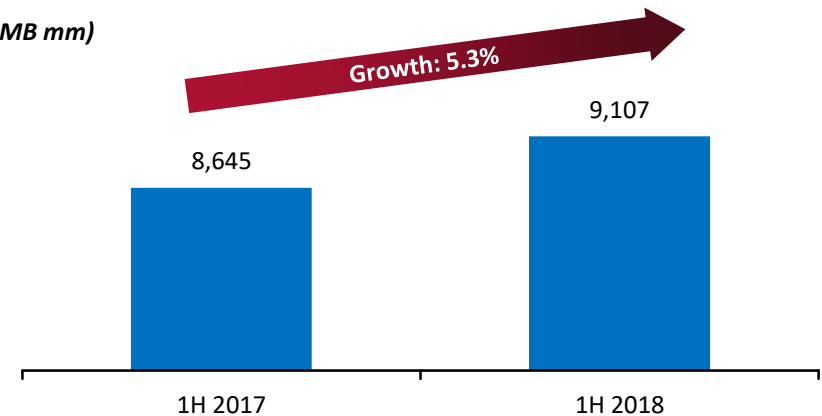
Acquisition Scale of Restructured Distressed Assets

(RMB mm)



Net Balance of Restructured Distressed Assets

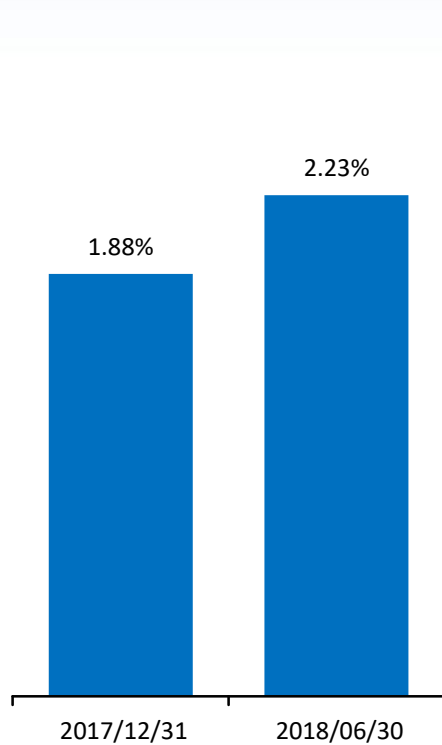
(RMB mm)



1 Distressed Asset Management – Restructured Distressed Assets

Safeguard the bottom line for risk and conduct proactive risk control to maintain overall asset quality

Impaired Assets Ratio



Provision Ratio



Monthly Average Annualized Returns

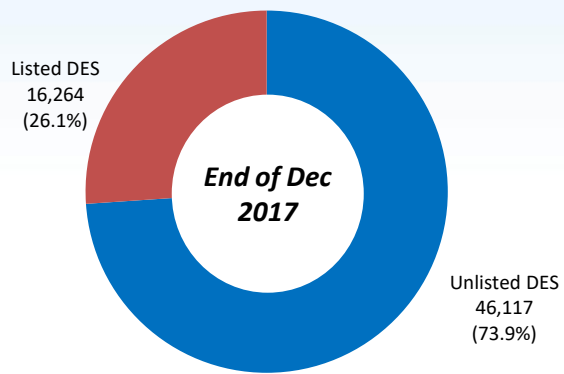


1 Distressed Asset Management – Debt to Equity Swap (DES)

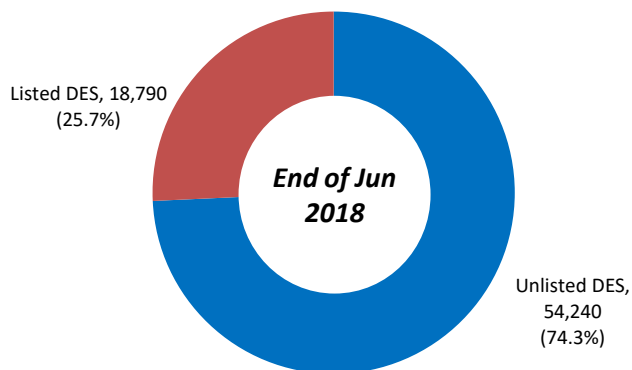
Achieved breakthrough in existing assets and steadily completed market-oriented DES

Book Value Breakdown by Type

(RMB mm)



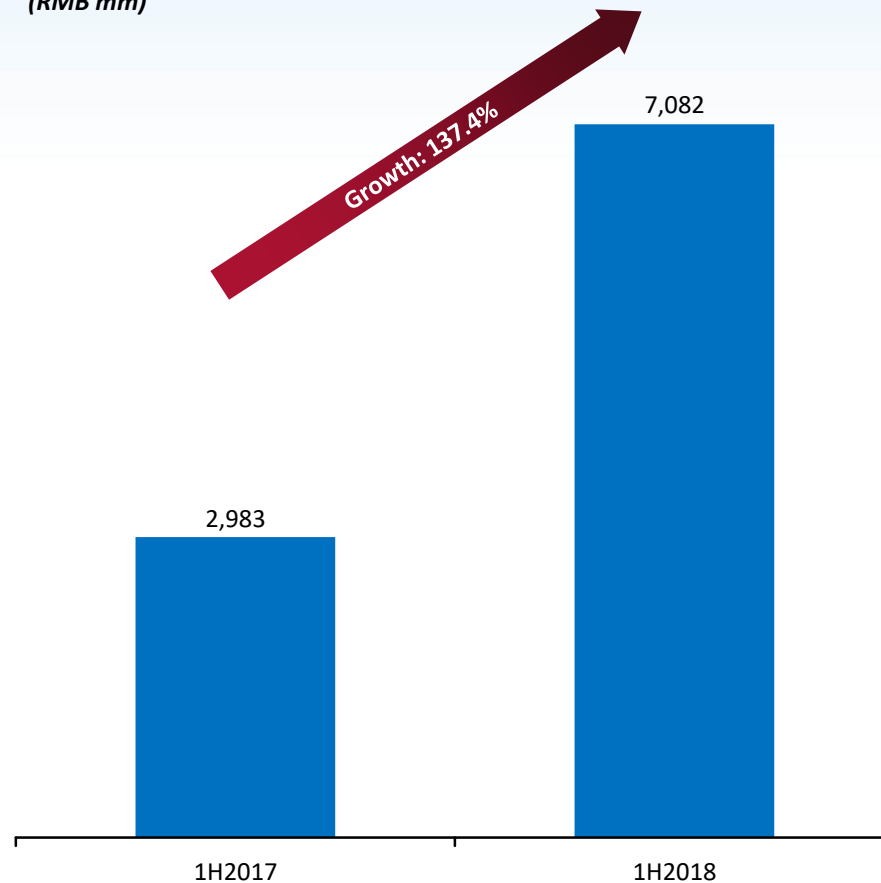
Total Book Value: RMB62.4 bn



Total Book Value: RMB73.0 bn

Gains on DES Business

(RMB mm)

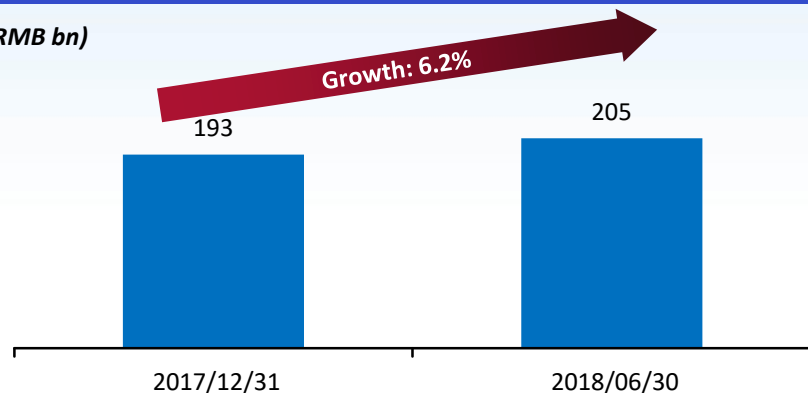


2 Investment and Asset Management

Bolstered special situation investments business related to corporate restructuring to deliver steady business growth

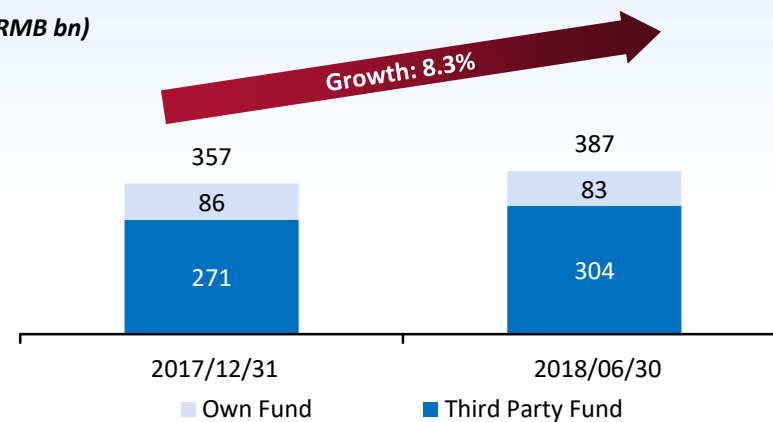
Balance of Principal Investments

(RMB bn)



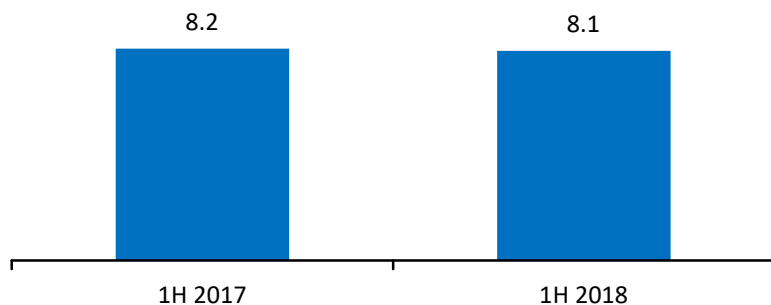
Asset under Management

(RMB bn)



Income from Principal Investments

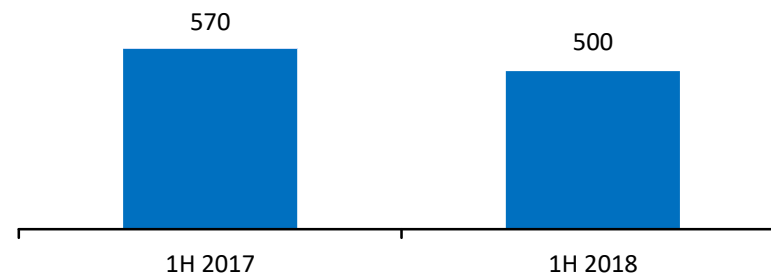
(RMB bn)



Income from Asset Management

(RMB mm)

Management Fee Income

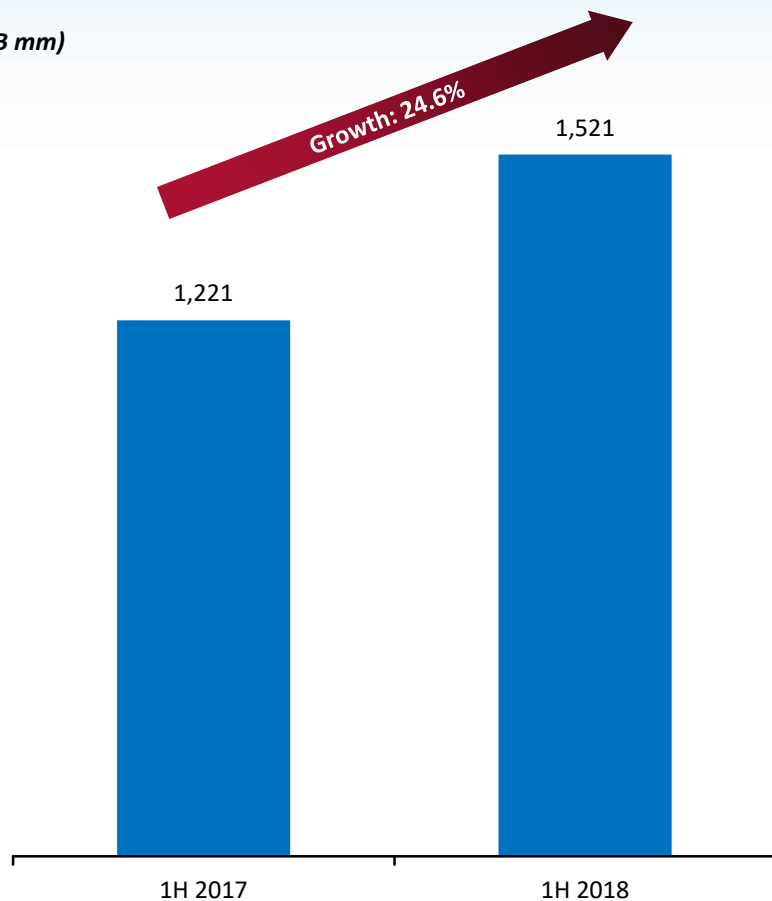


3 Financial Services

Professional and characteristics development of financial subsidiaries; pre-tax profit significantly increased

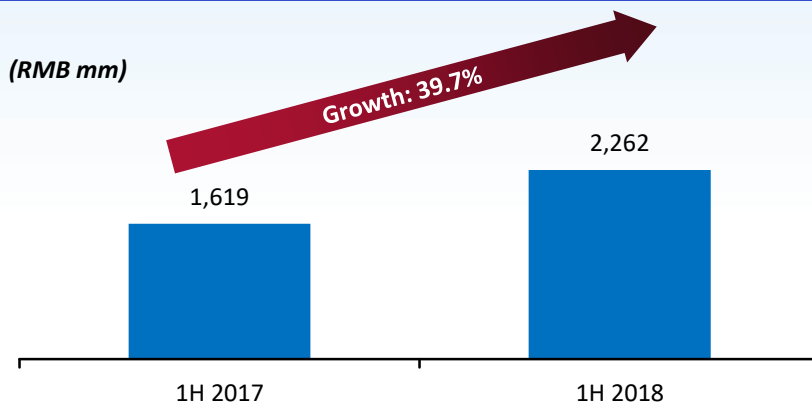
Pre-tax Profit of Financial Subsidiaries

(RMB mm)



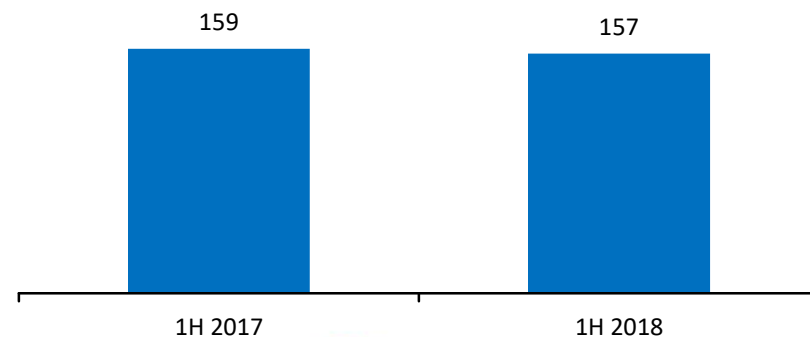
Pre-tax Profit of NCB

(RMB mm)



Pre-tax Profit of Securities, Futures and Fund Management

(RMB mm)



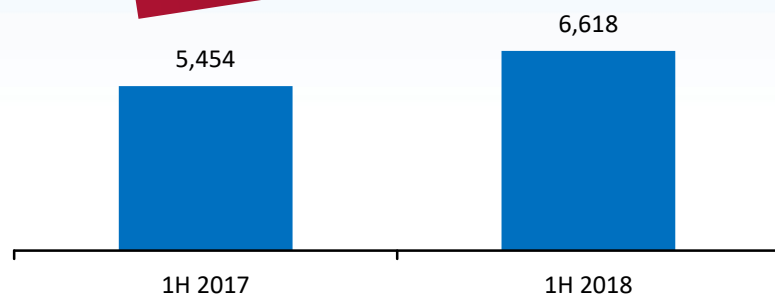
3 Financial Services

NCB delivered steady business growth and significant improvement in profitability

Total Income of NCB

(RMB mm)

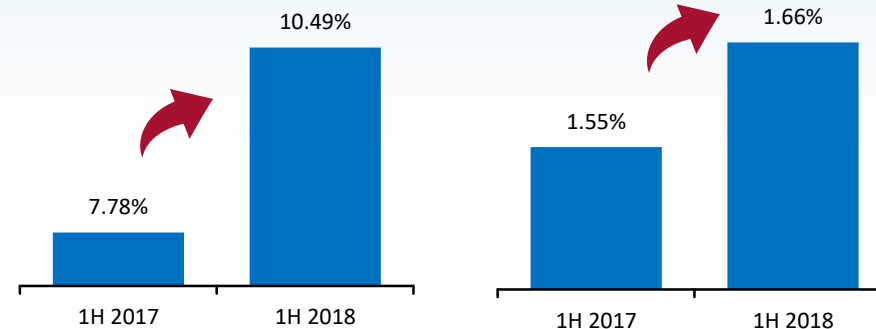
Growth: 21.3%



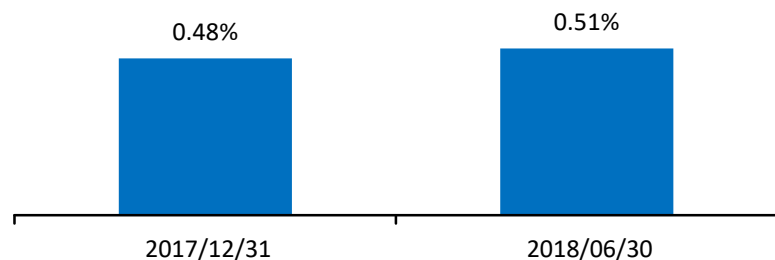
Profitability of NCB

ROAE

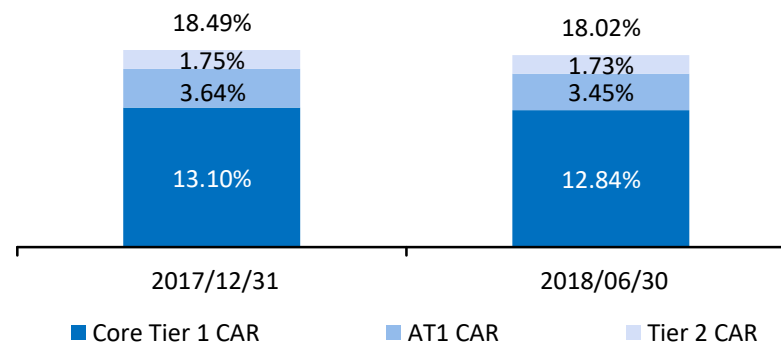
NIM



NPL Ratio of NCB



Capital Adequacy Ratio of NCB ⁽¹⁾



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CHINA CINDA ASSET MANAGEMENT CO., LTD.

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

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China Cinda's Potential Business Opportunities

Background

- With dramatic change in external environment and steadily growing but changing economic development, focusing on stability and response to changes proactively
- Accelerating to establish modern economic system and promote high-quality business development
- Better Integration of the mitigation of financial risk and the serving of the real economy

Target Markets and Business Opportunities

- 1 With the continuous release of existing financial risks from financial institutions, the potential market opportunities for distressed debt assets from financial institutions and non-financial enterprises will further increase
- 2 The potential restructuring and rescuing of distressed entities will bring along more market opportunities to mitigate the related risk
- 3 The opportunities for special opportunities investments related to distressed enterprises bankruptcy, restructuring and consolidation will increase
- 4 The demand for integrated financial services including disposal of defaulted bonds, DES, debt restructuring, and disposal and restructuring of existing assets, will increase
- 5 The transformation of economic growth drivers, the upgrade and transformation of enterprises, and the focus on core business and mixed ownership reform for SOE will bring more merger, restructuring and divestiture businesses

The Focus in 2H2018



Accelerate the quality-oriented transformation of traditional distressed asset management business and further strengthen core business



Bolster “Great Distressed Asset” business model and leverage multi-product solution to fulfill market demands



Continue to optimize the resource integration, promote the specialization, differentiation, and professionalization of subsidiaries, and improve operation efficiency and synergy



Continue to explore standardized direct financing channel to further diversify funding sources to adapt the need of quality-oriented business transformation



Adhere to the principle of prudent management and the bottom line of risk, and effectively control various risk to achieve sustainable growth



Deepen reform and innovation and further enhance business structure and operation mechanism

Hold the principle of “stick to the source and focus on the core” to drive the high-quality growth of the company, and create long-term value for the shareholders and the society

Appendix

Financial Summary

The Group's Consolidated Income Statement Summary

| (RMB mm) | 1H2018 | 1H2017 | Change |
|--|-----------------|-----------------|----------------|
| Income from distressed debt assets at amortized cost | 9109.3 | - | |
| Income from distressed debt assets classified as receivables | - | 8,645 | |
| Fair value changes on distressed debt assets | 5,478 | 4,170 | |
| Fair value changes other financial instrument | 11,724 | 2,002 | |
| Investment Income | 2,922 | 7,416 | |
| Net insurance premiums earned | 6,728 | 17,514 | |
| Interest income | 10,360 | 9,812 | |
| Revenue from sales of inventories | 4,880 | 5,788 | |
| Other income and net gains/(losses) | 3,571 | 5,265 | |
| Total | 54,772 | 60,610 | (9.6%) |
| Impairment losses on assets | (3,165) | (3,942) | (19.7%) |
| Interest expense | (23,037) | (15,635) | 47.3% |
| Insurance costs | (7,341) | (18,140) | (59.5%) |
| Purchases and changes in inventories | (3,178) | (4,441) | (28.4%) |
| Employee benefits | (3,182) | (2,541) | 25.2% |
| Others | (3,784) | (3,976) | (4.8%) |
| Total | (43,686) | (48,675) | (10.2%) |
| Profit before tax | 11,816 | 12,058 | (2.0%) |
| Profit for the period | 8,493 | 8,562 | (0.8%) |
| Profit attributable to equity holders | 8,620 | 8,882 | (2.9%) |

The Group's Consolidated balance Sheet Summary

| (RMB mm) | 6/30/2018 | 12/31/2017 | Change |
|---|------------------|------------------|-------------|
| Cash and balances with central banks | 12,926 | 21,511 | |
| Deposits with banks and financial institutions | 79,414 | 54,429 | |
| Financial assets at fair value through profit or loss | 442,408 | 213,796 | |
| Available-for-sale financial assets | - | 273,183 | |
| Financial assets at fair value through other comprehensive income | 89,984 | - | |
| Financial assets at amortized cost | 574,818 | - | |
| Financial assets classified as receivables | - | 234,227 | |
| Loans and advances to customers | - | 312,118 | |
| Others | 261,017 | 227,674 | |
| Total assets | 1,460,566 | 1,386,938 | 5.3% |
| Borrowings | 584,924 | 580,352 | 0.8% |
| Bonds issued | 250,864 | 206,483 | 21.5% |
| Accounts payable to brokerage clients | 12,336 | 12,394 | (0.5%) |
| Due to customers | 231,762 | 226,221 | 2.4% |
| Others | 205,521 | 193,223 | 6.4% |
| Total liabilities | 1,285,407 | 1,218,673 | 5.5% |
| Total shareholders' equity | 175,159 | 168,265 | 4.1% |
| Equity attributable to equity holders of the Company | 152,950 | 149,395 | 2.4% |
| ROAA | 1.19% | 1.39% | |
| ROAE | 13.27% | 14.83% | |
| Cost-to-revenue ratio | 26.52% | 22.61% | |

Key ratio