



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

# 2019 Annual Results Announcement

April 2020



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## **1 Performance Overview**

## **2 Business Development**

## **3 Future Prospects**

# Overview of Business Results for 2019

1

The Group's development quality was improved, profitability was effectively increased, and its leading position in industry was further consolidated

2

Acquisition-operation Distressed Assets business income recorded new highs, disposal scale and cash recovery achieved steady growth

3

The coverage of extensive distressed asset business was expanded, the business structure was optimized, and achieved desirable results in transformation and upgrading

4

We integrated and optimized the Group's resource allocation, and improved customer management and synergy efficiency

5

We continued to optimize the debt structure, effectively controlled financing costs, and ensure liquidity security

6

Capital security margin was reasonable and sufficient, risk prevention and resolution efforts were enhanced

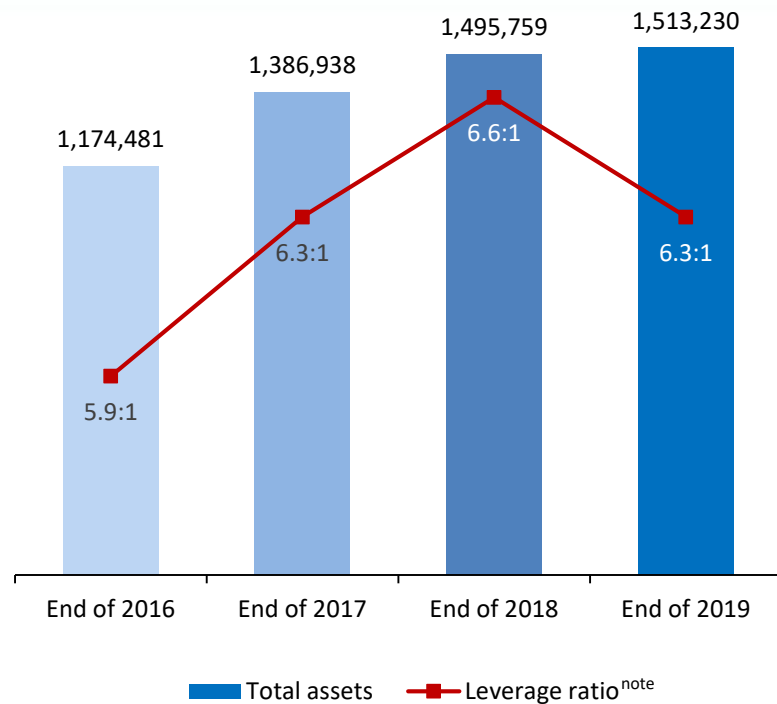
1

# The Group's development quality was improved, profitability was effectively increased, and its leading position in industry was further consolidated

The Group's development quality has been improved and its asset scale has been rising steadily

(in millions of RMB)

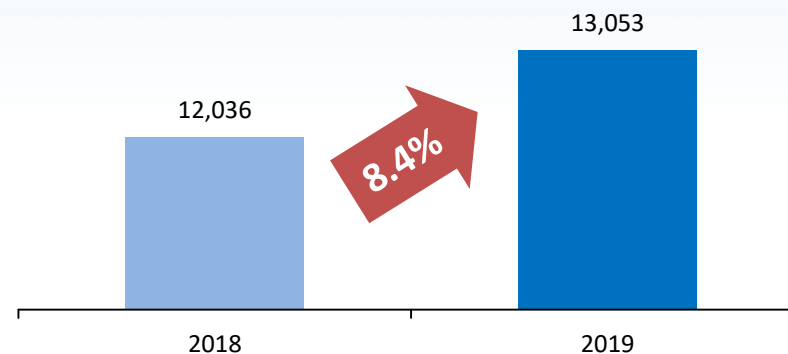
Total assets and leverage ratio



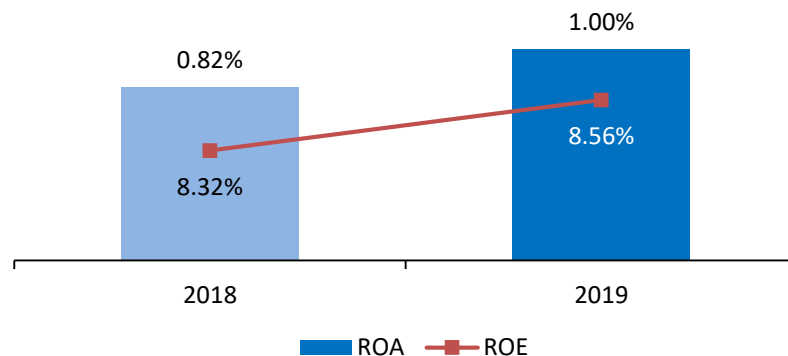
We focused on operation efficiency, and profitability was effectively increased

(in millions of RMB)

Profit attribute to equity holders of the Company



Profitability index



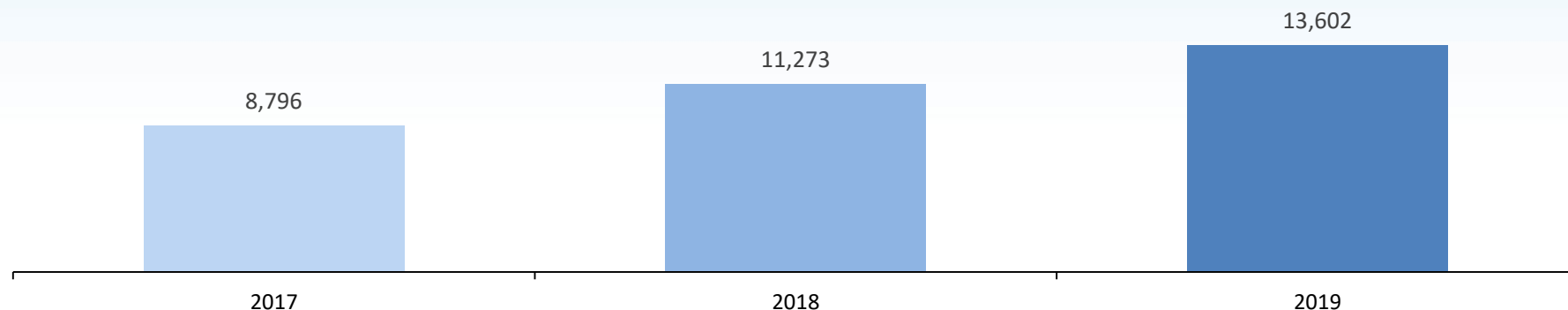
2

## Acquisition-operation Distressed Assets business income recorded new highs, disposal scale and cash recovery achieved steady growth

### *Acquisition-operation Distressed Assets business income recorded new highs*

(in millions of RMB)

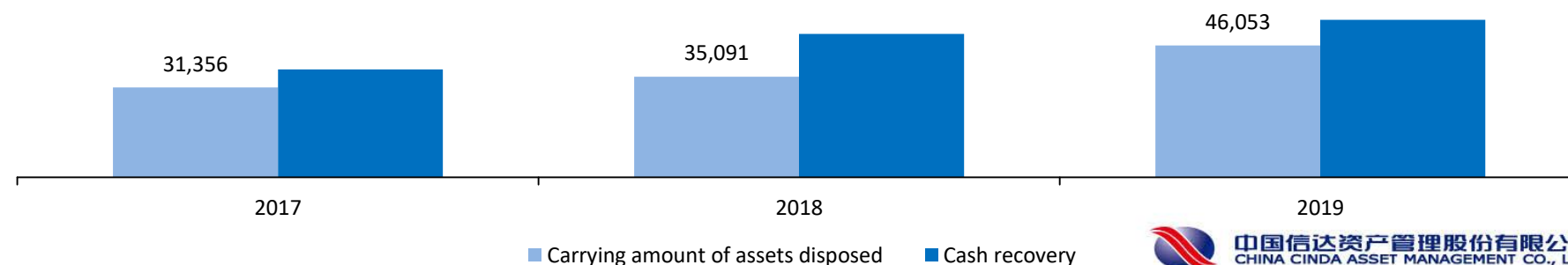
Net income from Acquisition-operation Distressed Assets



### *We Improved the efficiency of asset turnover and focused on the disposal of assets, disposal scale and cash recovery achieved steady growth*

(in millions of RMB)

Carrying amount and cash recovery of Acquisition-operation Distressed Assets disposed

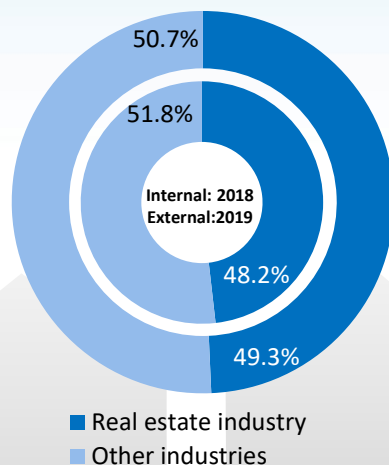


3

## The coverage of extensive distressed asset business was expanded, the business structure was optimized, and achieved desirable results in transformation and upgrading

**Restructured Distressed Assets**  
business structure continued to optimize

**Industry distribution of  
Restructured Distressed Assets**



### Other business differentiated and characteristic

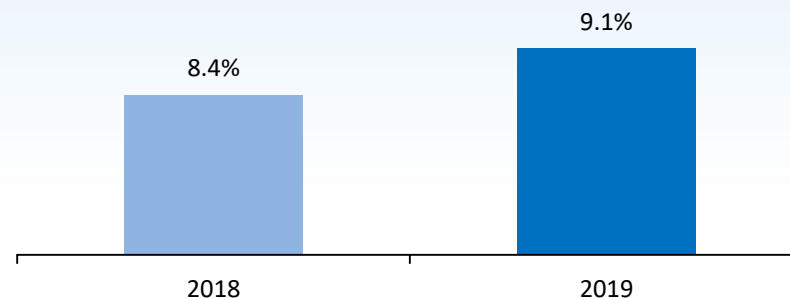
- We actively cooperated with domestic or regional leading enterprises
- We used a variety of financial instruments to support the development of enterprises

### Property business highlighting the theme of extensive distressed assets

- Business model becoming more professional: M&A of distressed entities, and disposal of distressed assets
- Better regional structure: most projects are distributed in core city clusters

**The transformation and upgrading of business model was accelerated to promote the improvement of operating income**

**Annualized return on monthly average balance  
of Restructured Distressed Assets**



### Supporting supply-side structural reform and serving real economy

Participating in the separation of secondary business of enterprises, and zombie enterprises clearing business, focusing on substantive restructuring and bankruptcy reorganization

Providing crisis relief for enterprises with good prospects in the event of bond repayment difficulties and stock pledge risks, and helping restore credit and value

**Actively aligning with the capital market, solving the dilemma of standardized products**

### Providing crisis relief and defusing regional financial risks

Providing financial consultancy, debt restructuring, introduction of strategic investment, bridge financing and other rescue services for entities in crisis in accordance with the principles of marketization and legalization

Relying on the existing customer resources of DES, promoting the connection of financial capital with industrial capital and flexibly using equity and debt instruments to reduce the leverage level of enterprises

**Practicing the combination of industry and finance, promoting market-oriented DES**

**Business innovation for extensive distressed assets**

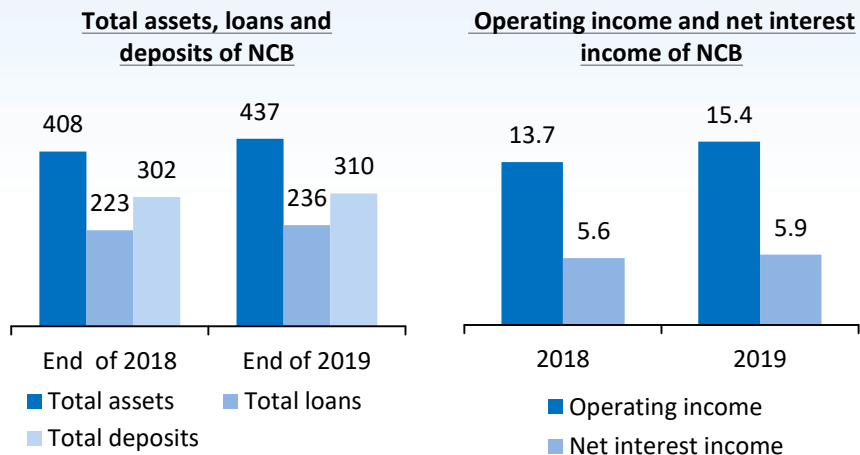


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## We integrated and optimized the Group's resource allocation, and improved customer management and synergy efficiency

### Promoting business integration of the financial sector and realizing efficient resources allocation in the Group

(in billions of RMB)



- Taking NCB as an important fulcrum for the synergies and transformation of the Group, we achieved NCB's scale growth and sustained and steady development
- We actively promoted the equity transfer of Happy Life, improved the operating efficiency of the financial sector, and realized the efficient allocation of resources within the Group
- We completed the shareholding restructuring and business integration of domestic and overseas securities subsidiaries, and supplemented the operating capital of securities business by means of marketization

### Improving the overall customer management level and the business synergy efficiency of the Group

- We used IT means to achieve real-time customer information sharing and exchange, and improve the group level customer management capabilities
- We continued to strengthen the construction of the Group's synergy system, gave full play to the advantages of clusters, and used a variety of financial instruments to restore and improve the value of assets and entities

### Group business synergies



Income of business synergy:  
RMB 3.72 billion



Scale of business synergy:  
RMB 342.88 billion



Customers of business synergy:  
3,101

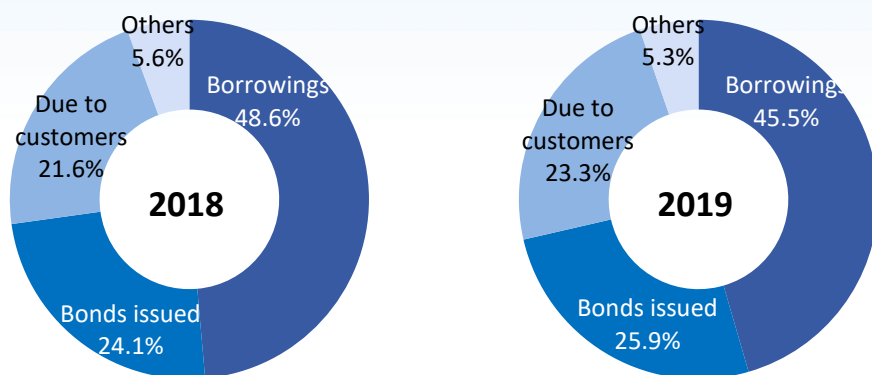


5

## We continued to optimize the debt structure, effectively controlled financing costs, and ensure liquidity security

Interest-bearing liability structure optimized  
and proportion of standardized financing further increased

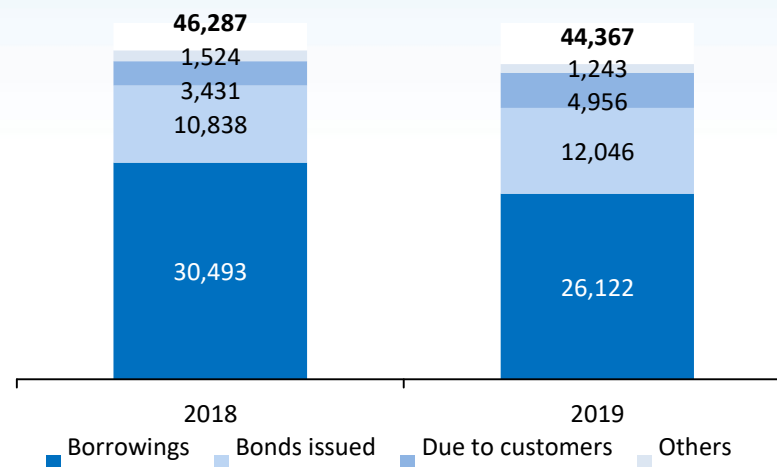
Interest-bearing liability structure



Significant decline in Interest expenditure  
due to effective control of financing costs

(in millions of RMB)

Interest expense



We correctly grasped the trend of Interest rates, accelerated the decline of costs, and reduced Interest expense by 4.1% year on year



We continued to optimize the debt structure, actively promoted financing innovation, and constantly increased the proportion of standardized financing

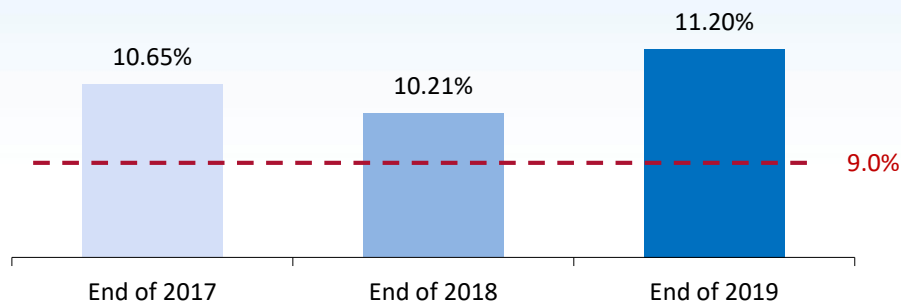


We closely monitored the external market environment, strengthened liquidity control, and ensured the security of domestic and overseas liquidity

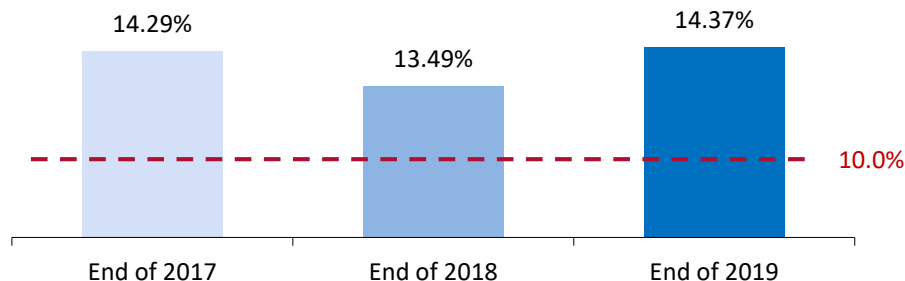
## Capital security margin was reasonable and sufficient, risk prevention and resolution efforts were enhanced

Implementing fine capital management  
to ensure a reasonable margin of capital security

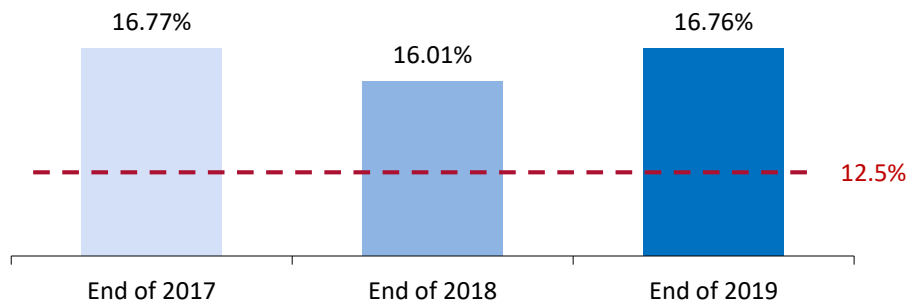
Core tier 1 capital adequacy ratio



Tier 1 capital adequacy ratio



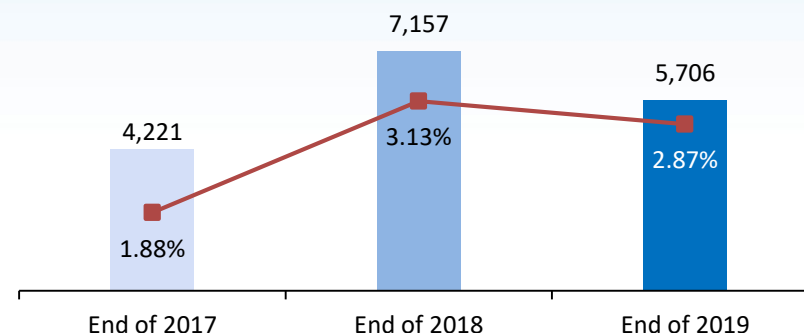
Capital adequacy ratio



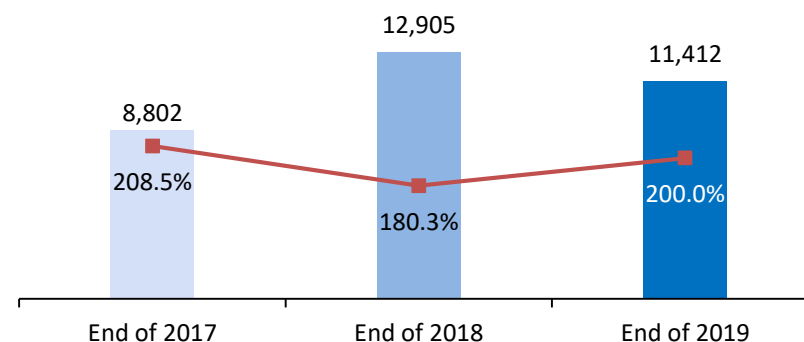
Strictly controlling incremental risks, defusing existing risks,  
and effectively consolidating asset quality

(in millions of RMB)

Asset quality and provision level  
of Restructured Distressed Assets



Balance of impaired assets    Impairment ratio



Provision for asset impairment    Provision coverage

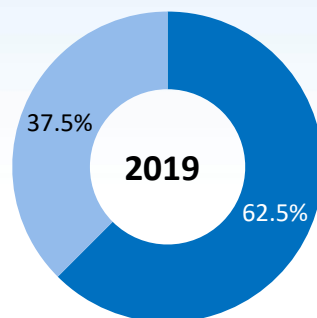
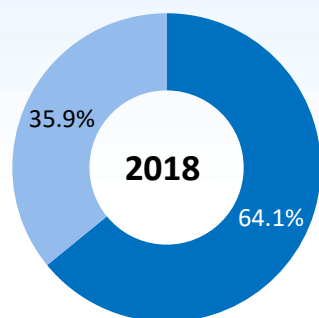
## 1 Performance Overview

## 2 Business Development

## 3 Future Prospects

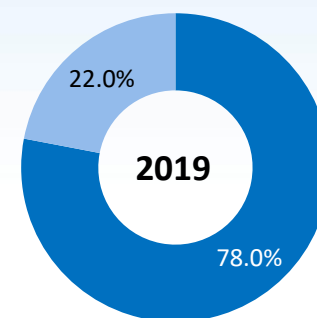
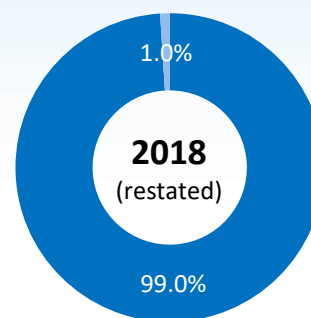
# Overview of the development of the Group's business segments

## Distribution of total assets

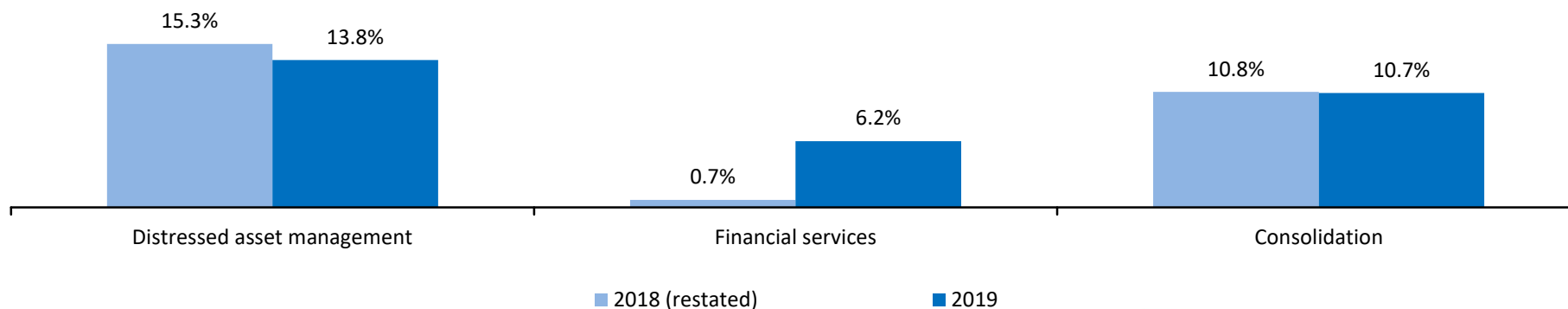


■ Distressed asset management    ■ Financial services and others

## Distribution of profit before tax



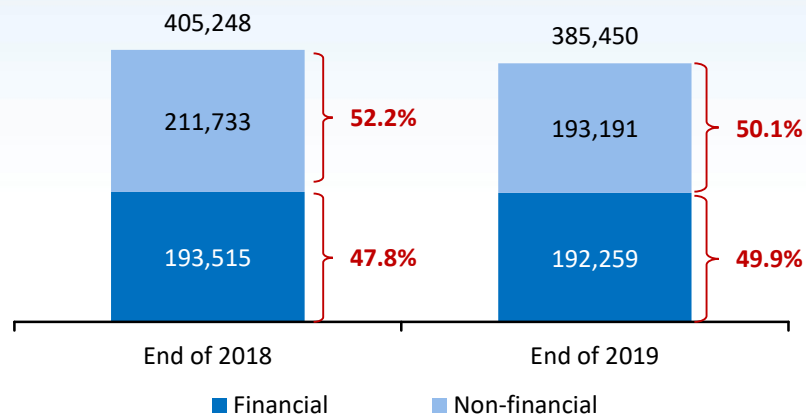
## Average return on net assets before tax



# Distressed debt asset management

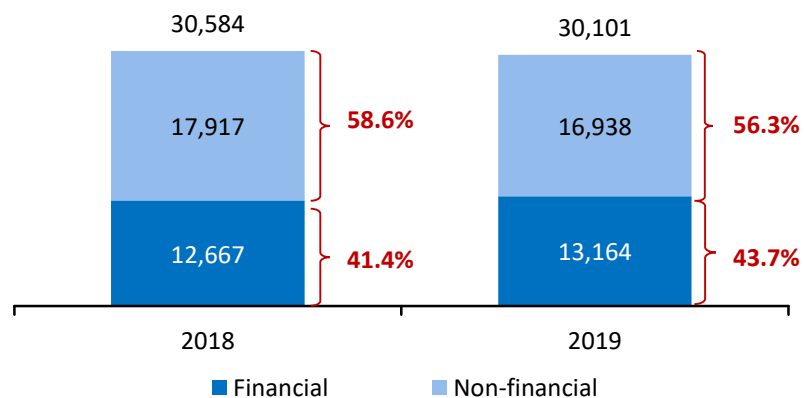
## Net balance of distressed debt assets

(in millions of RMB)



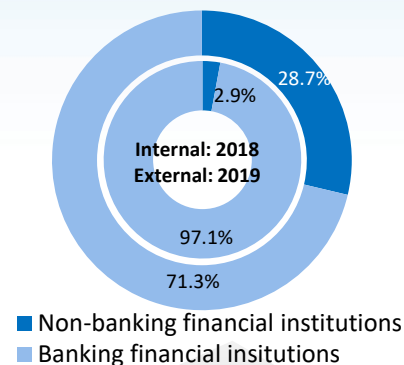
## Income from distressed debt assets

(in millions of RMB)

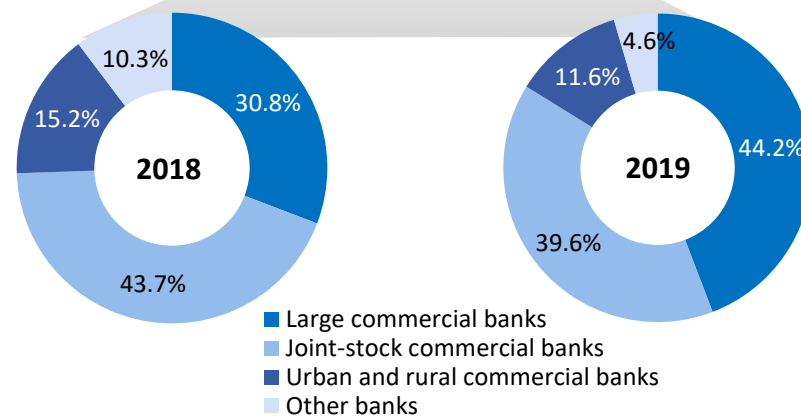


## Acquisition cost of financial institutions distressed assets

### Structure of acquisition cost



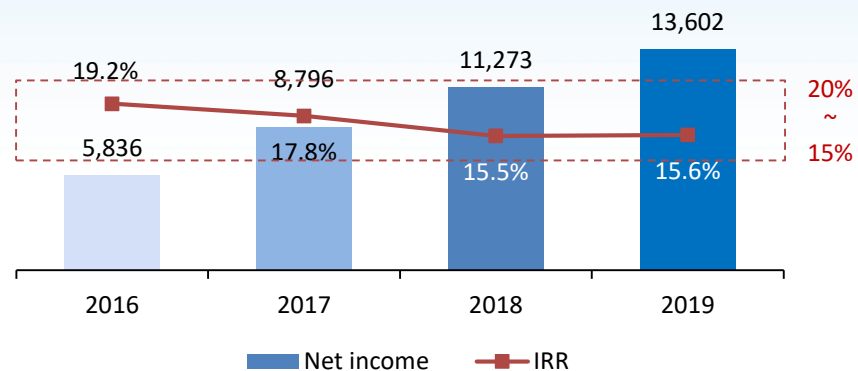
### Proportion of banking financial distressed assets



# Acquisition-operation Distressed Assets business

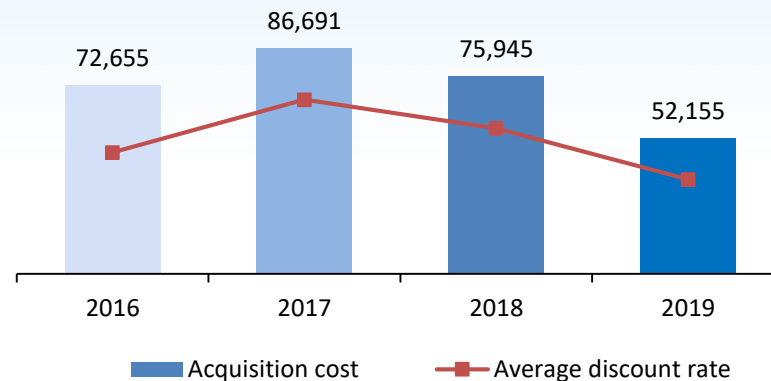
## Net income and internal rate of return

(in millions of RMB)



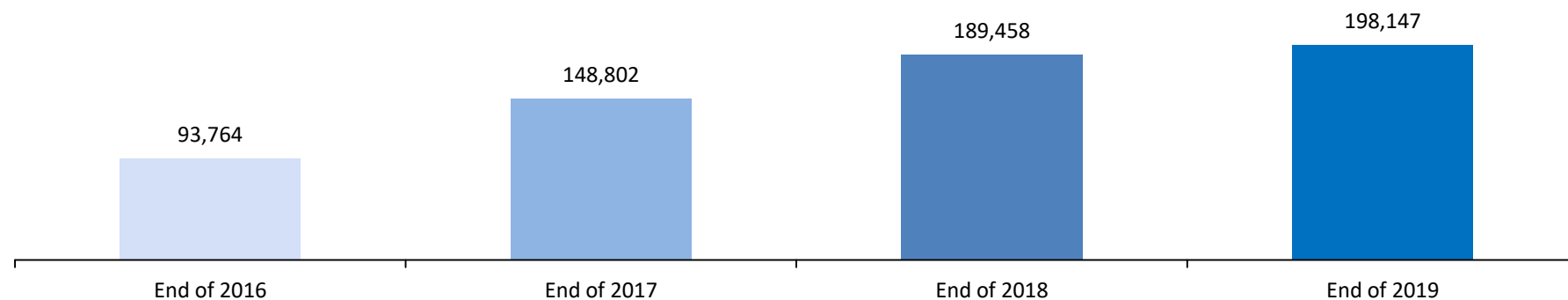
## Acquisition cost and average discount rate

(in millions of RMB)



## Net balance of Acquisition-operation Distressed Assets

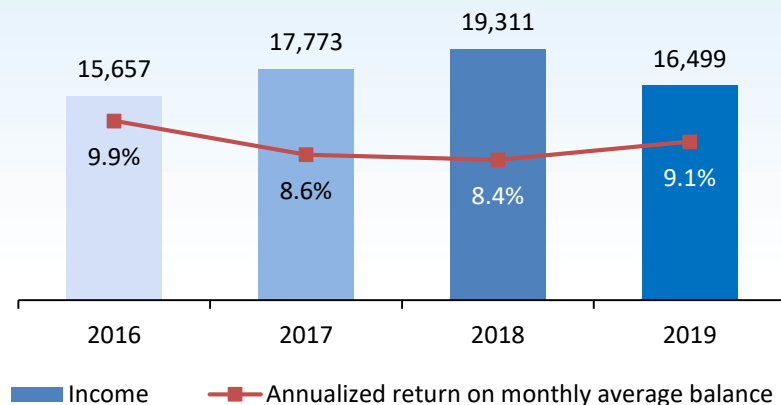
(in millions of RMB)



# Restructured Distressed Assets business

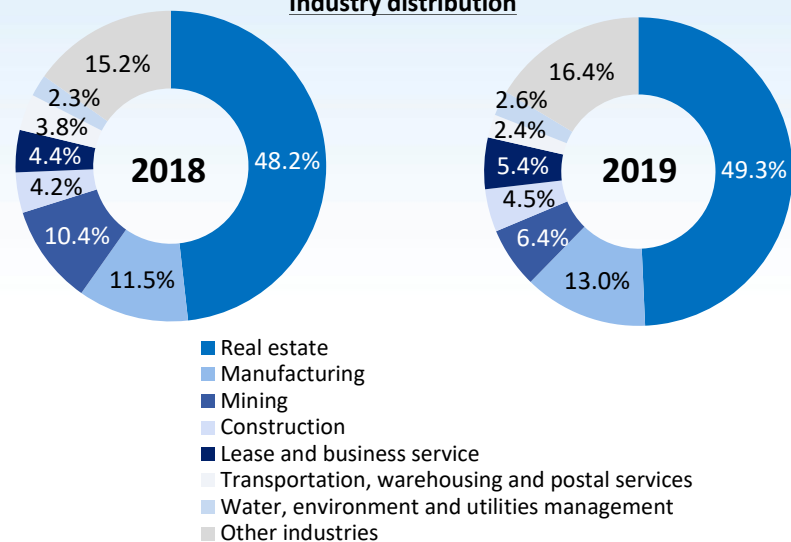
## Income and annualized return on monthly average balance of Restructured Distressed Assets

(in millions of RMB)



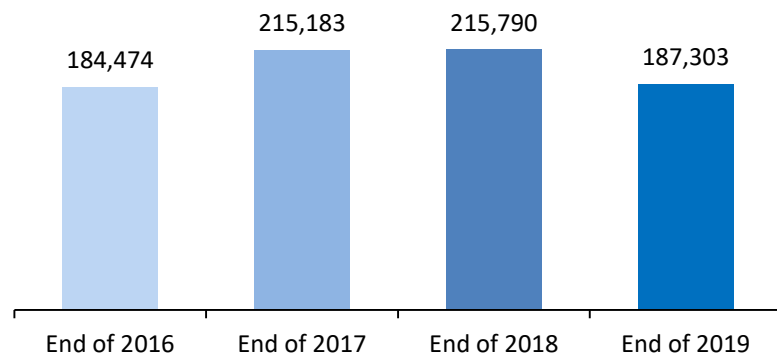
## Industry distribution and regional distribution of Restructured Distressed Assets

### Industry distribution

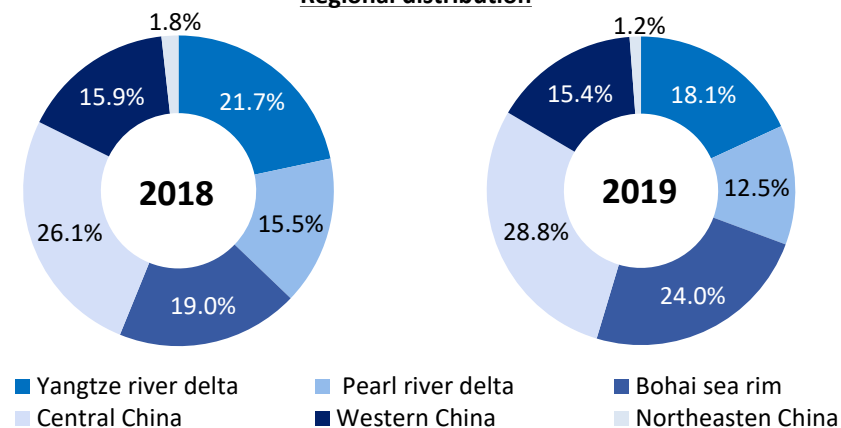


## Net amount of Restructured Distressed Assets

(in millions of RMB)



### Regional distribution

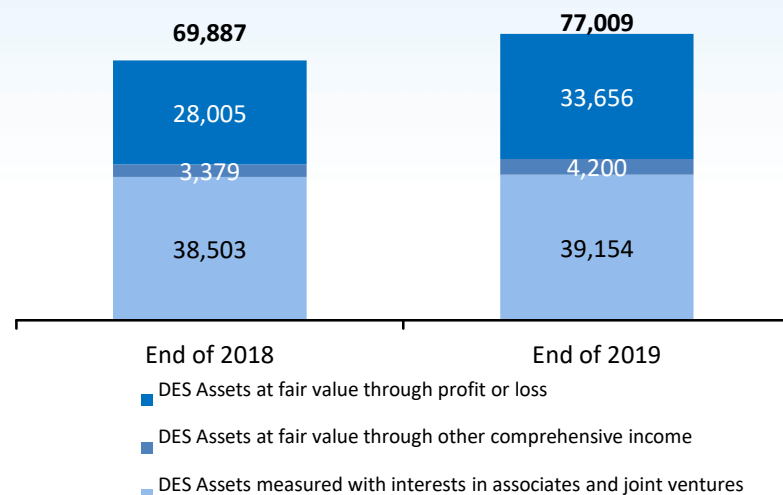


# DES Assets and other distressed assets business

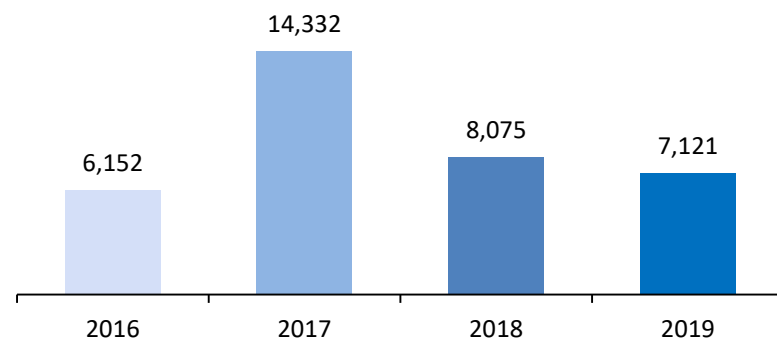
## DES Assets business scale and income

(in millions of RMB)

### Book value of DES Assets



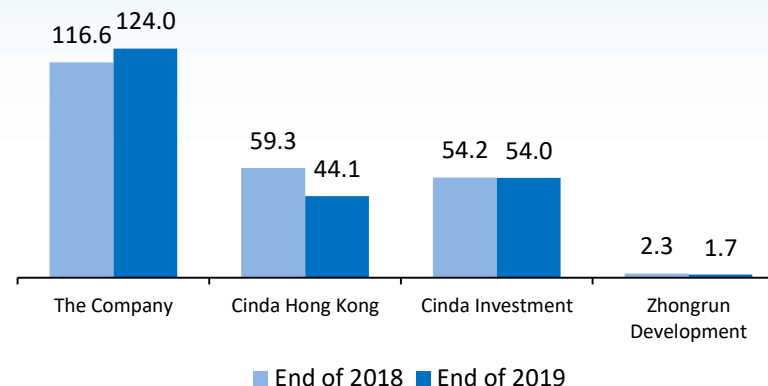
### DES Assets income



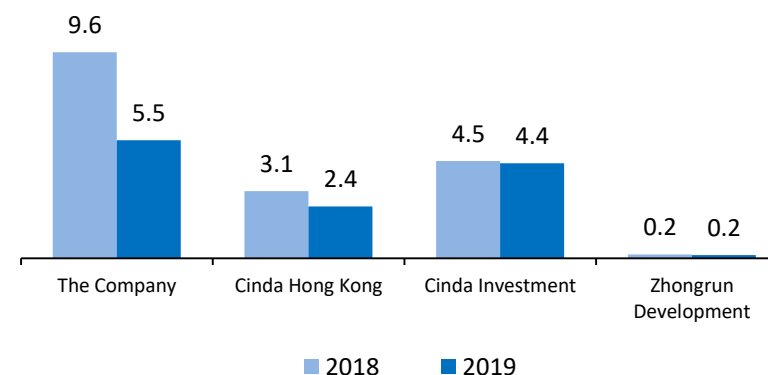
## Other distressed assets business

(in billions of RMB)

### Balance of other distressed assets business



### Income of other distressed assets business



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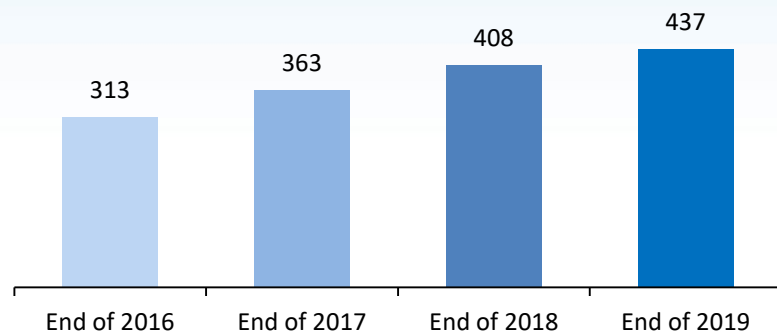


# Financial services business

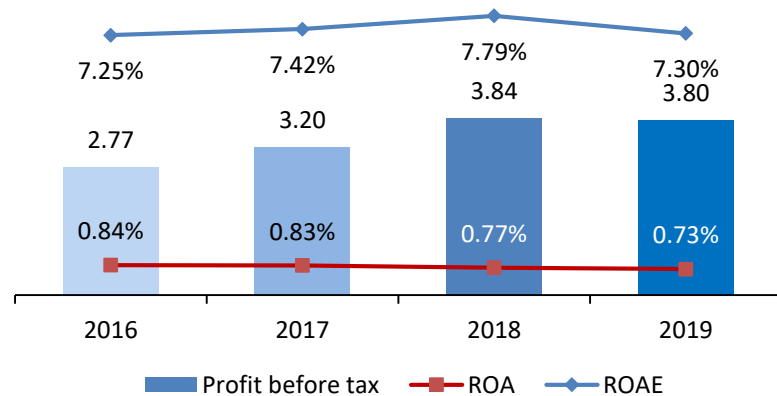
## Banking business

(in billions of RMB)

Total assets of NCB



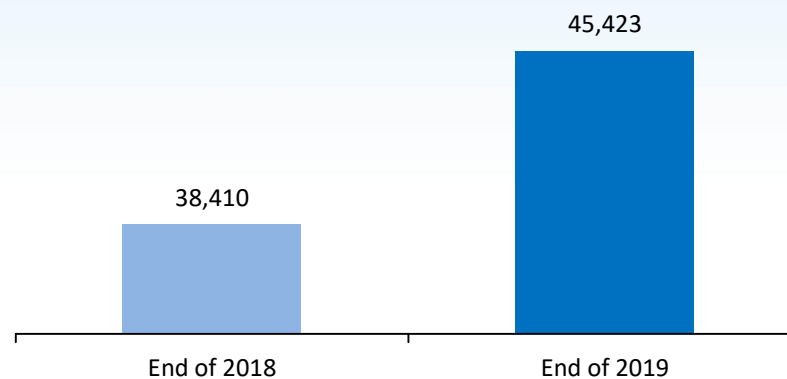
Profit before tax and profitability index of NCB



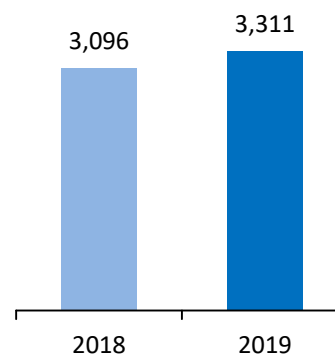
## Securities, futures and fund business

(in millions of RMB)

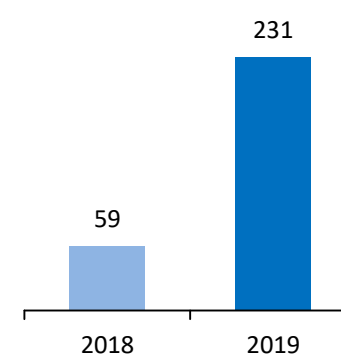
Total assets



Income



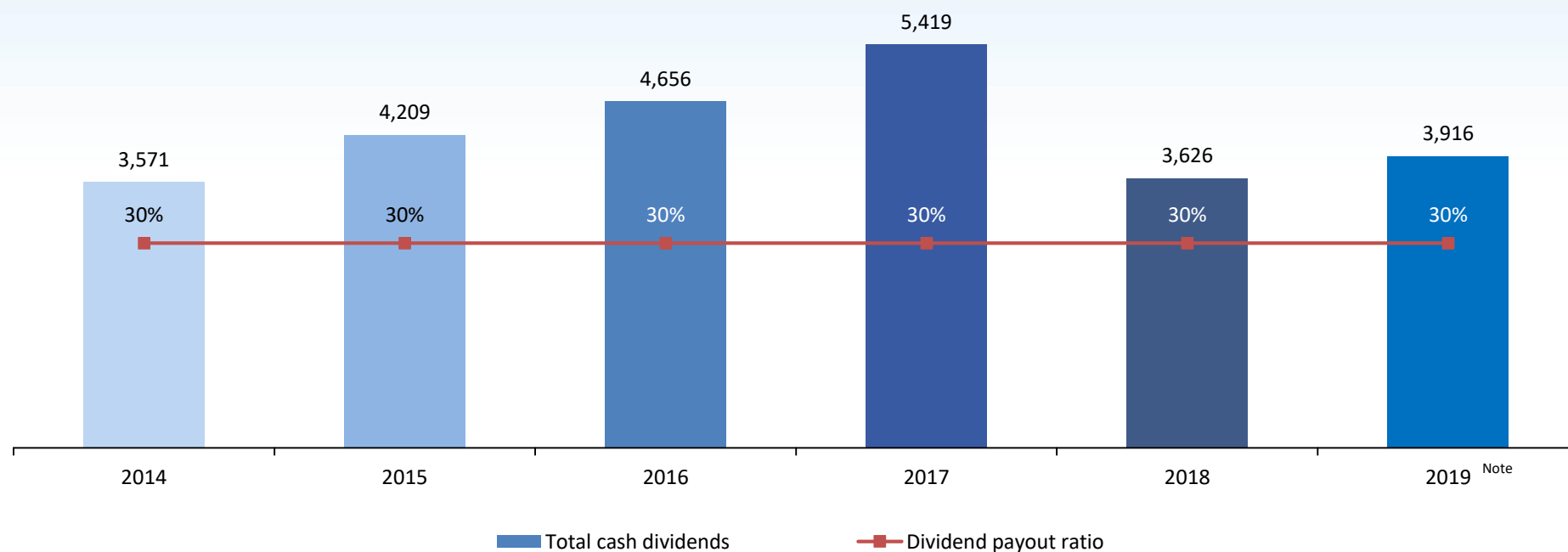
Profit before tax



# Dividend distribution

## Dividend distribution of the Company

(in millions of RMB)



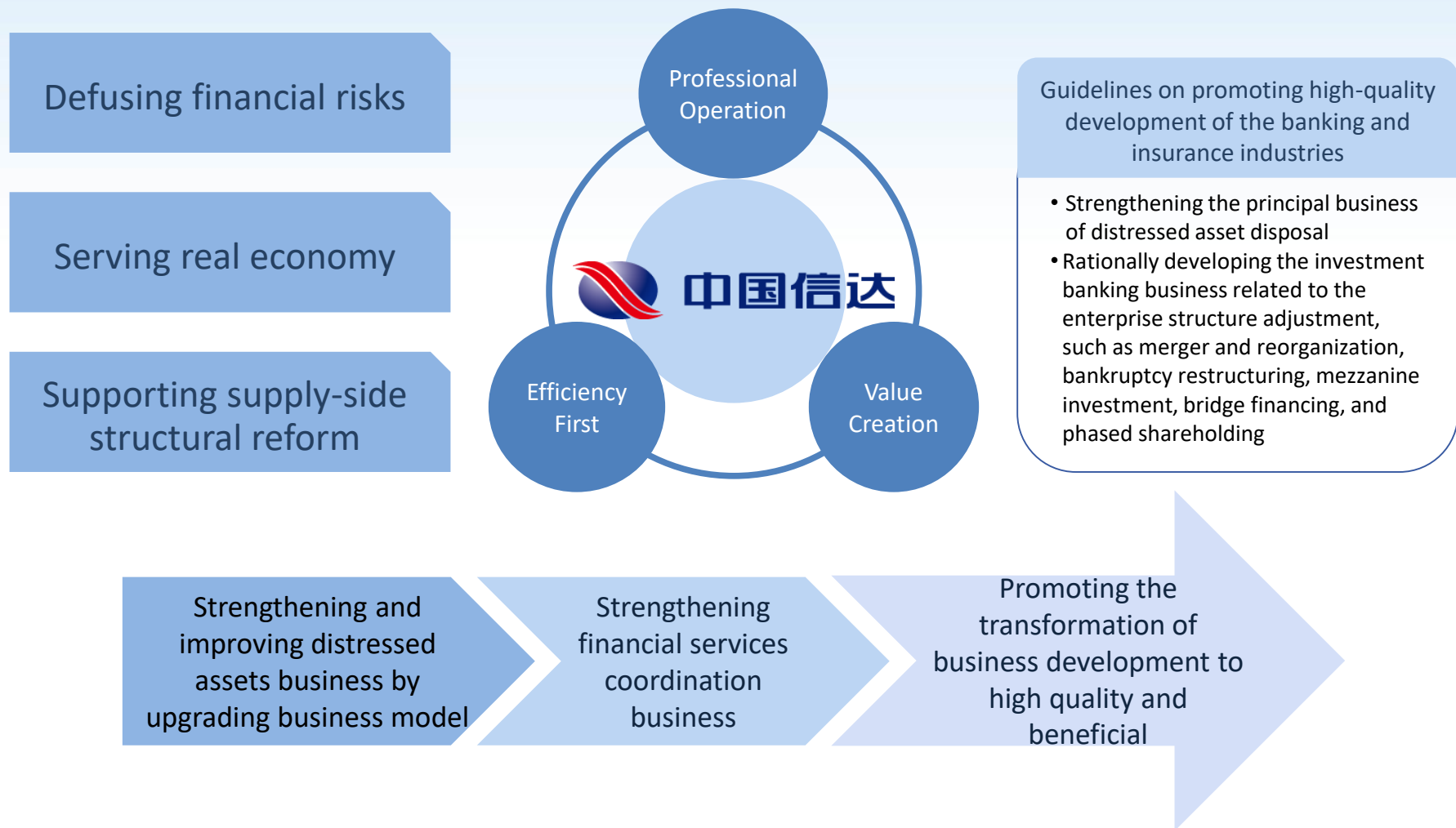
Since 2014, the Company has been distributing profits according to the 30% dividend payout ratio, and the cumulative dividend distribution has exceeded RMB 25 billion (including the declared part), which reflects the good investment return attribute of the Company's shares.

## 1 Performance Overview

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# Strategic development direction of China Cinda



# Potential business opportunities for China Cinda

## Background

- The world economy is facing severe risks and challenges, but the fundamentals of the Chinese economy remain unchanged in the long run
- The state supports AMC to develop its distressed asset business and alternative investment banking business by giving full play to its unique functions and professional advantages
- The financial industry, especially distressed asset management industry, is further opening up, presenting both opportunities and challenges

## Target market and business opportunities

- 1 To resist the COVID-19 and promote the economic recovery, AMC needs to play the role of counter-cyclical arrangement and financial rescue to provide accurate financial services
- 2 The demand for investment banking business, such as merger and reorganization, bankruptcy reorganization, mezzanine investment, bridge financing and phased shareholding, is constantly increasing
- 3 The standardized transformation of asset management business and non-standard assets has created business opportunities for the innovation and transformation of the distressed business
- 4 Risk resolution in key areas is deepening, and the restructuring of enterprises in crisis and the exit of zombie enterprises provide market space for the development of the core business
- 5 The recovery and disposal of distressed financial institutions rises the demands of the disposal of distressed assets and restructuring of financial institutions

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

## Key works for 2020



To change the business idea and model, improve the core competitiveness of project restructuring and investment banking operations, and strengthen the distressed assets business



To steadily and effectively develop assets allocation, improve the efficiency of asset turnover and the classification and disposal of assets, and consolidate the leading edge of the core business



To build an extensive distressed asset ecosystem based on the distressed institutions and distressed assets, and foster new drivers for sustainable business development



To integrate and optimize group resources, promote the customer-centric strategy, improve the basic operation management and financial service synergy



To expand standardized direct financing channels, optimize debt structure, and further improve liquidity risk management



To strengthen comprehensive risk management, guard against new risks, defuse existing risks, and achieve high-quality development

We shall respond to challenges, take opportunities in times of crisis, and achieve steady operation and innovative development in a complex and volatile environment

# Appendix

# Summary of financial data

## Summary of consolidated statement of profit or loss

(in millions of RMB)

### Continuing operations

	2019	2018	Change
Income from distressed debt assets at amortized cost	16,404	19,308	(15.0%)
Fair value changes on distressed debt assets	13,645	11,452	19.2%
Fair value changes on other financial instruments	14,840	16,085	(7.7%)
Investment income	465	153	203.6%
Interest income	25,402	25,006	1.6%
Revenue from sales of inventories	18,169	17,446	4.1%
Other income and other net gains or losses	7,222	8,654	(16.5%)
<b>Total income</b>	<b>96,147</b>	<b>98,103</b>	<b>(2.0%)</b>
Impairment losses on assets	(8,924)	(8,156)	9.4%
Interest expense	(44,367)	(46,287)	(4.1%)
Purchases and changes in inventories	(12,869)	(11,382)	13.1%
Other costs and expenses	(12,398)	(11,549)	7.4%
<b>Total costs and expenses</b>	<b>(78,558)</b>	<b>(77,374)</b>	<b>1.5%</b>
Profit before tax from continuing operations	19,272	22,698	(15.1%)
Profit for the year from continuing operations	13,518	15,746	(14.2%)

### Discontinued operation

Profit/(loss) after tax for the year from a discontinued operation	1,500	(3,866)	(138.8%)
<b>Profit for the year</b>	<b>15,018</b>	<b>11,880</b>	<b>26.4%</b>
Profit attributable to equity holders of the Company	13,053	12,036	8.4%

## Summary of consolidated statement of financial position

(in millions of RMB)

	2019/12/31	2018/12/31	Change
Cash and balances with central banks	19,002	16,652	14.1%
Deposits with banks and financial institutions	70,838	80,103	(11.6%)
Financial assets at fair value through profit or loss	412,165	428,791	(3.9%)
Financial assets at fair value through other comprehensive income	136,803	116,828	17.1%
Financial assets at amortized cost	227,645	252,417	(9.8%)
Loans and advances to customers	337,859	336,617	0.4%
Assets held for sale	61,394	-	-
Others	247,524	264,353	(6.4%)
<b>Total assets</b>	<b>1,513,230</b>	<b>1,495,759</b>	<b>1.2%</b>
Borrowings	536,591	570,870	(6.0%)
Bonds issued	304,850	283,115	7.7%
Due to customers	275,206	254,100	8.3%
Accounts payable to brokerage clients	14,320	10,316	38.8%
Liabilities held for sale	57,924	-	-
Others	135,928	198,790	(31.6%)
<b>Total liabilities</b>	<b>1,324,820</b>	<b>1,317,191</b>	<b>0.6%</b>
<b>Total equity</b>	<b>188,411</b>	<b>178,569</b>	<b>5.5%</b>
Equity attributable to equity holders of the Company	164,898	156,493	5.4%
<b>Key ratios</b>			
ROAA	1.00%	0.82%	0.18%
ROAE	8.56%	8.32%	0.24%
Cost-income ratio	30.68%	30.51%	0.17%