



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

# 2018 Results Announcement

March 2019



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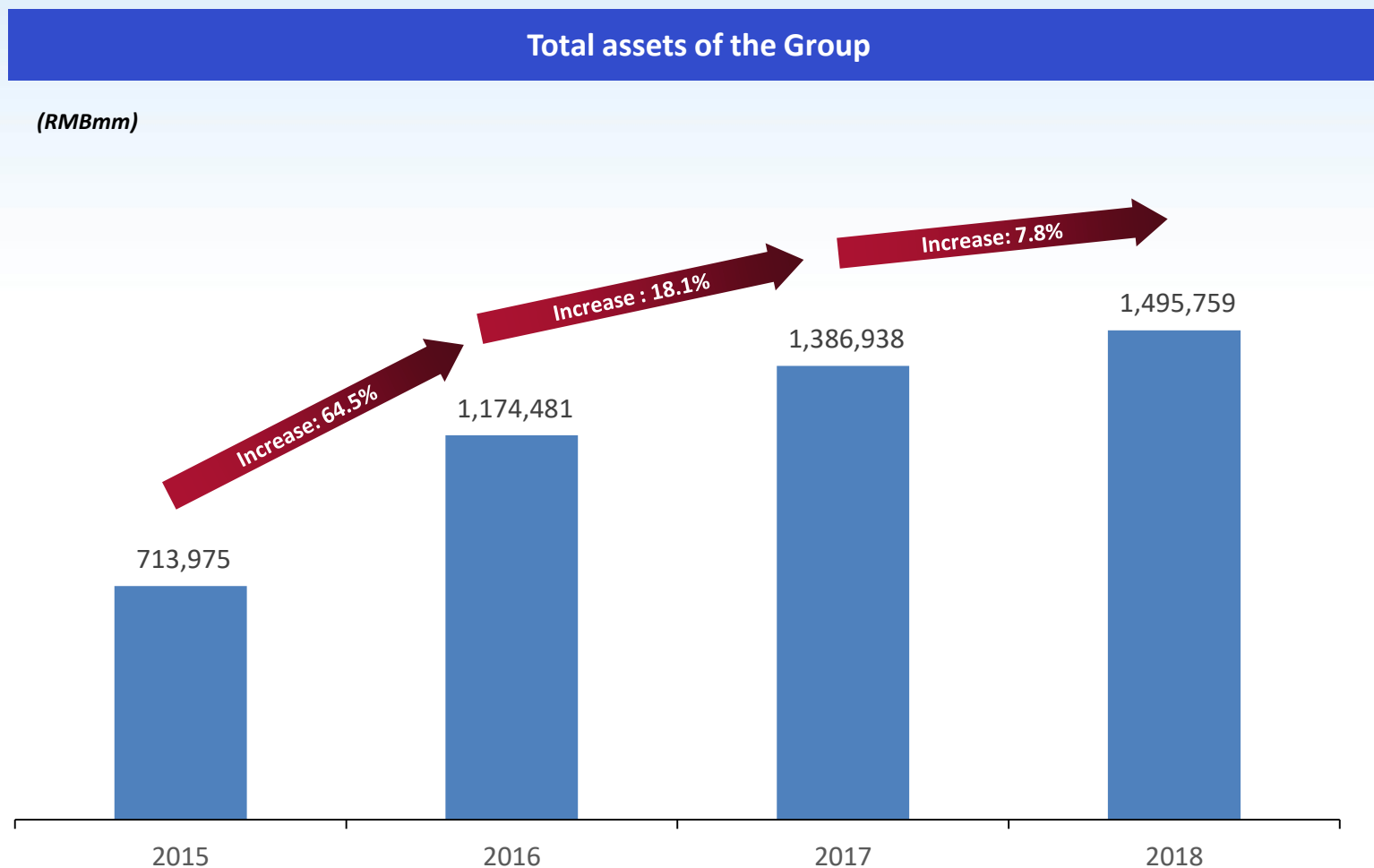
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## **1 Results overview**

## 2 Business development

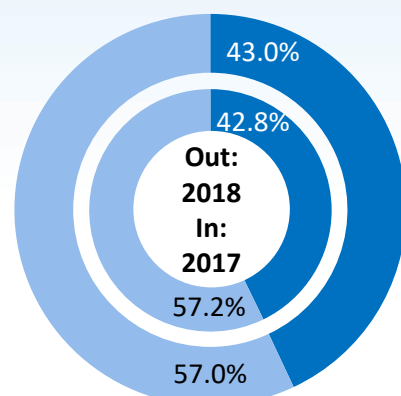
## 3 Future prospects

# Improve the quality, control the speed and maintain the steady growth of scale



# Focus on the main business and optimize the structure

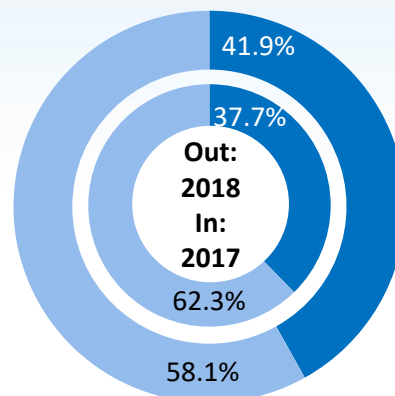
Percentage of total assets



■ Distressed asset management ■ Others<sup>(1)</sup>

**End of 2018 total assets:**  
**RMB 1,495.8bn**

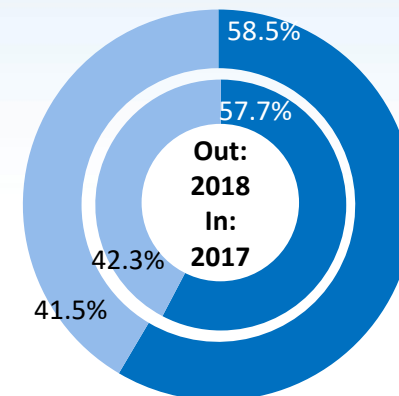
Percentage of total income



■ Distressed asset management ■ Others<sup>(1)</sup>

**FY2018 total income:**  
**RMB107.0bn**

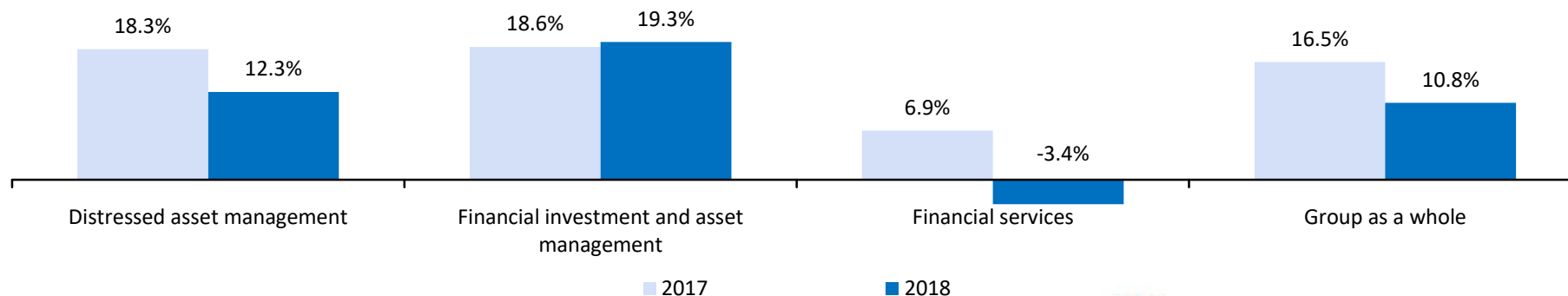
Percentage of income before tax



■ Distressed asset management ■ Others<sup>(1)</sup>

**FY2018 income before tax:**  
**RMB18.8bn**

Average return on net assets before tax

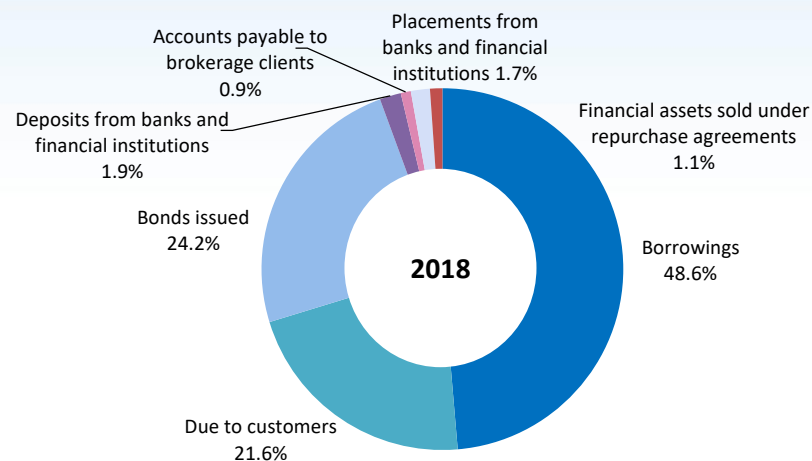
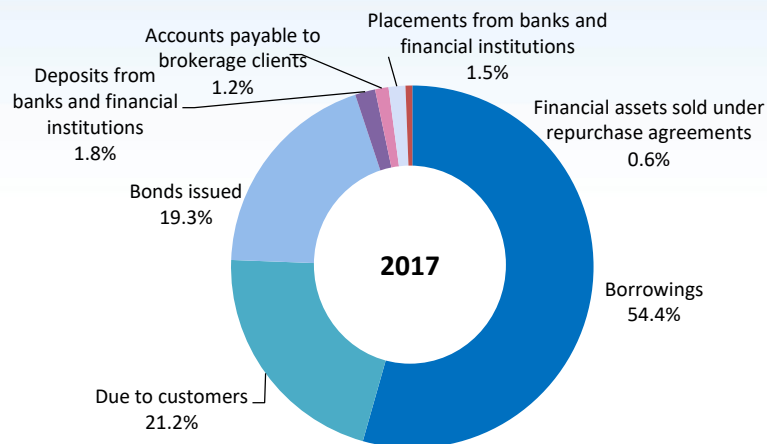


■ 2017

■ 2018

# Enhance management and optimize fund structure

## Composition of interest-bearing liabilities



**Implement proactive management measures to ensure the safety of the Group's liquidity**



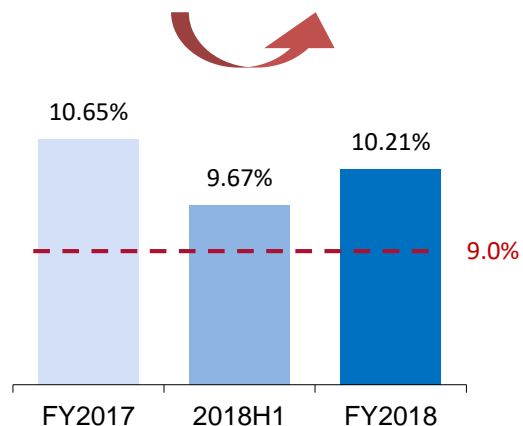
**Expand diversified sources of funds and improve the stability of the financing system**



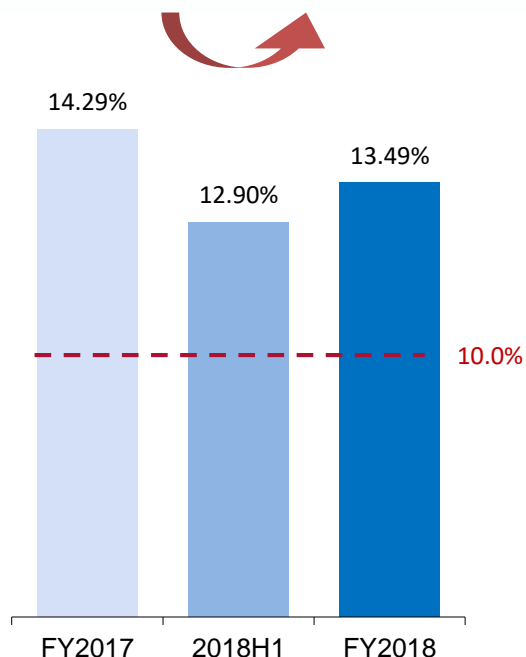
**Increase the intensity of standardized financing innovation and effectively control funding costs**

# Promote efficiency and optimize capital structure

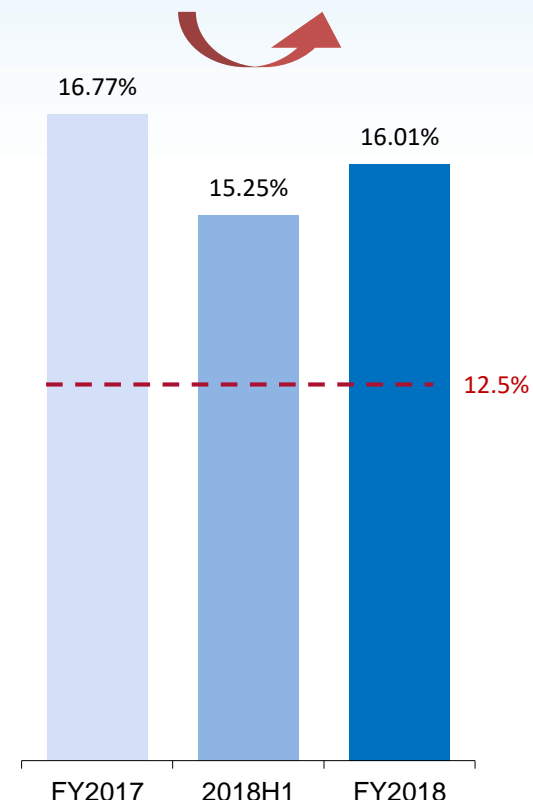
Core Tier-1 CAR



Tier-1 CAR



CAR

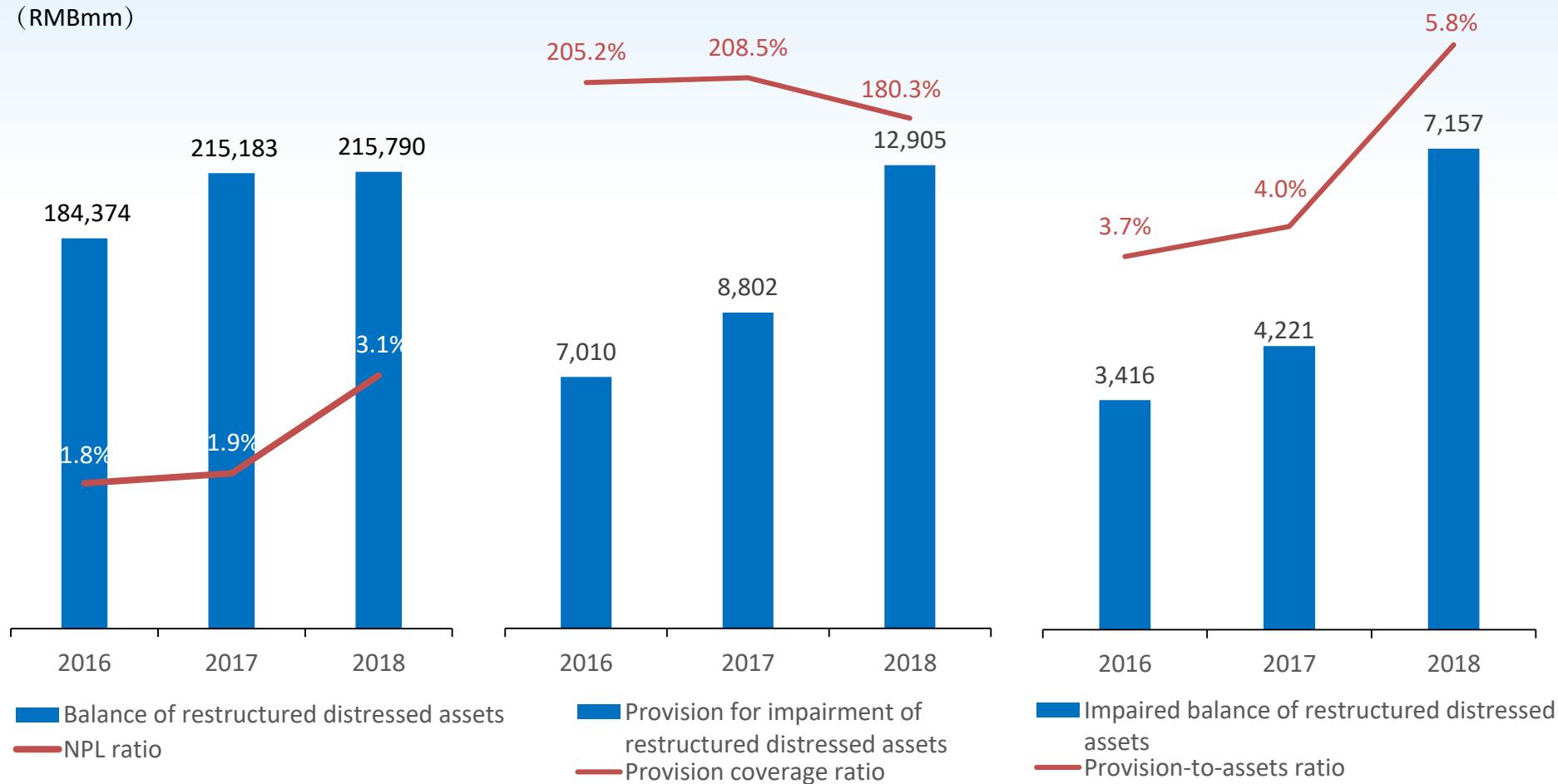


-- Regulatory requirements

# Credit risk

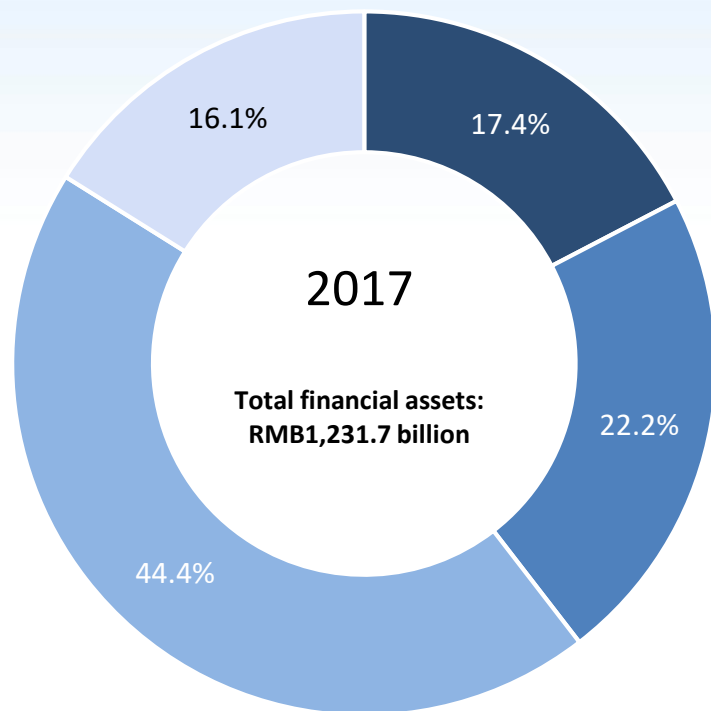
## Quality of Restructured distressed assets and provision level

(RMBmm)

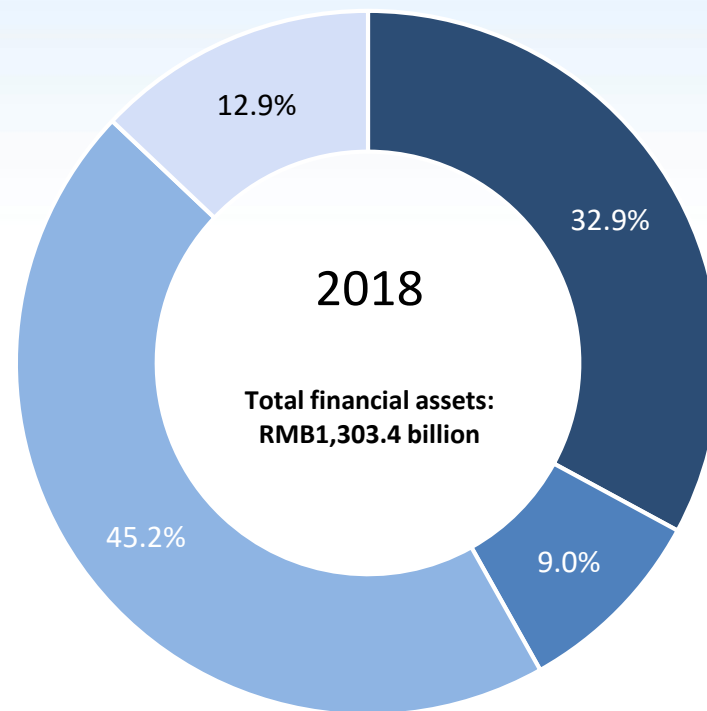


# Market risk

## Distribution of major financial assets of the Group before/after the reclassification because of change of standards



- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Financial assets classified as receivables and loan and advances to customers
- Other financial assets

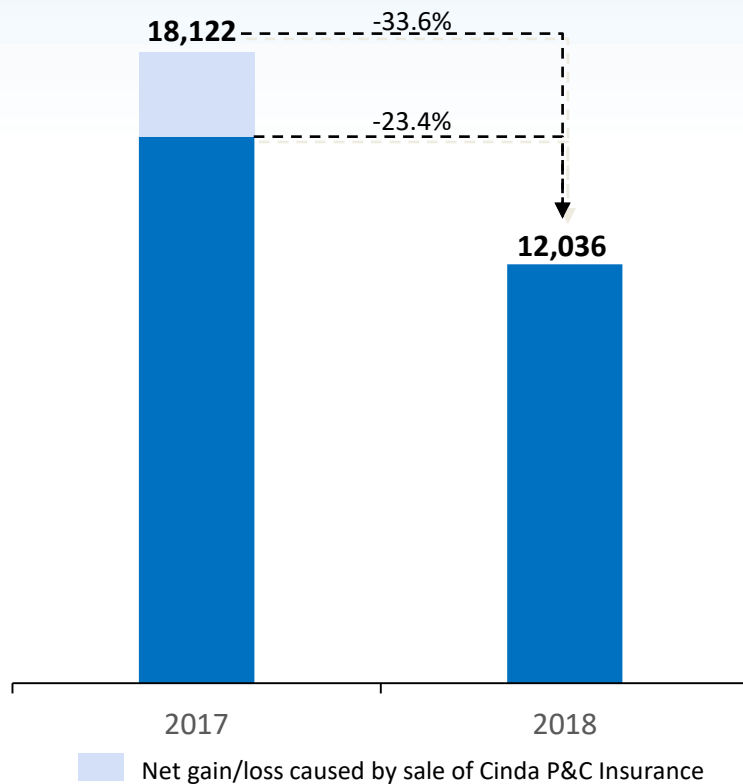


- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Financial assets at amortized cost and loan and advances to customers
- Other financial assets

# Profit variation analysis

## Profit attributed to shareholders

(RMBmm)



1

Application of new accounting standard and downturn in capital market

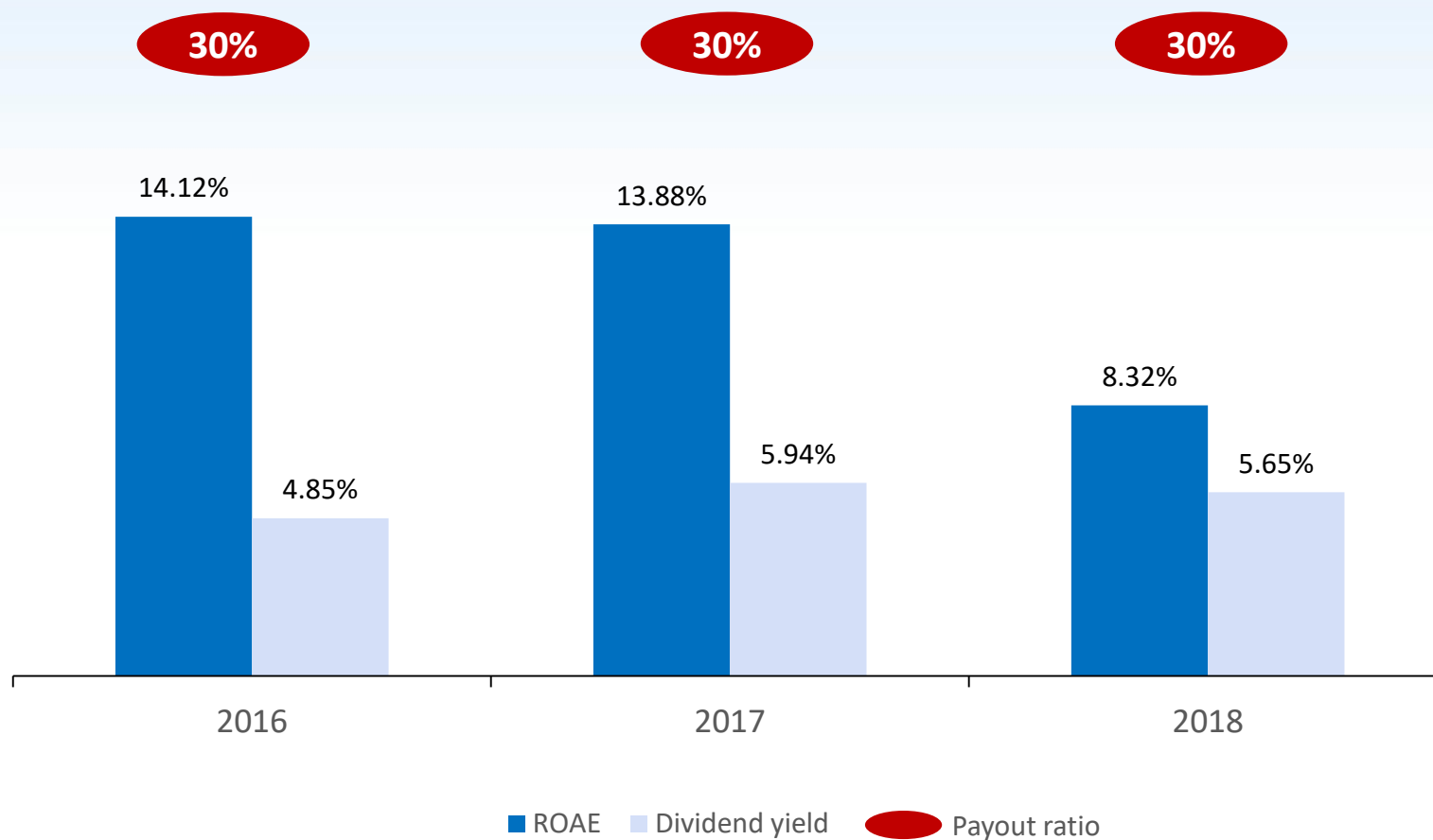
2

Large amount of provision from part of financial assets

3

Large loss from specific subsidiaries

## Reasonable and sustainable return



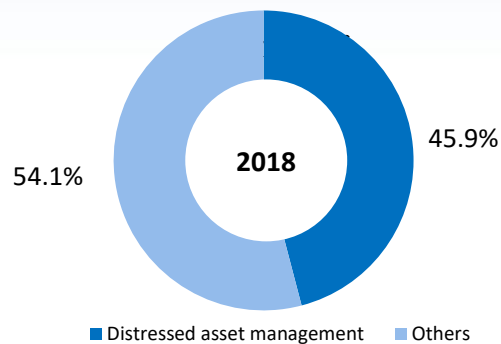
**1** Results overview

**2** Business development

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# Keep focusing on main business

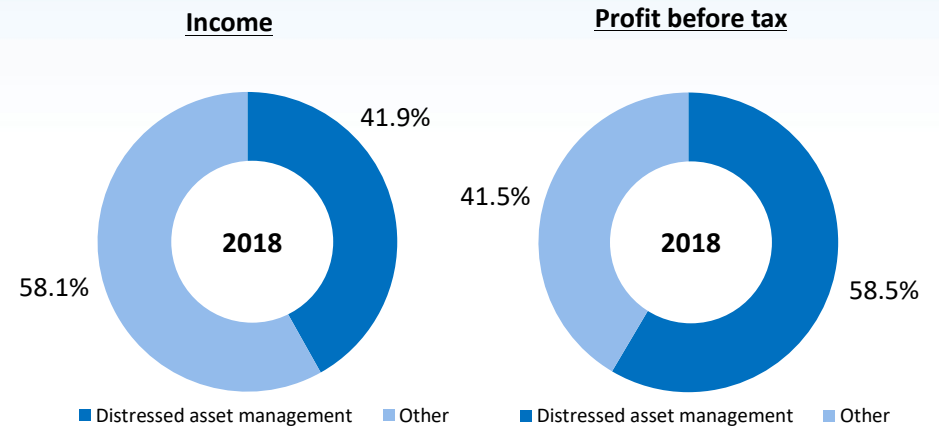
## The largest new resource investment



Distressed asset management sector's assets increased by: RMB 50 billion

Nearly 50% were invested in the distressed asset management sector

## Return from the main business



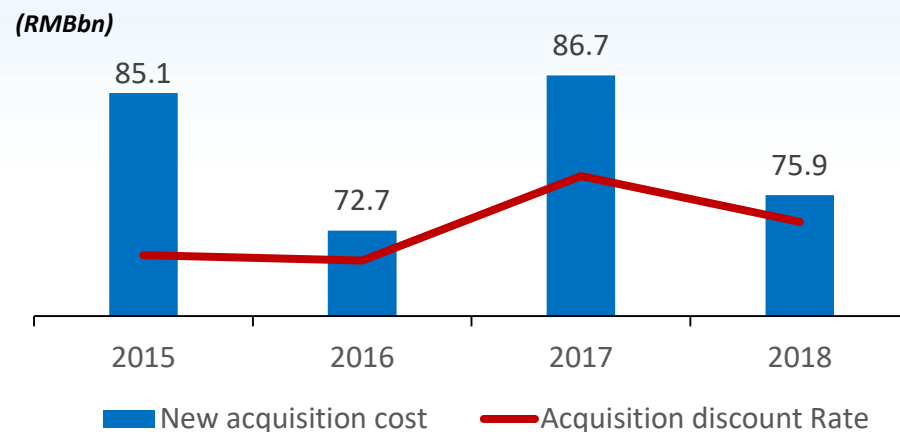
Distressed asset management realized revenue of RMB 44.8 billion

Distressed asset management realized profit before tax of RMB 11 billion

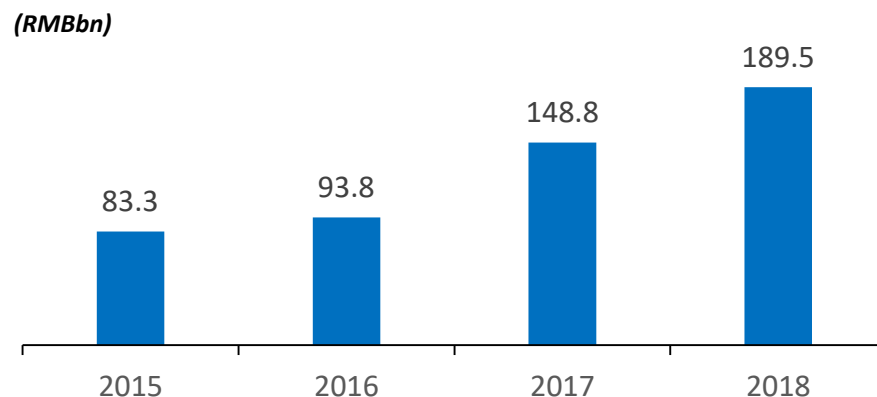
The revenue of distressed asset management accounting for 41.9% of the Group's total revenue  
The pre-tax profit of distressed asset management accounted for 58.5% of the Group's profit before tax

# Acquisition-operation distressed assets business

## Acquisition and discount of acquisition-operation distressed assets



## Balance of acquisition-operation distressed assets



### Explore acquisition channels

- Distressed assets of local incorporated banks and non-bank financial institutions
- Focus on regional event risks and liquidity risks

### Discover market segments

- Discounted acquisition of default bonds
- Difficult enterprise investment fund

### Stick to effective acquisition

- Actively control acquisition scale
- Accurately handle market pace

# Acquisition-operation distressed assets business

## Business strategy to strengthen asset classification

- Expedite the disposal of assets which value is easily depreciated and have little room for appreciation
- Comprehensive use of multiple means to enhance the value of assets with room for appreciation

## Promote distressed assets to "touch the net"

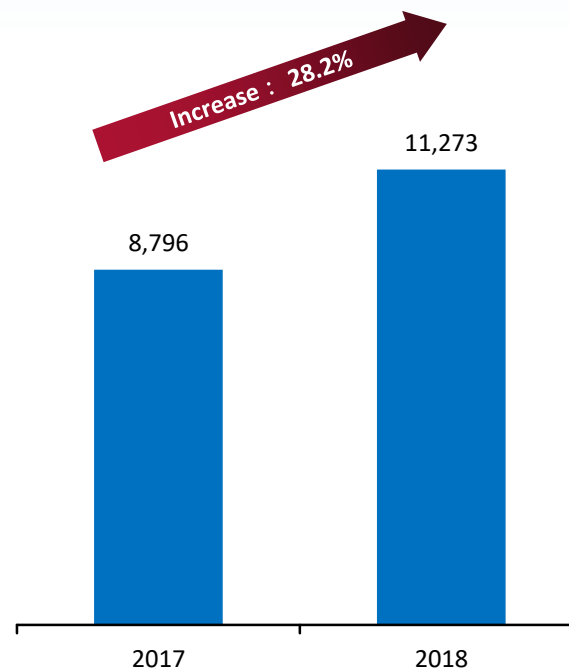
As of December 2018, on the Taobao Asset Disposal Platform

- More than 2,100 projects were released
- More than 800 transactions were closed
- A worth of about RMB37 billion

## Steady increase of the disposal net income

### The disposal net income of Acquisition-operation distressed assets business

(RMBmm)



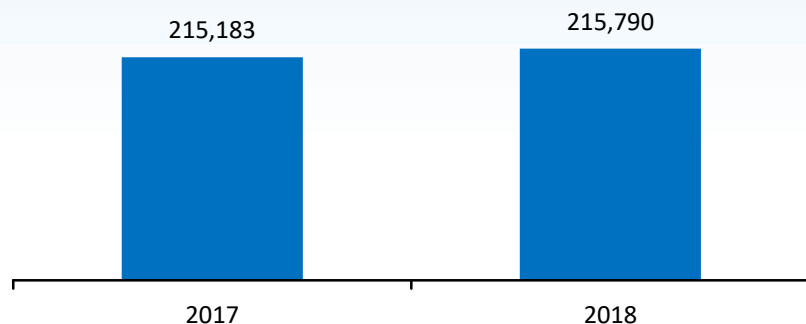
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CHINA CINDA ASSET MANAGEMENT CO., LTD.

# Restructured distressed assets business

Control speed and improve quality to achieve transformation and upgrading

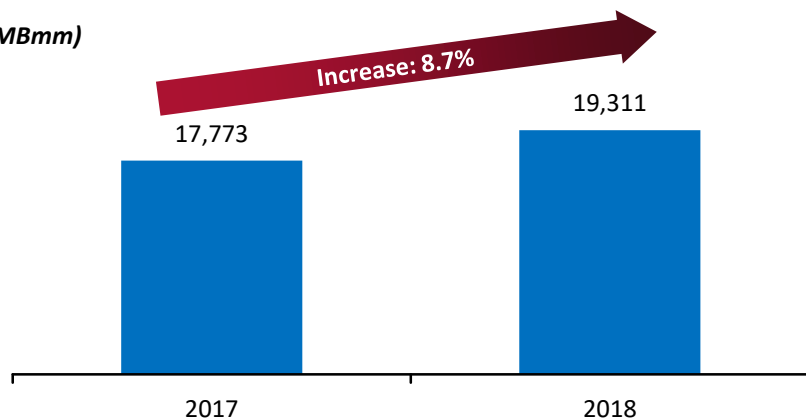
## Net balance of Restructured Distressed Assets

(RMBmm)

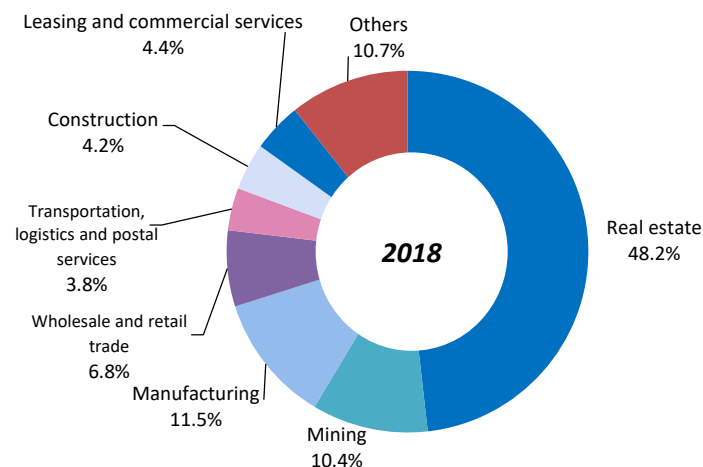
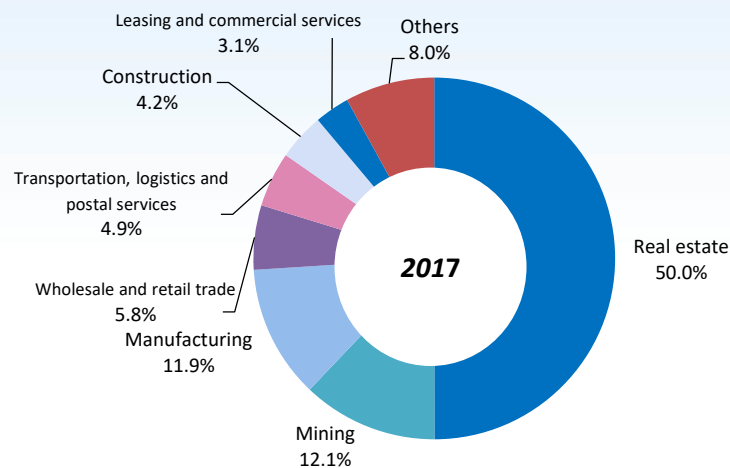


## Income from the business of Restructured Distressed Assets

(RMBmm)



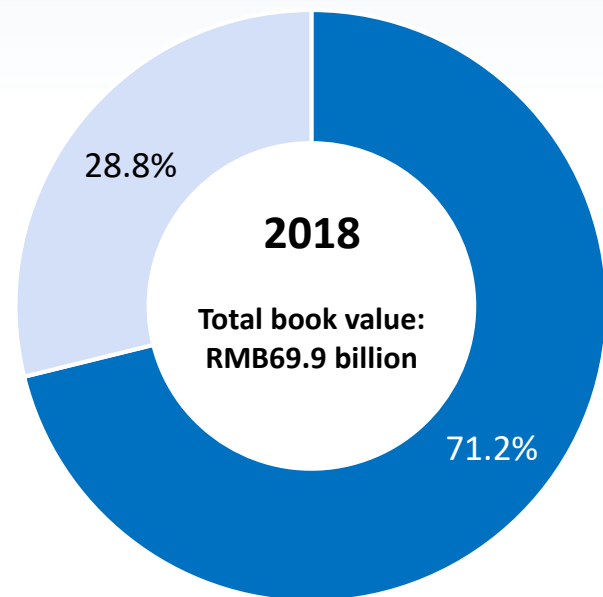
## Industrial distribution more proactive



Expand customer channel; Enrich asset types; Upgrade business means

# DES business

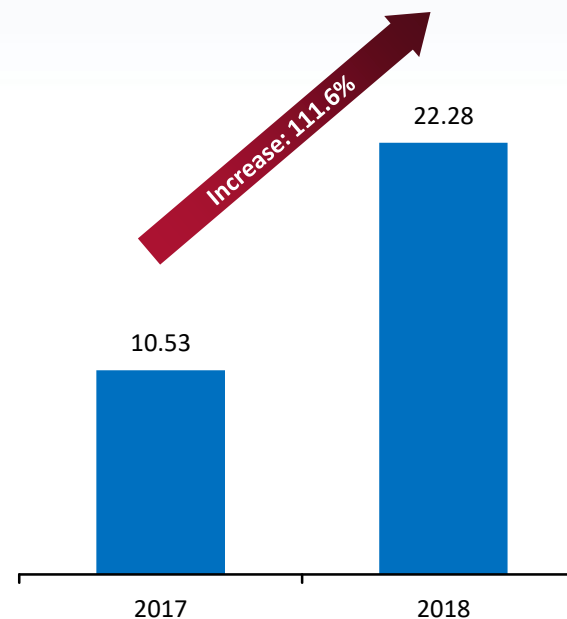
Distribution of DES assets' book value by asset class



■ Unlisted DES Assets   ■ Listed DES Assets

Total amount of market-oriented DES assets

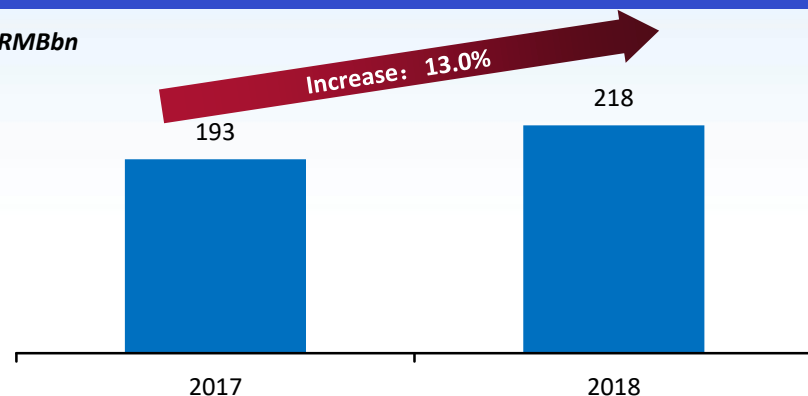
(RMBbn)



# Extensive distressed asset business

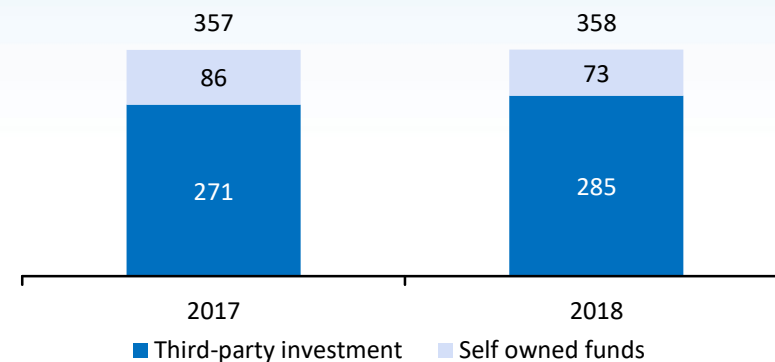
## Balance of principal investments

RMBbn



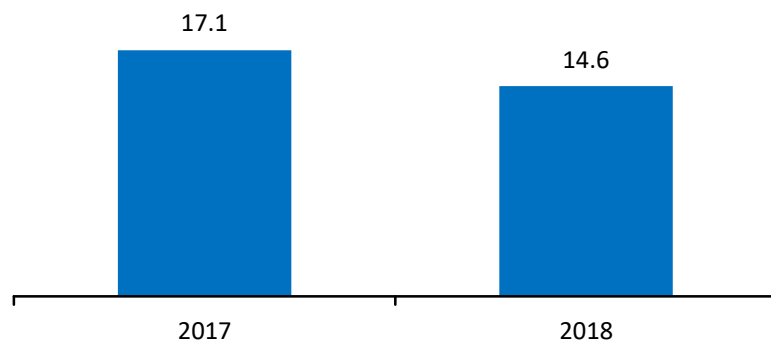
## Scale of asset management business

(RMBbn)



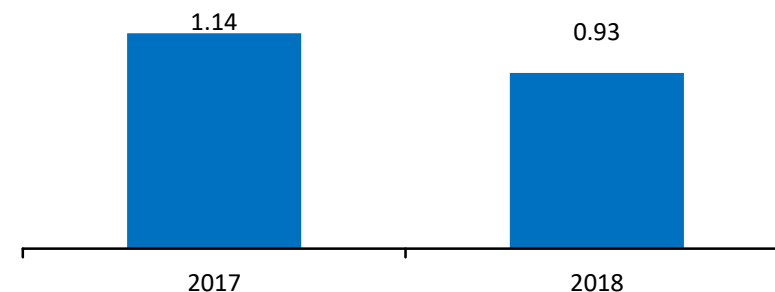
## Income from principal investments

(RMBbn)

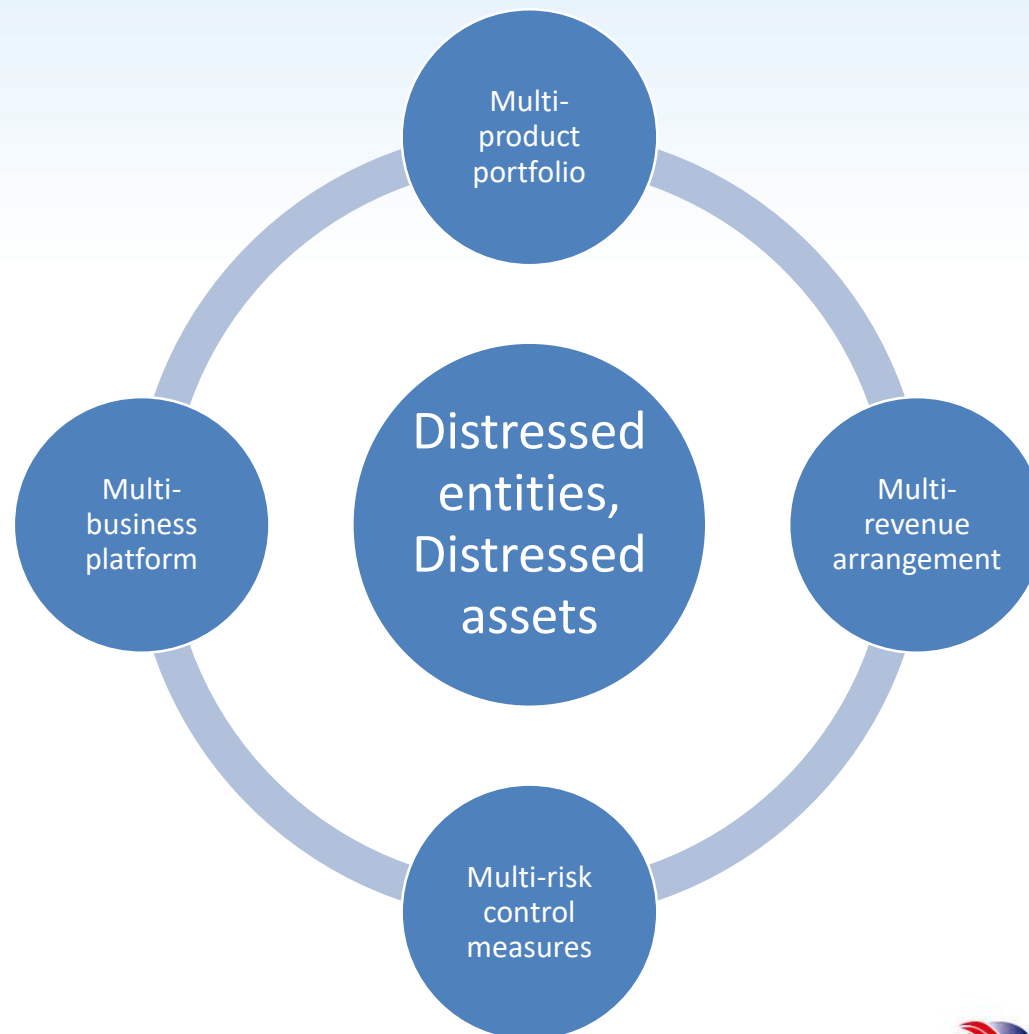


## Income from asset management business

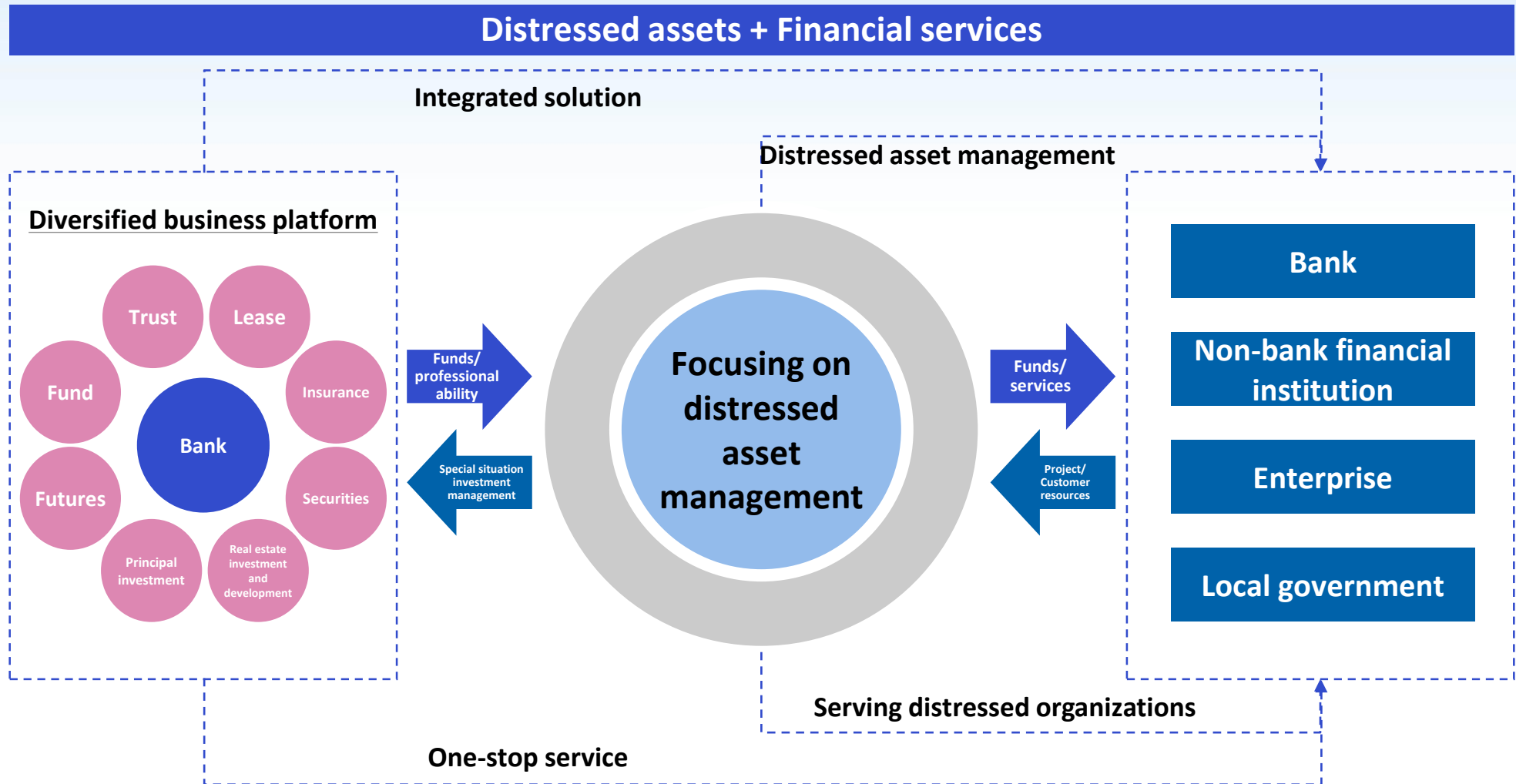
(RMBbn)



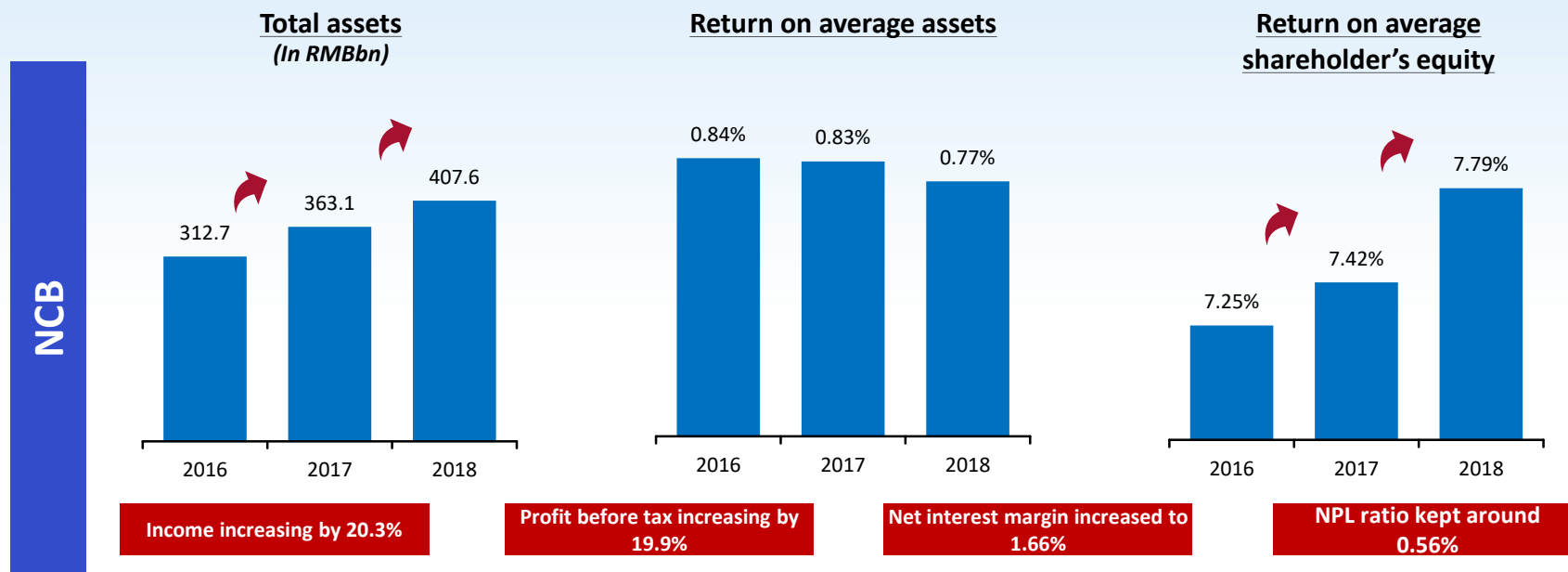
## Extensive distressed asset business







# Diversified financial services



# Financial services business



## Collaborative results of group business

-  Collaborative sales revenue: RMB3.3 billion
-  Number of customers involved: 2,498
-  Number of projects: 1,865
-  Total business scale: RMB384 billion

## Collaborative results of NCB

(RMBmm)	Income of collaborative business
NCB China	839
NCB Hong Kong	498

# Effectively cope with rising costs and capital constraints

## Continue to improve financing capabilities and actively carry out standardized financing

- Flexible allocation of the term portfolio of financing products to achieve balances on security and effectiveness
- At the end of 2018, the balance of standardized financing accounted for **24%**, and the cumulative issuance of ABS was **RMB55 billion**

## Strengthen the cost transmission capacity of fixed income assets and keep interest margins stable

- Enhance pricing power and effectively transmit the pressure of rising costs
- Shorten the time difference of cost transmission and realize the long-term matching of assets and liabilities

## Actively explore capital-saving business

- The substantive restructured business was carried out smoothly, effectively saving capital
- The core tier 1 capital adequacy ratio rose to **10.21%**
- The tier 1 capital adequacy ratio rose to **13.49%**

**1** Results overview

**2** Business development

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# Potential business opportunities of China Cinda

## Background

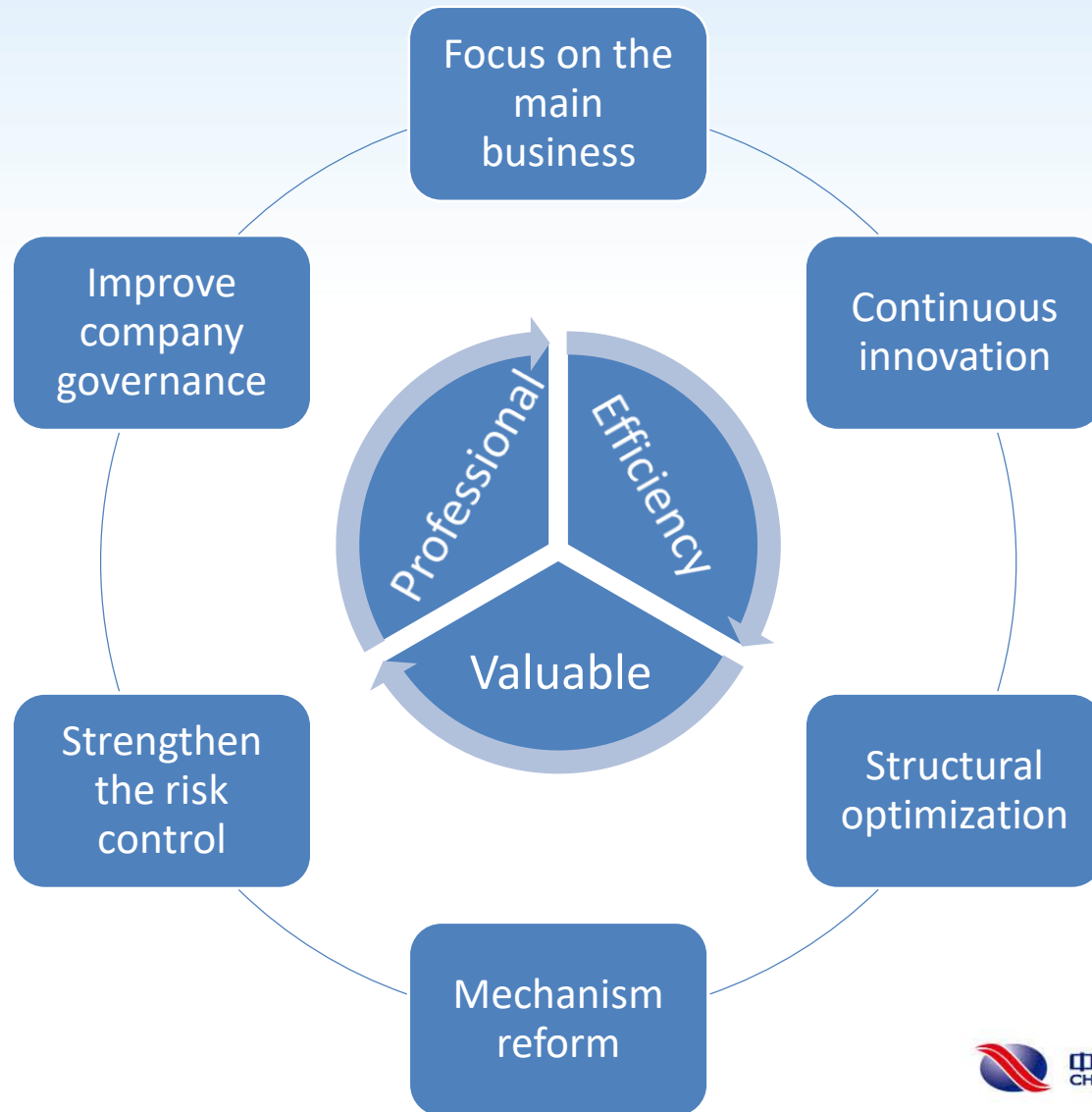
- Although the domestic economy has experienced some fluctuations and worries, the economic structure continues to be optimized, and the fundamentals are improving in the long-term
- Macroeconomic policies are actively pre-adjusted and fine-tuned to maintain continuity and stability, the counter-cyclical adjustment function of macroeconomic policies has been strengthened
- The structural reform of the financial supply-side has been deepened, and the task of improving financial services and preventing financial risks is arduous

## Target market and business opportunities

- 1 Further progress was made in preventing and mitigating major risks, the stable and continuous supply of distressed assets has provided market space for the development of main business
- 2 Fluctuations in the capital market and frequent bond defaults have created conditions for the company to play counter-cyclical arrangements and financial aid functions
- 3 Structural deleveraging and market clearing of "zombie enterprises", the demand for divestment of secondary business from distressed entities, reorganization and integration, custody and liquidation increased significantly
- 4 The old drivers of economic growth were replaced by new ones, the demand for inefficient assets revitalization of physical enterprises and the financial services of M&A has been increasing
- 5 Financial supply-side structural reforms have shown the direction for the Company to precisely serve the real economy and exert its financial aid function

Effectively fulfilling professional responsibilities in resolving financial risks, serving the real economy, and supporting supply-side structural reform

## Working emphases



## Key tasks for 2019

-  Focusing on the main business of distressed assets, continue to build a core competitive advantage with strong professional capabilities, high operational efficiency and good economic returns
-  Focusing on distressed asset investment and distressed organization rescue, explore and improve the new model of extensive distressed asset management
-  Strengthen economic capital measurement, optimize asset allocation structure, and improve capital operation efficiency
-  Conduct market research and appraisal, increase financing innovation, optimize debt structure, and ensure the safety of the Group's liquidity
-  Strengthen the professional capacity building of headquarters and subsidiaries with market-oriented reforms, enhance core competitiveness and cultivate professional advantages
-  Optimize the unified risk appetite system, strengthen risk management and control of key links, accelerate the solution of stock risks, and strictly control new risks
-  Continuously improve the modern enterprise system and corporate governance system, form an effective internal constraints, efficient and flexible operation mechanism

# Appendix

# Summary of Financial Data

## Summary of Group Consolidated Statement of Profit or Loss

(in millions of RMB)

	2018	2017	Change
Income from distressed debt assets at amortized cost	19,308	-	
Income from distressed debt assets classified as receivables	-	17,773	
Fair value changes on distressed debt assets	11,452	8,266	39%
Fair value changes on other financial instruments	15,069	2,582	484%
Investment income	154	29,466	(99%)
Net insurance premiums earned	9,129	19,267	(53%)
Interest income	25,755	20,641	25%
Revenue from sales of inventories	17,446	14,426	21%
Other income and other net gains or losses	8,713	7,614	14%
<b>Total income</b>	<b>107,026</b>	<b>120,035</b>	<b>(11%)</b>
Impairment losses on assets	(8,159)	(11,405)	(28%)
Interest expense	(46,475)	(35,911)	29%
Insurance costs	(10,544)	(20,914)	(50%)
Purchases and changes in inventories	(11,382)	(10,356)	10%
Employee benefits	(6,147)	(7,411)	(17%)
Others	(7,501)	(8,240)	(9%)
<b>Total costs and expenses</b>	<b>(90,208)</b>	<b>(94,237)</b>	<b>(4%)</b>
Profit before tax	18,789	26,131	(28%)
<b>Profit for the period</b>	<b>11,880</b>	<b>18,758</b>	<b>(37%)</b>
Net profit attributable to equity holders of the Company	12,036	18,122	(34%)

## Summary of Group Consolidated Balance Sheet

(in millions of RMB)

	2018/12/31	2017/12/31	Change
Cash and balances with central banks	16,652	21,511	(23%)
Deposits with banks and financial institutions	80,103	54,429	47%
Financial assets at fair value through profit or loss	428,791	213,796	101%
Available-for-sale financial assets	-	273,183	
Financial assets at fair value through other comprehensive income	116,828	-	
Financial assets at amortized cost	252,417	-	
Financial assets classified as receivables	-	234,227	
Loans and advances to customers	336,617	312,118	8%
Others	264,353	277,674	(5%)
<b>Total assets</b>	<b>1,495,759</b>	<b>1,386,938</b>	<b>8%</b>
Borrowings	570,870	580,352	(2%)
Bonds issued	283,115	206,483	37%
Accounts payable to brokerage clients	10,316	12,394	(17%)
Due to customers	254,100	226,221	12%
Others	198,790	193,223	3%
<b>Total liabilities</b>	<b>1,317,191</b>	<b>1,218,673</b>	<b>8%</b>
<b>Total equity</b>	<b>178,569</b>	<b>168,265</b>	<b>6%</b>
Equity attributable to equity holders of the Company	156,493	149,395	5%
<b>Key Ratios</b>			
Return on average assets	0.82%	1.46%	
Return on average shareholders' equity	8.32%	13.88%	
Cost-to-income ratio	30.51%	24.89%	