

# 2022 Interim Results Announcement

August 2022



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## **1 Performance Overview**

## **2 Business Development**

## **3 Future Prospects**

# Major achievements in 1H2022

1

**Adhered to the principle of the steady and long-term development, remained assets and income stable**

2

**Focused on main responsibility and core business, further consolidated the advantages of traditional business**

3

**Enhanced equity business management, steadily improved asset value**

4

**Promoted capital supplement in an orderly way, maintained reasonable and abundant capital**

5

**Optimized financing maturity and structure, effectively controlled interest expense**

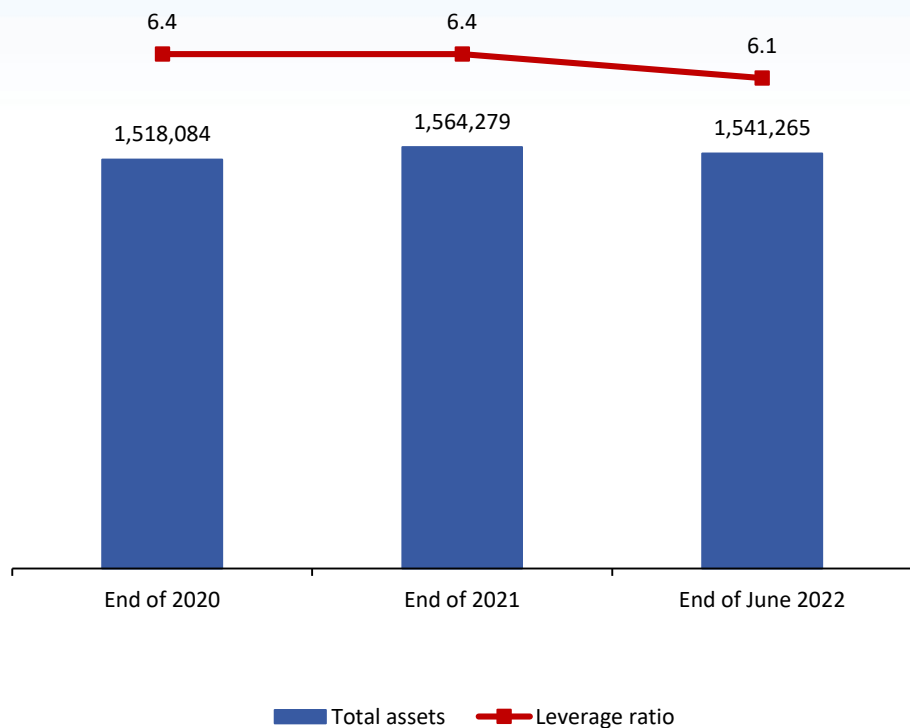
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**Made solid progress in transformation and upgrade of business model through multiple measures**

## Adhered to the principle of the steady and long-term development, remained assets and income stable

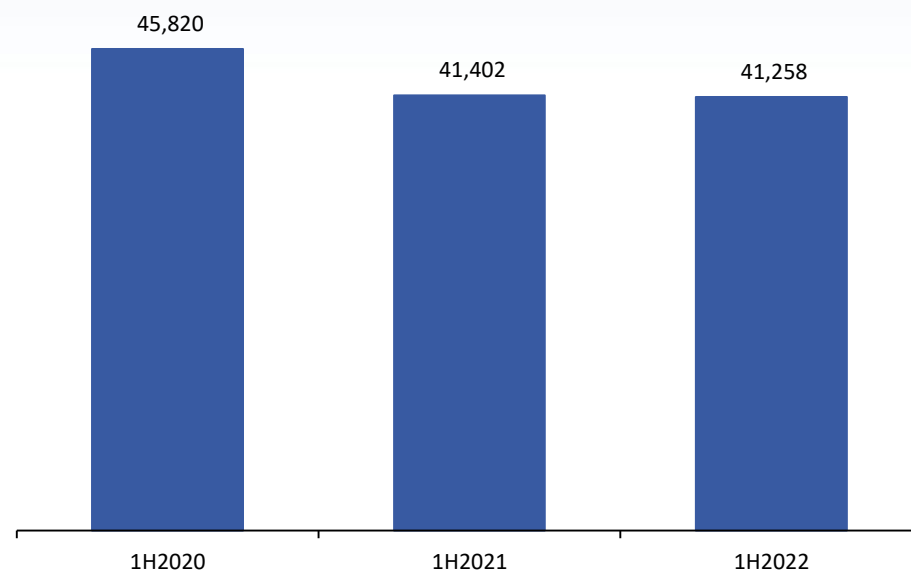
Total assets and leverage ratio

(in millions of RMB)



Total income

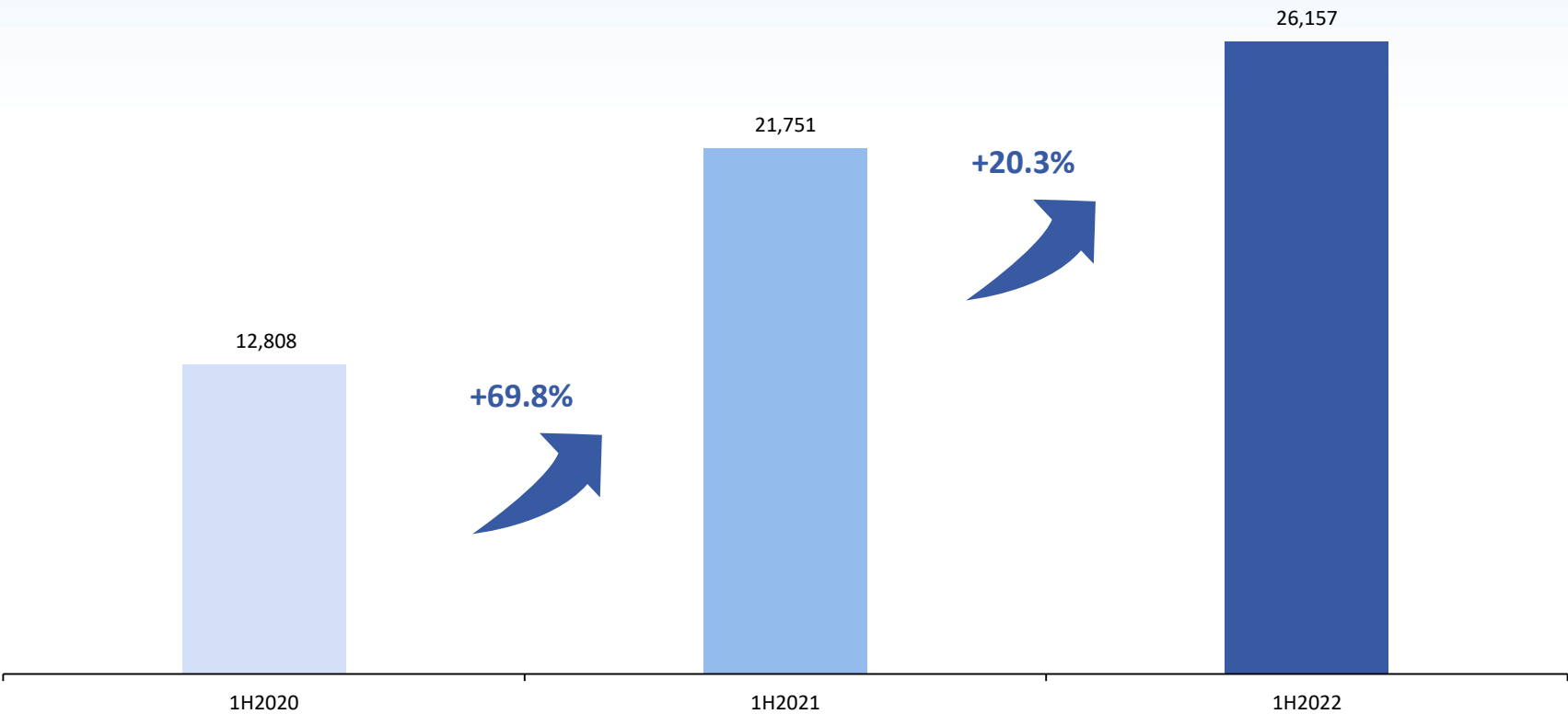
(in millions of RMB)



# Focused on main responsibility and core business, further consolidated the advantages of traditional business

Acquisition cost of Acquisition-operation Distressed Assets

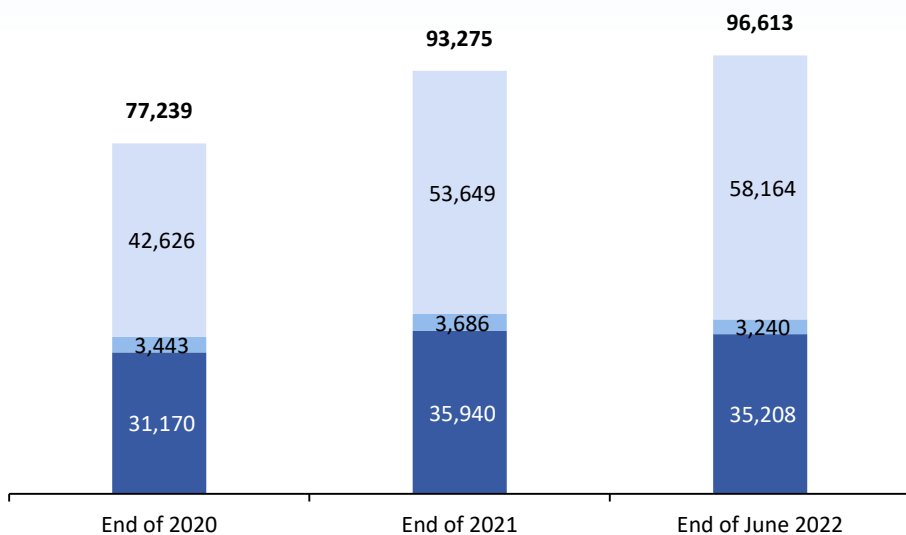
(in millions of RMB)



# Enhanced equity business management, steadily improved asset value

## Total book value of DES Assets

(in millions of RMB)



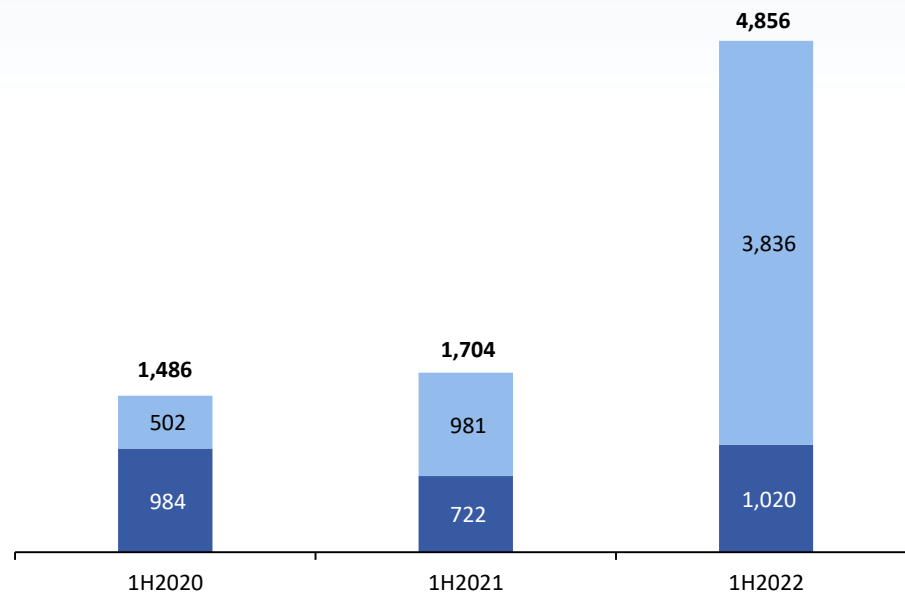
■ DES Assets at interests in consolidated structured entities and associates and joint ventures

■ DES Assets at fair value through other comprehensive income

■ DES Assets at fair value through profit or loss

## DES Assets Income

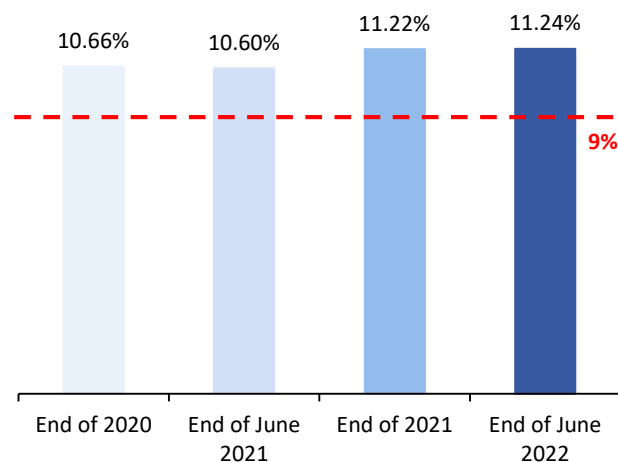
(in millions of RMB)



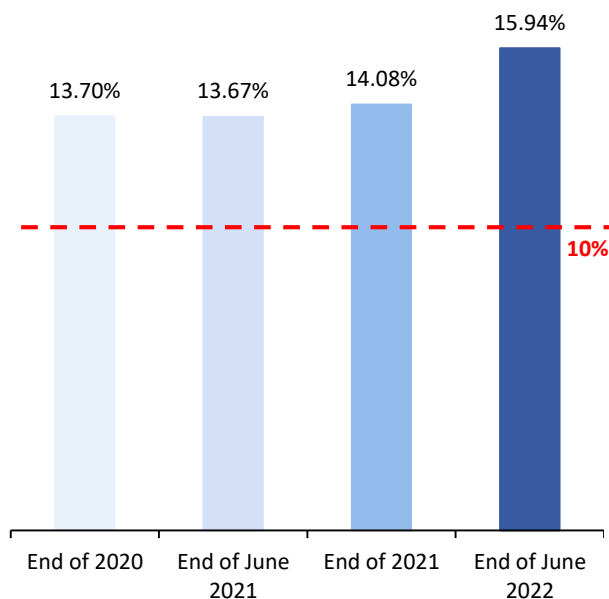
■ Fair value changes ■ Gains realized with other accounting approaches

## Promoted capital supplement in an orderly way, maintained reasonable and abundant capital

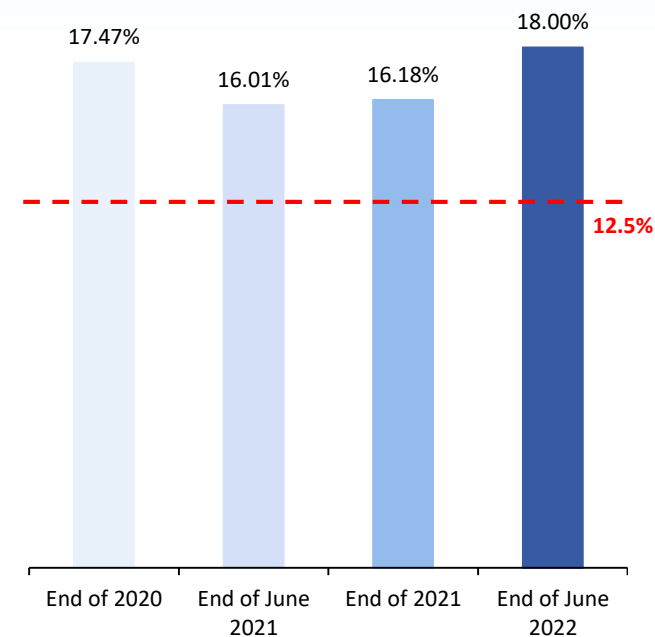
Core tier-1 capital adequacy ratio



Tier-1 capital adequacy ratio

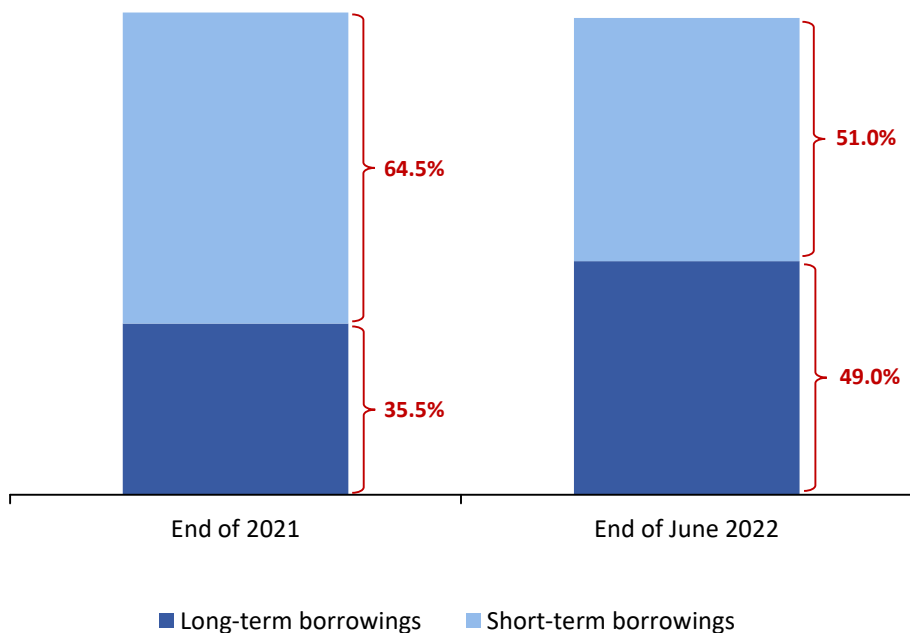


Capital adequacy ratio



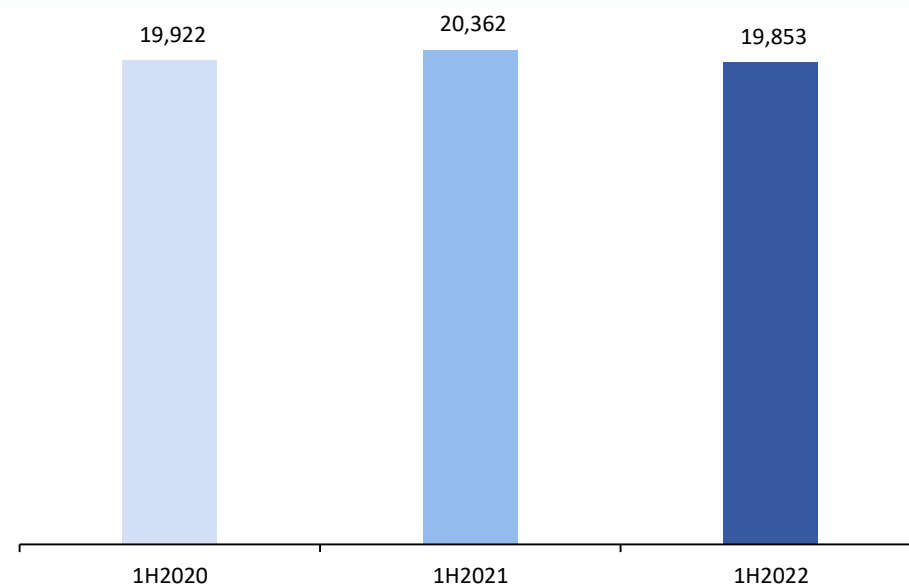
## Optimized financing maturity and structure, effectively controlled interest expense

### Borrowing structure



### Interest expense

(in millions of RMB)



# Made solid progress in transformation and upgrade of business model through multiple measures

## Ecosystem construction

- ✓ Enhancing communication with headquarters of banks, actively responding to the asset disposal demands of central enterprises, state-owned enterprises and industry leaders
- ✓ Maintaining close communication with industry associations and agencies, expanding information channels and business paths

01



## Employee capacity fostering

- ✓ Promoting case library construction, making in-depth research of sustainable and reproducible innovative distressed asset management cases
- ✓ Promoting the construction of core training systems, improving the professional abilities and quality of the employees

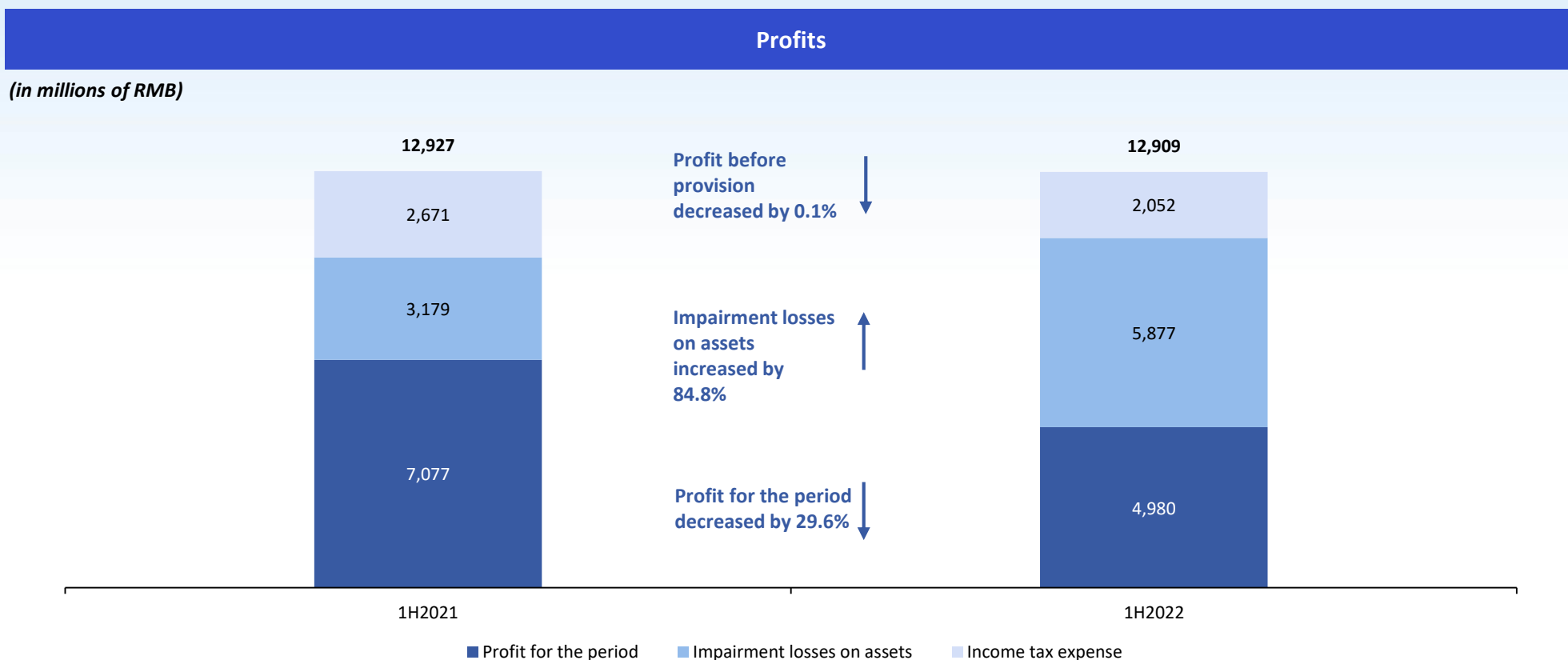
02

03

## Digital Cinda

- ✓ Promoting the construction of new core systems, enhancing data governance
- ✓ Developing and launching “Smart Search” investment promotion platform V2.0
- ✓ Advancing the prospectiveness and effectiveness of risk control through risk monitoring platform

# Financial performance



## Reason for change of profit

Due to the impact of macroeconomic situation and market environment, quality of certain financial assets at amortized cost was under pressure, and the Company increased the provision for credit risk based on prudent consideration.

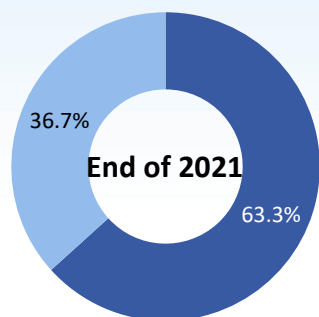
## 1 Performance Overview

## 2 Business Development

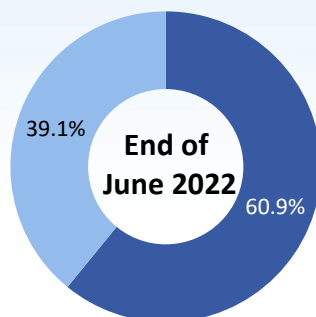
## 3 Future Prospects

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

Distribution of the total assets <sup>(1)</sup>

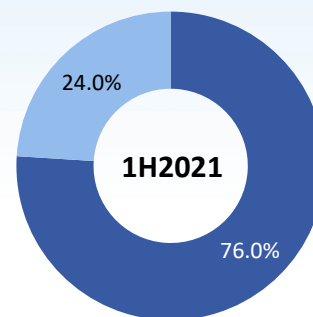


RMB 1,564.3 billion

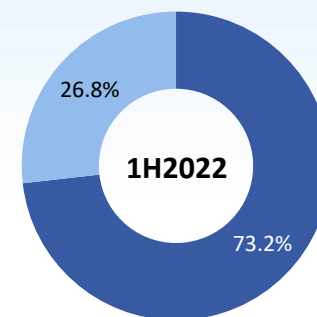


RMB 1,541.3 billion

Distribution of the total income <sup>(1)</sup>



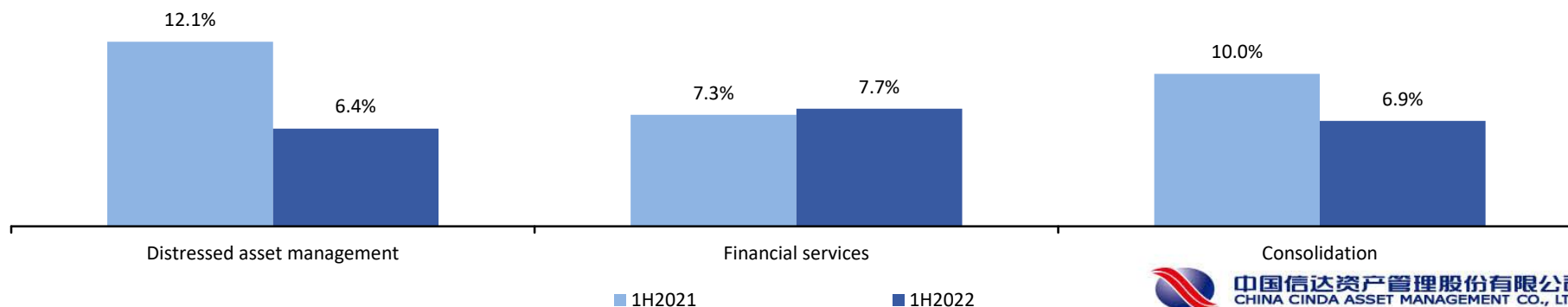
RMB 41.4 billion



RMB 41.3 billion

■ Distressed asset management ■ Financial services

Return on average net assets before tax

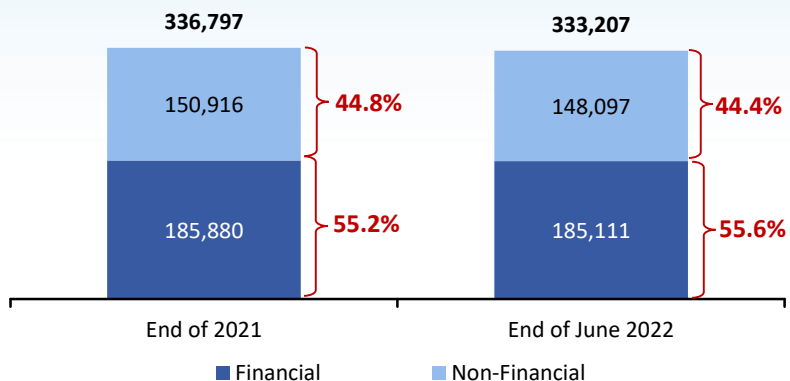


(1) Inter-segment elimination is not considered in the chart on this page

# Distressed debt assets management

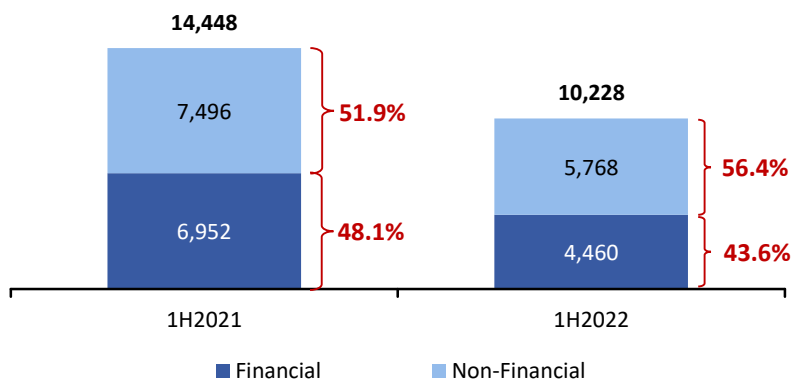
## Net balance of distressed debt assets

(in millions of RMB)



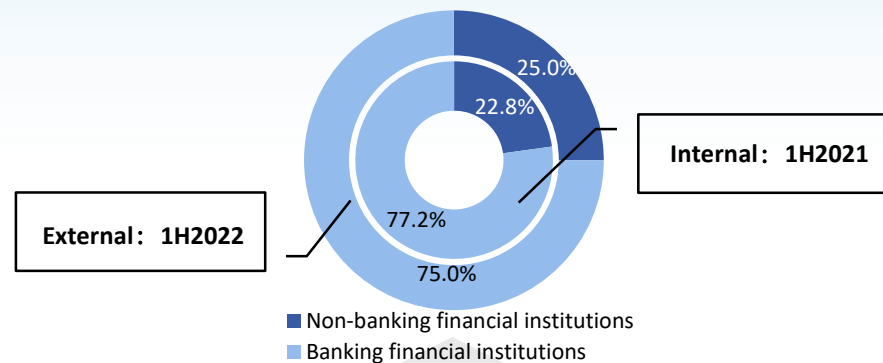
## Income from distressed debt assets

(in millions of RMB)

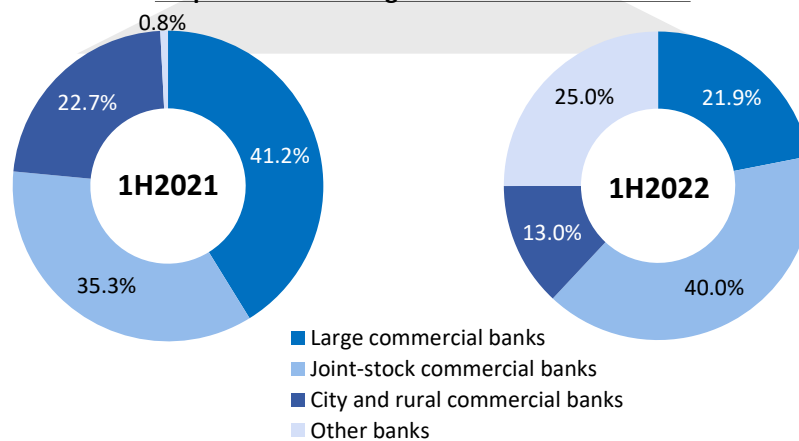


## Acquisition cost of financial institutions distressed assets

### Structure of acquisition cost



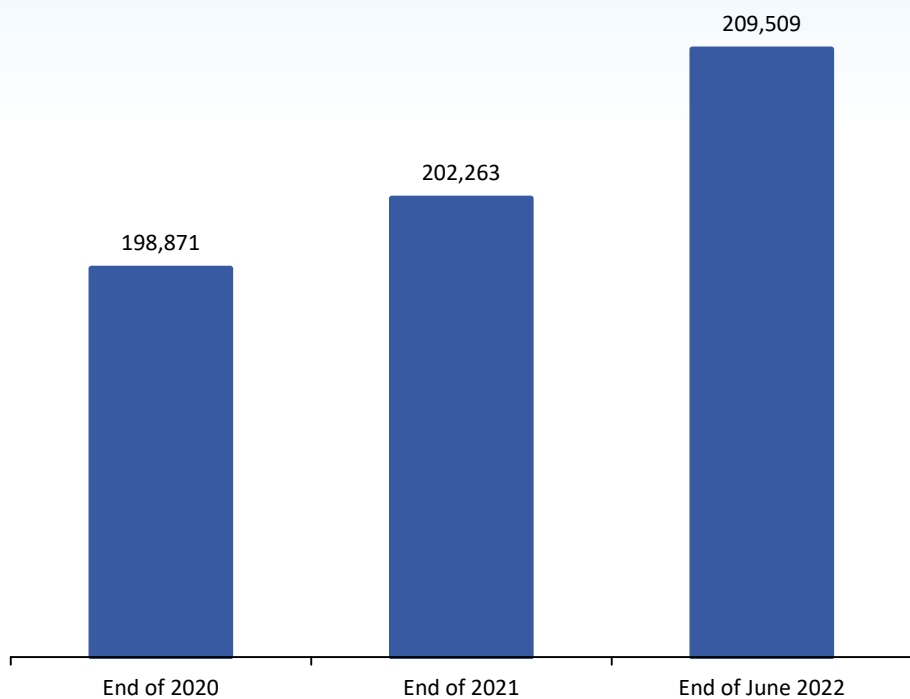
### Proportion of banking financial distressed assets



## Acquisition-operation Distressed Assets business

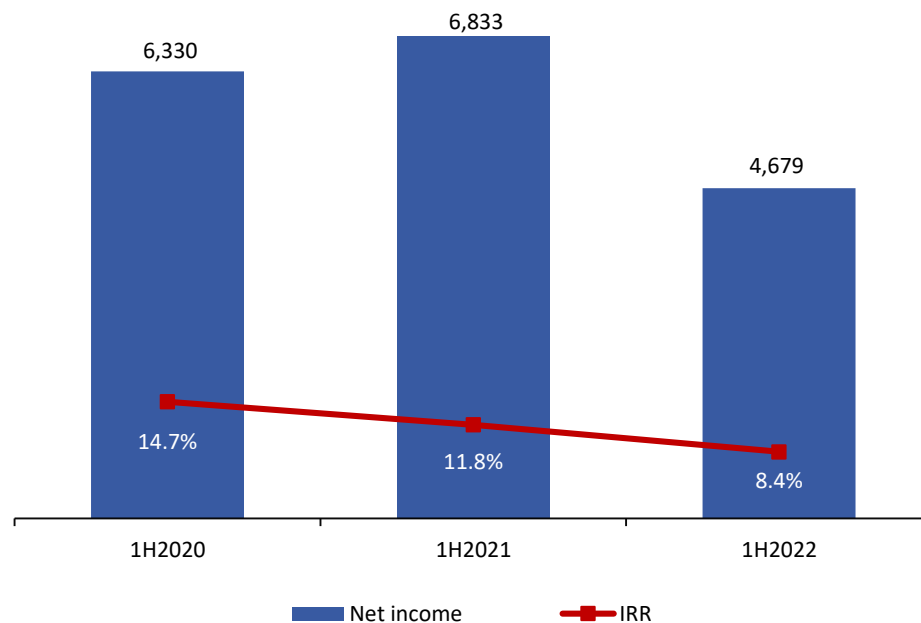
### Net balance of Acquisition-operation Distressed Assets

(in millions of RMB)



### Net income and internal rate of return

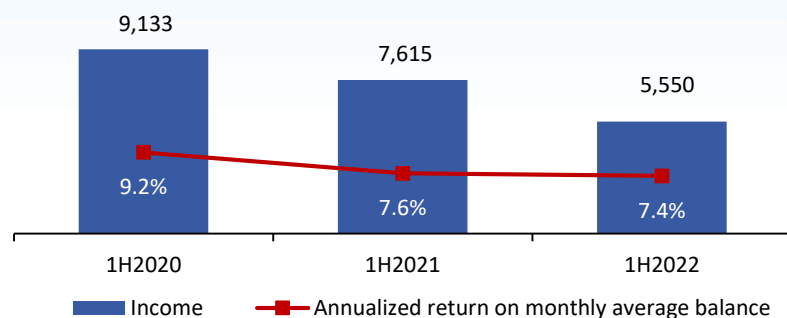
(in millions of RMB)



# Restructured Distressed Assets business

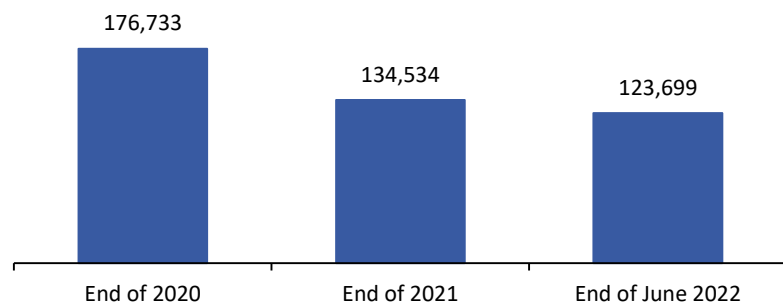
## Income and annualized return on monthly average balance of Restructured Distressed Assets

(in millions of RMB)



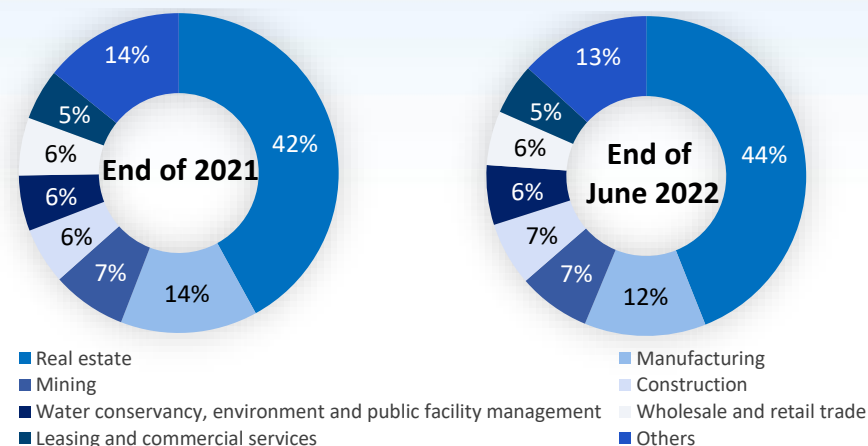
## Net balance of Restructured Distressed Assets

(in millions of RMB)

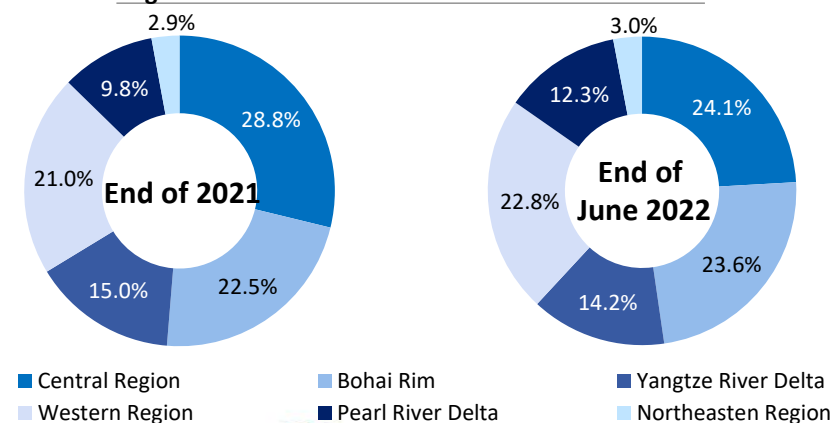


## The structure of asset allocation

### Industry distribution of Restructured Distressed Assets



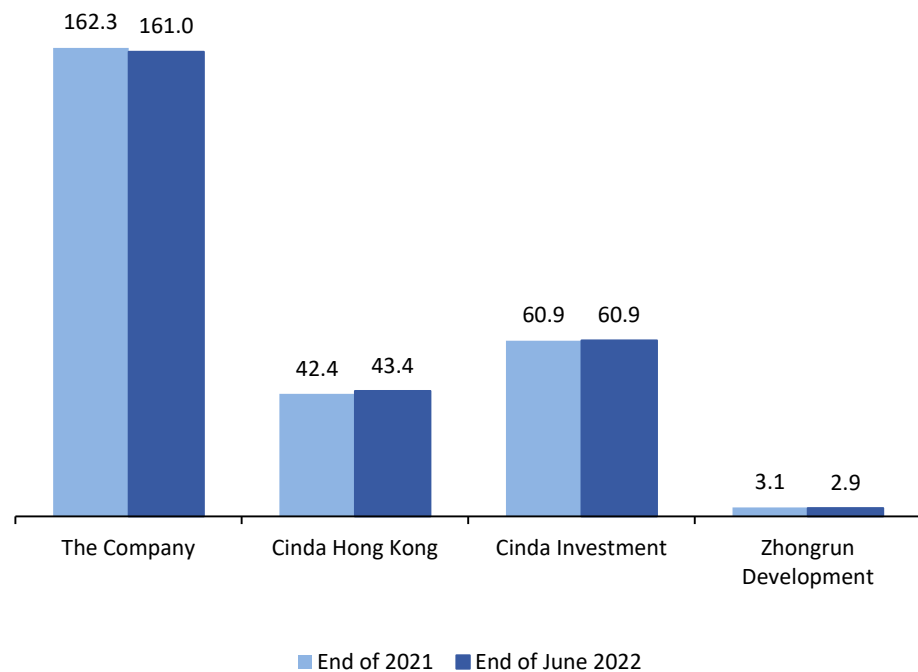
### Region distribution of Restructured Distressed Assets



## Other distressed assets business

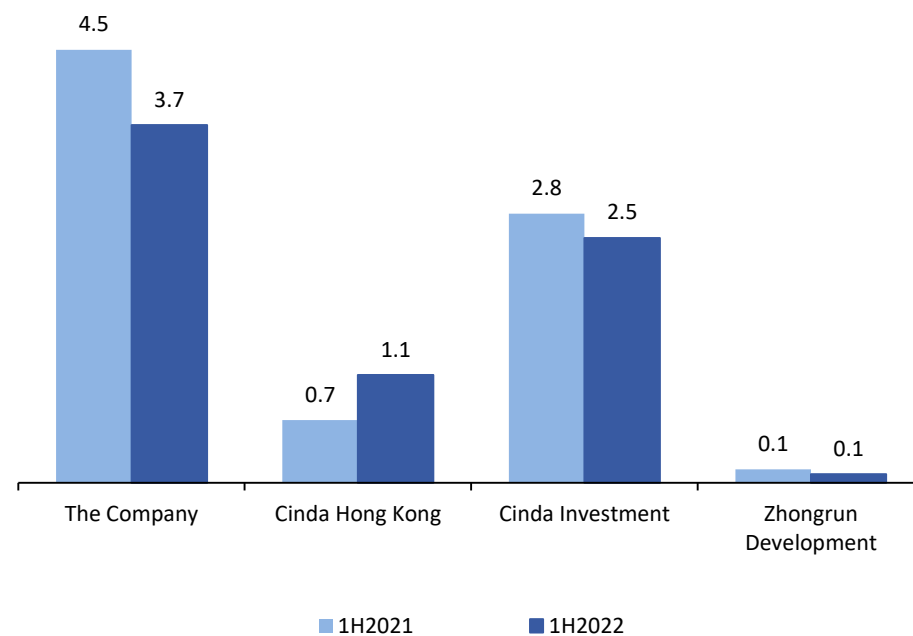
### Investment balance of other distressed assets business

(in billions of RMB)



### Income of other distressed assets business

(in billions of RMB)

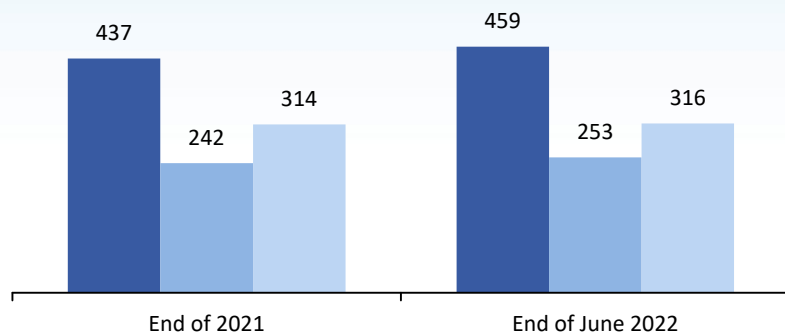


# Financial Services Business

## NCB

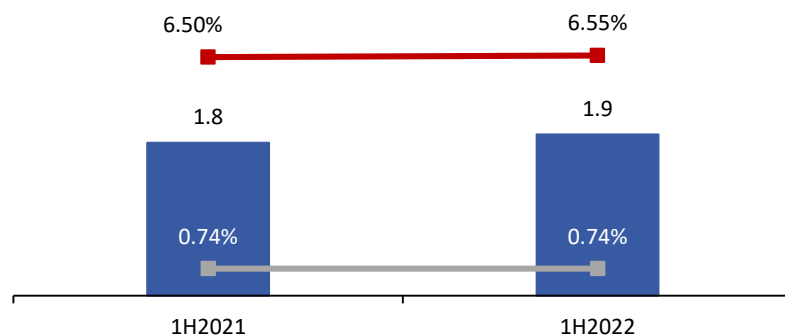
(in billions of RMB)

### Total assets, loans and deposits



■ Total asset ■ Total loans ■ Total deposits

### Profit before tax and profitability index

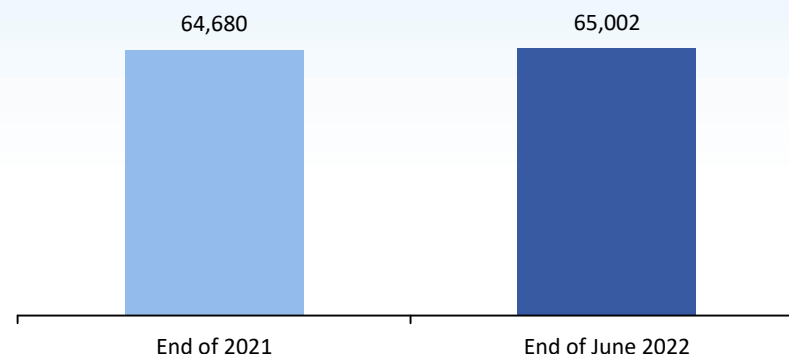


■ Profit before tax  
 ■ Annualized return on average assets  
 ■ Annualized return on average shareholder's equity

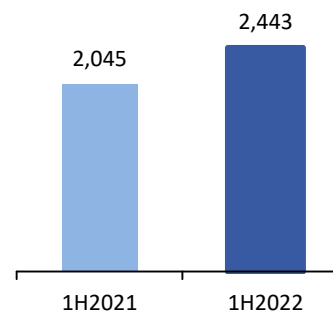
## Cinda Securities

(in millions of RMB)

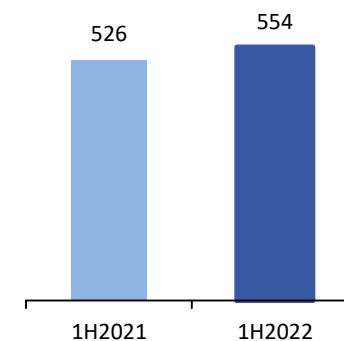
### Total assets



### Income



### Profit before tax



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

Note: The data on this page is the consolidated data of the Group under the International Accounting Standards

## 1 Performance Overview

## 2 Business Development

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# Potential business opportunities

## Background

- Against the backdrop of profound changes and a pandemic both unseen in a century, the world economy still faces strong headwinds on its path toward recovery, and global development has suffered major setbacks.
- In pursuing economic development, China is under the triple pressures of shrinking demand, disrupted supply and weakening expectations, and risks and challenges were even more complex and volatile.
- China has adopted a number of policies and measures to support asset management companies in fully playing their roles in forestalling and defusing financial risks and serving the real economy.

## Target market and business opportunities

1

**There are still large number of distressed assets in the banking industry, offering more business opportunities in defusing the risks of the small and medium sized financial institutions**

2

**Financial distressed assets become diversified, and the supply of alternative distressed assets has increased, including non-banking financial distressed assets, defaulted bonds, judicial auction assets, and S funds**

3

**The reform of state-owned enterprises has entered a sprint stage, creating many business opportunities for structure adjustment, deployment optimization and the existing assets revitalization**

4








**Real estate industry risk urgently needs to be cleared, the market space for custody and assistance, rescue and contracted construction, and bankruptcy and reorganization has expanded**

5

**The capital market construction is in smooth progress, and there are opportunities of structure adjustment and listed company bailout in new economy fields**

## Key works in the second half of 2022

To focus on the main responsibility and core business of distressed asset management, and fulfill the responsibilities and mission of a financial asset management company in the new era based on the guidelines of “ensuring effective COVID control, stable economic performance, safe and secure development” of the CPC Central Committee

-  Expand the acquisition channels, promote the cash return of asset disposal, and further consolidate core advantage of distressed asset management, contributing to the forestalling and defusing of financial risks
-  Steadily promote the business deployment in new economy fields represented by “three new and one high” and improve our abilities of serving the real economy based on national strategies
-  Accelerate the construction of strategic customer base and ecosystem, and provide tailored comprehensive financial services according to the development needs of key industries and key customers
-  Actively addressing external challenges, defuse risks of existing assets and make the risks of incremental assets under control, to enhance the efforts in risk resolution
-  Constantly optimize the debt structure, effectively control the cost and promote the optimization and upgrade the debt model
-  Enhance the strategic control and management of the Group, and deepen the market-based reform of the subsidiaries, to realize the complementary development of professionalism and synergies of core business
-  Focus on fin-tech, and accelerate the construction of Digital Cinda, striving to achieve competitive technical capability

# Appendix

# Summary of financial data

## Summary of consolidated statement of profit or loss

(in millions of RMB)

	1H2022	1H2021	Change
Income from distressed debt assets at amortized cost	5,550	7,613	(27.1%)
Fair value changes on distressed debt assets	6,223	8,273	(24.8%)
Fair value changes on other financial instruments	4,698	4,771	(1.5%)
Investment income	157	79	98.6%
Interest income	12,140	12,056	0.7%
Revenue from sales of inventories	7,039	4,534	55.2%
Other income and other net gains or losses	5,452	4,077	33.7%
<b>Total income</b>	<b>41,258</b>	<b>41,402</b>	<b>(0.3%)</b>
Impairment losses on assets	(5,877)	(3,179)	84.8%
Interest expense	(19,853)	(20,362)	(2.5%)
Purchases and changes in inventories	(5,915)	(3,841)	54.0%
Other costs and expenses	(5,941)	(6,211)	(4.4%)
<b>Total costs and expenses</b>	<b>(37,585)</b>	<b>(33,594)</b>	<b>11.9%</b>
Profit before tax	7,032	9,748	(27.9%)
<b>Profit for the period</b>	<b>4,980</b>	<b>7,077</b>	<b>(29.6%)</b>
Profit attributable to equity holders of the Company	4,508	6,687	(32.6%)

## Summary of consolidated statement of financial position

(in millions of RMB)

	End of June 2022	End of 2021	Change
Cash and balances with central banks	13,762	18,046	(23.7%)
Deposits with banks and financial institutions	107,630	99,921	7.7%
Financial assets at fair value through profit or loss	459,317	456,204	0.7%
Financial assets at fair value through other comprehensive income	127,622	122,592	4.1%
Financial assets at amortized cost	182,389	183,535	(0.6%)
Loans and advances to customers	387,546	368,031	5.3%
Others	262,999	315,950	(16.8%)
<b>Total assets</b>	<b>1,541,265</b>	<b>1,564,279</b>	<b>(1.5%)</b>
Borrowings	548,740	555,079	(1.1%)
Bonds issued	316,927	367,807	(13.8%)
Due to customers	304,255	298,748	1.8%
Accounts payable to brokerage clients	20,220	17,606	14.8%
Others	143,249	123,264	16.2%
<b>Total liabilities</b>	<b>1,333,391</b>	<b>1,362,504</b>	<b>(2.1%)</b>
<b>Total equity</b>	<b>207,874</b>	<b>201,775</b>	<b>3.0%</b>
Equity attributable to equity holders of the Company	188,494	178,801	5.4%
<b>Key ratios</b>	<b>1H2022</b>	<b>1H2021</b>	<b>Change</b>
ROAA(annualized)	0.64%	0.91%	(0.27%)
ROAE(annualized)	5.75%	7.49%	(1.74%)
Cost-income ratio	35.14%	33.41%	1.73%