

2021 Interim Results Announcement

August 2021



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1 Performance Overview

2 Business Development

3 Future Prospects

Major achievements in 1H2021

1

Asset scale remained stable and operating performance improved steadily

2

Continued to focus on distressed assets and achieved great results in core business operations

3

Expanded acquisition sources through multiple channels and accelerated the transformation and upgrading of business model

4

Deepened the construction of the diversified and standardized financing system and the Group's liquidity maintained reasonable and sufficient

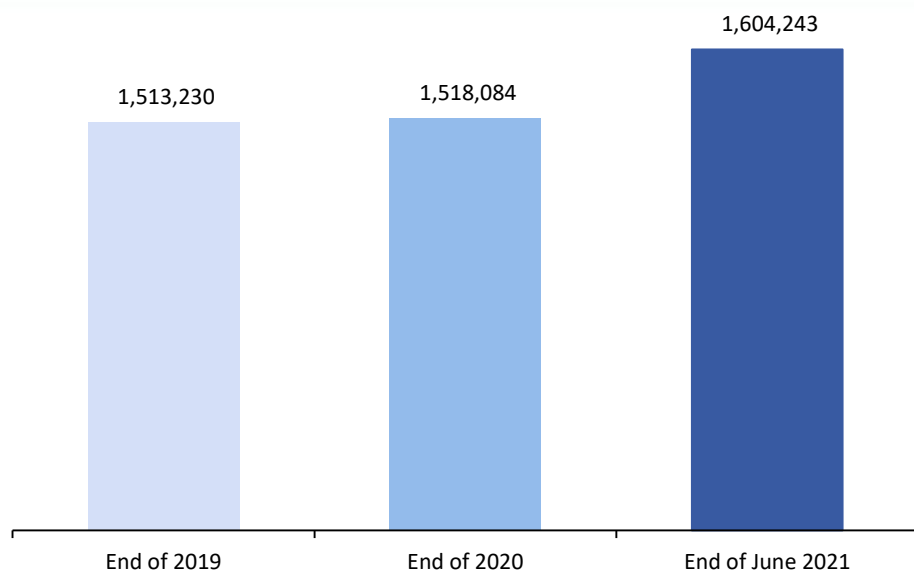
5

Comprehensive risk prevention and control was strengthened continuously and asset quality was further consolidated

Asset scale remained stable and operating performance improved steadily

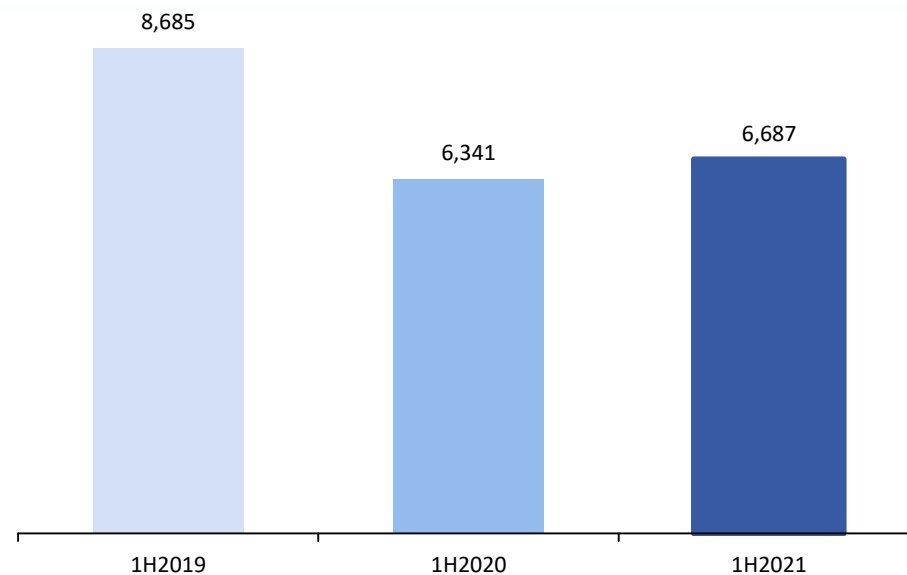
The Group's total assets

(in millions of RMB)



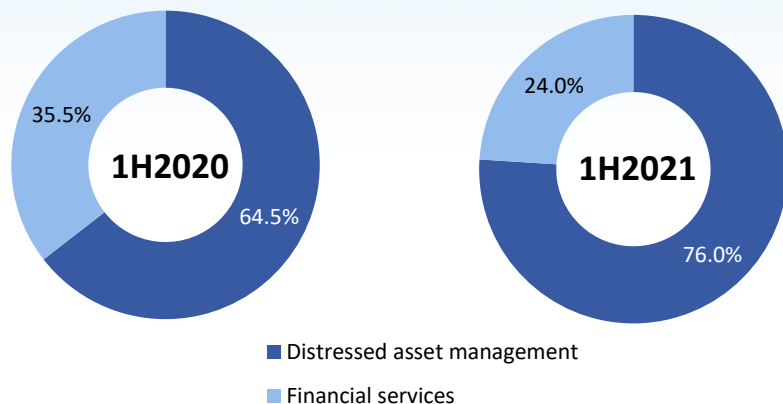
Profit attributable to equity holders of the Company

(in millions of RMB)

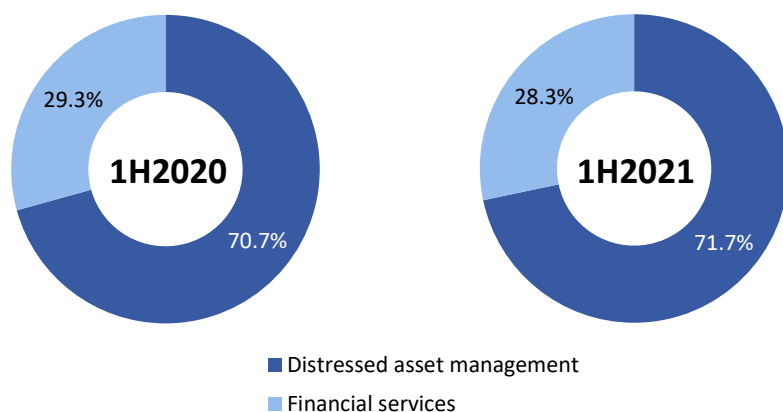


Continued to focus on distressed assets and achieved great results in core business operations

Proportion of total income from distressed assets to total income of the Group ⁽¹⁾

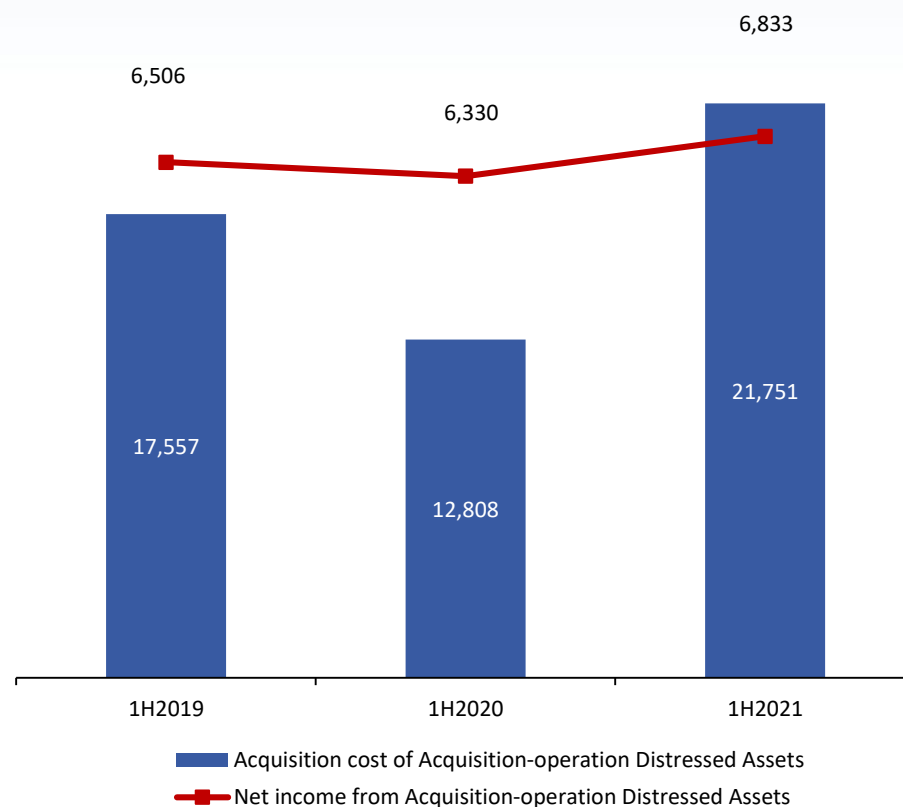


Proportion of profit before tax from distressed asset management to total profit before tax of the Group ⁽¹⁾



Acquisition cost of Acquisition-operation Distressed Assets and net income

(in millions of RMB)



Expanded acquisition sources through multiple channels and accelerated the transformation and upgrading of business model



Expanded Acquisition Sources of Distressed Assets

- Completed the risk treatment of the first bank's wealth investment product, successfully defusing the payment risk
- Acquired the distressed assets of trust companies, effectively promoting the disposal of risk assets of trust industry
- Launched the defaulted bond programs

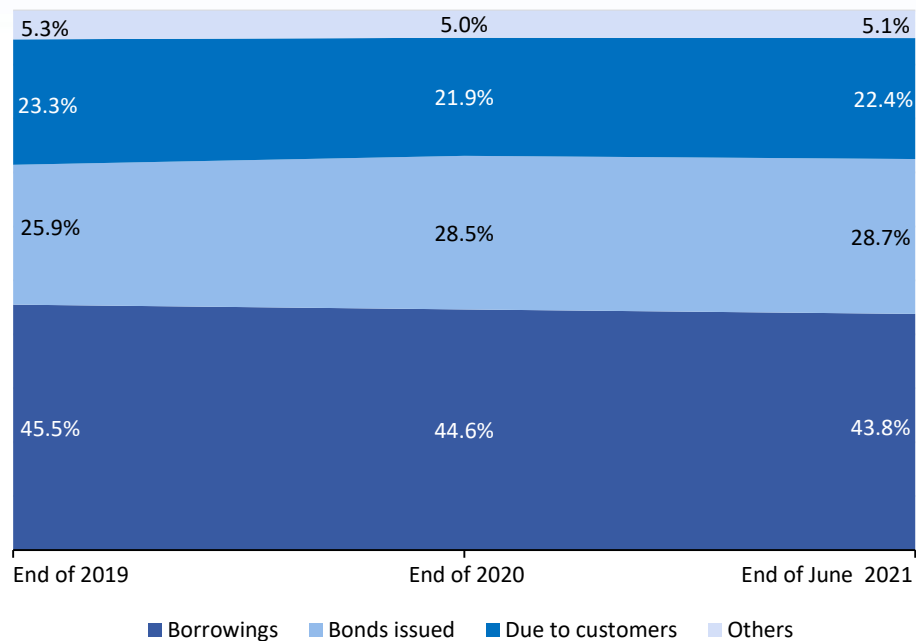


Transformation and Upgrading of Business Model

- Engaged in S-fund business
- Explored capital market bailout business
- Promoted the operation of fund model
- Conducted business related to bankruptcy reorganization

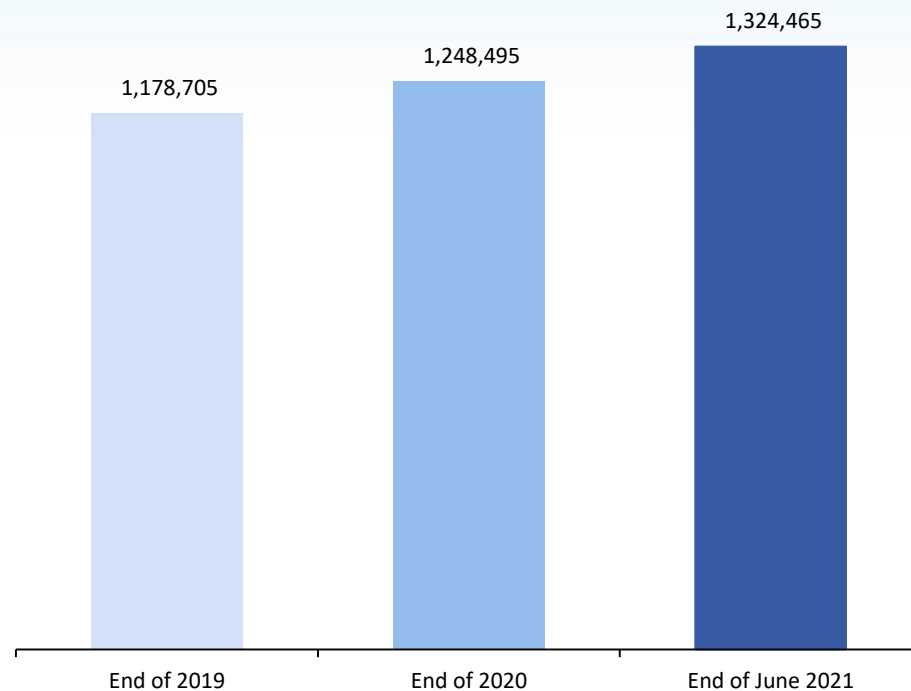
Deepened the construction of the diversified and standardized financing system and the Group's liquidity maintained reasonable and sufficient

Financing structure



Balance of interest-bearing liabilities

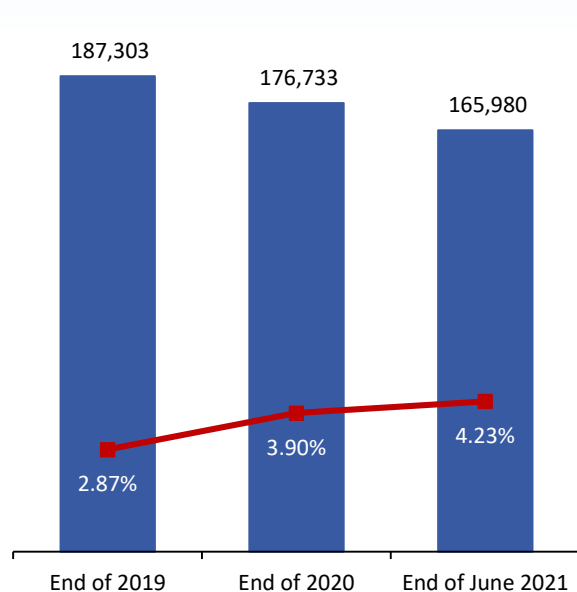
(in millions of RMB)



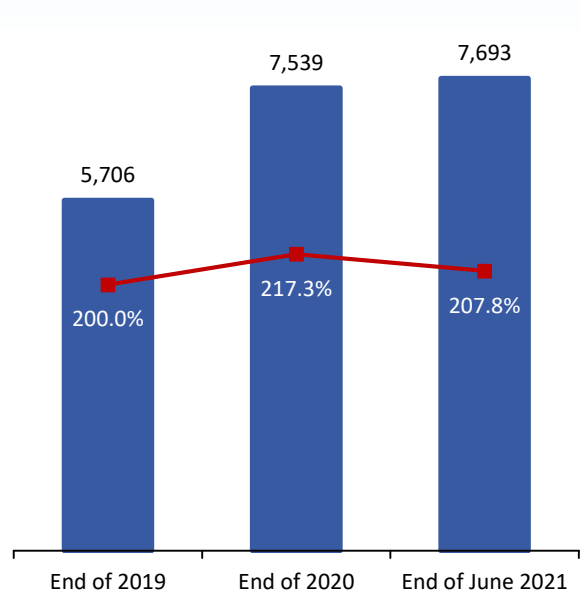
Comprehensive risk prevention and control was strengthened continuously and asset quality was further consolidated

Asset quality and provision level of Restructured Distressed Assets

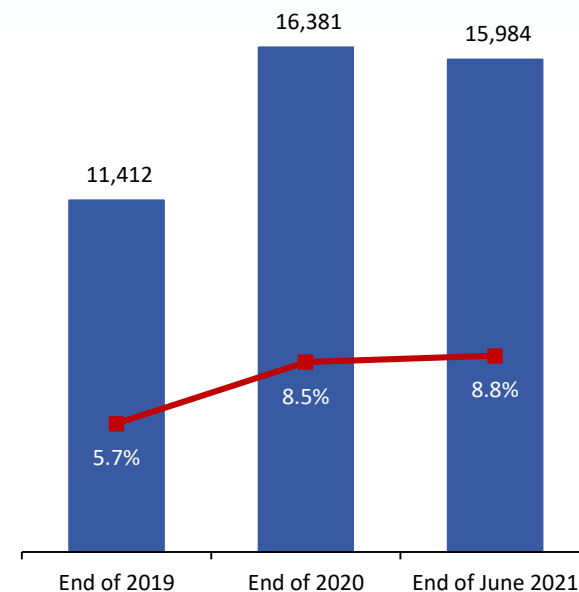
(in millions of RMB)



■ Net balance of Restructured Distressed Assets
■ Impaired Restructured Distressed Assets ratio



■ Balance of impaired Restructured Distressed Assets
■ Impaired Restructured Distressed Assets coverage ratio



■ Allowance for impairment losses
■ Provision-to-asset ratio

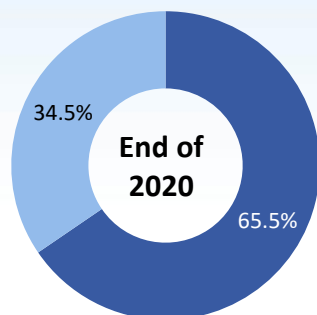
1 Performance Overview

2 Business Development

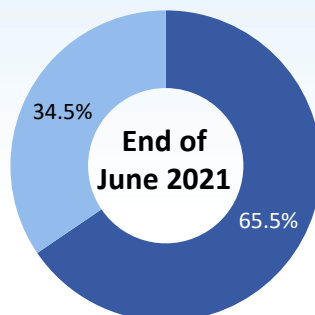
3 Future Prospects

Overview of the development of the Group's business segments

Distribution of the total assets ⁽¹⁾



RMB 1,518.1 billion

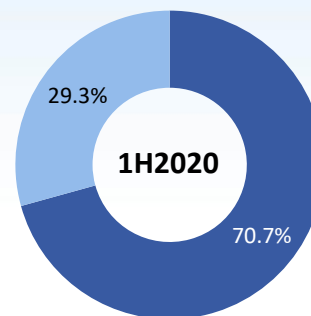


RMB 1,604.2 billion

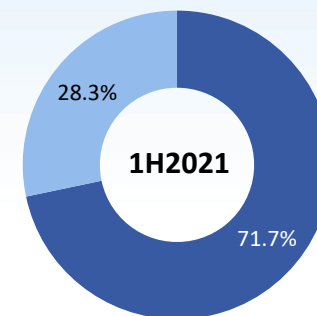
■ Distressed asset management

■ Financial services

Distribution of the profit before tax ⁽¹⁾

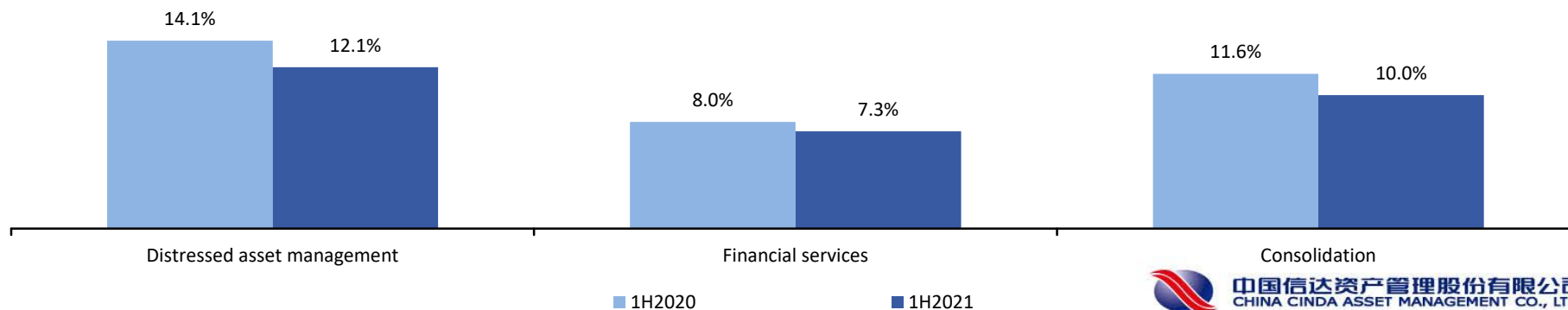


RMB 11 billion



RMB 9.7 billion

Return on average net assets before tax

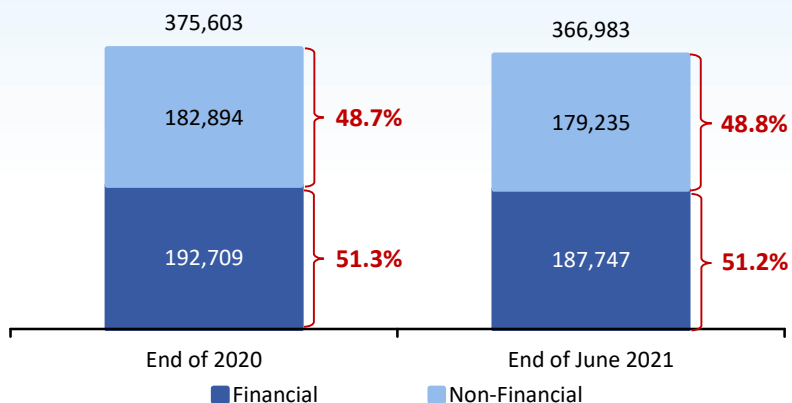


(1) Inter-segment elimination is not considered in the chart on this page

Distressed debt assets management

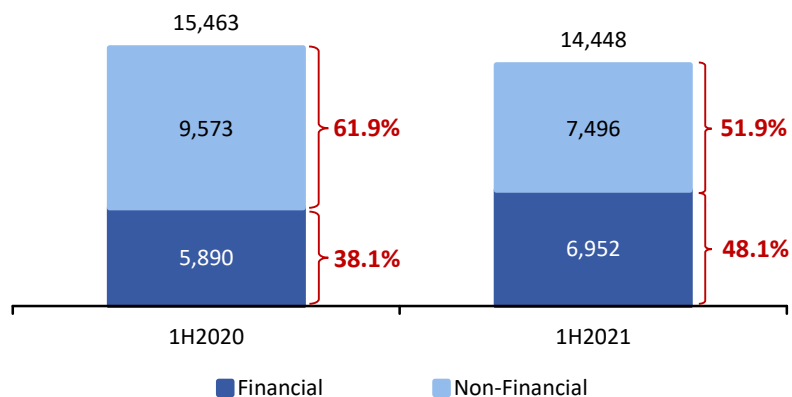
Net balance of distressed debt assets

(in millions of RMB)



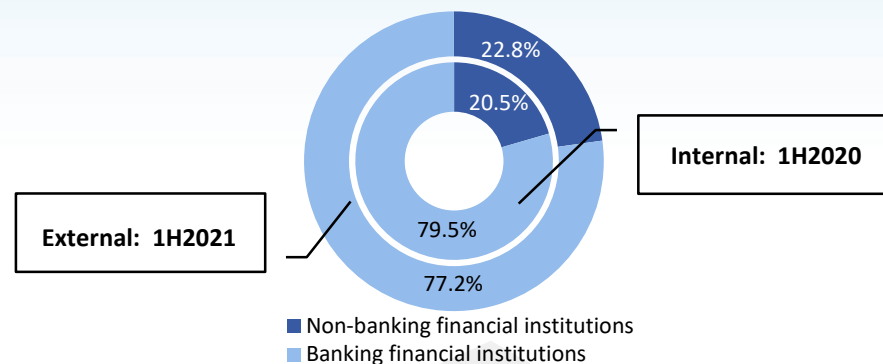
Income from distressed debt assets

(in millions of RMB)

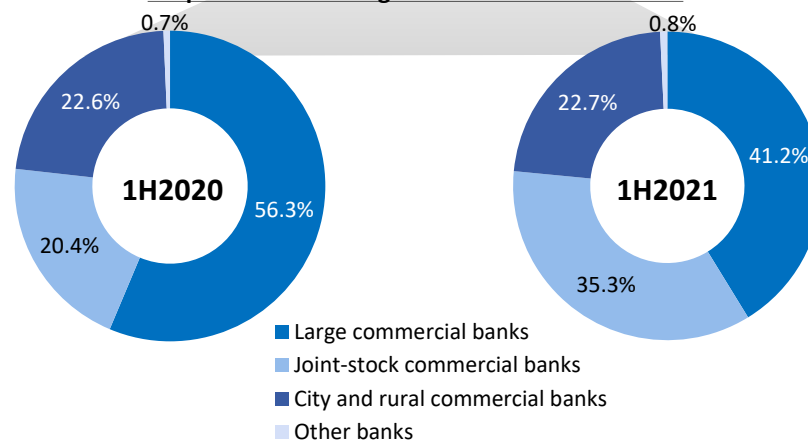


Acquisition cost of financial institutions distressed assets

Structure of acquisition cost



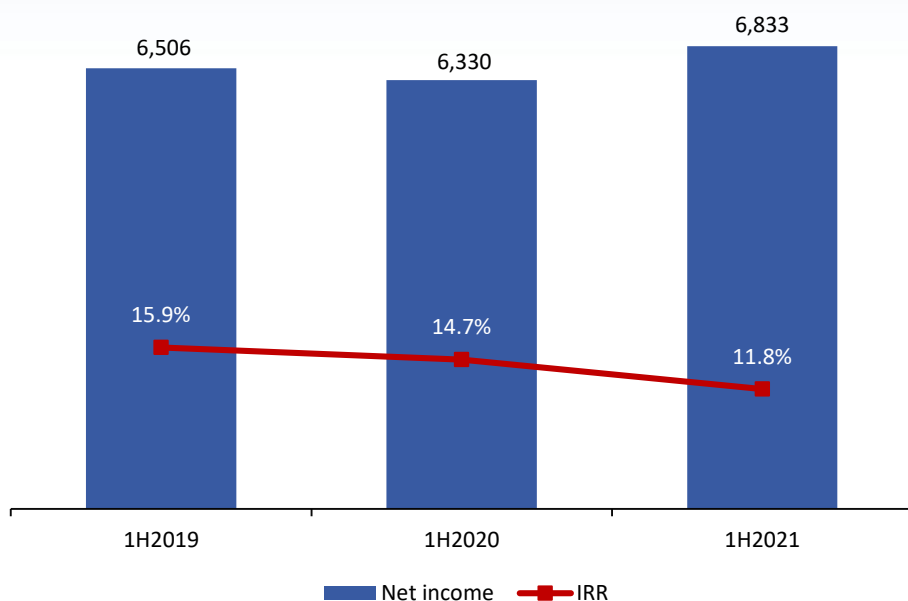
Proportion of banking financial distressed assets



Acquisition-operation Distressed Assets business

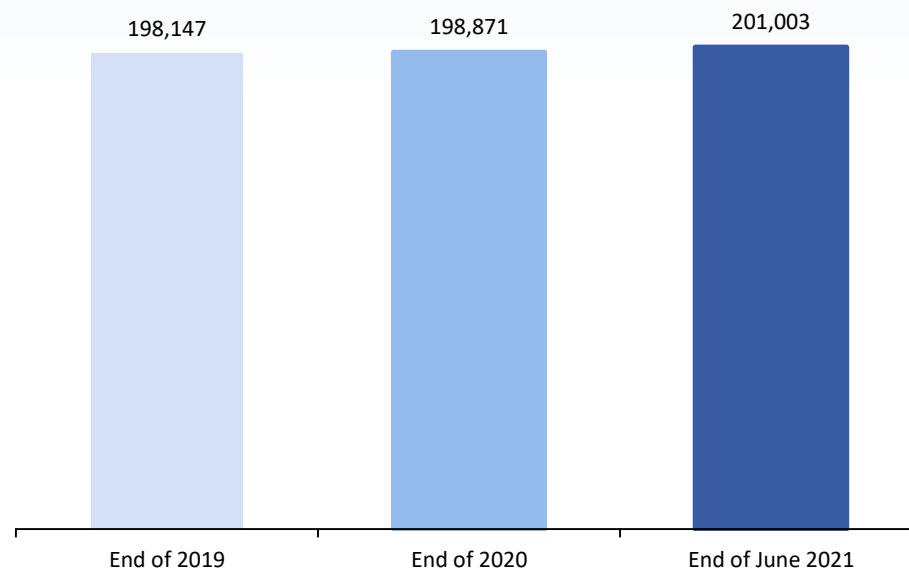
Net income and internal rate of return

(in millions of RMB)



Net balance of Acquisition-operation Distressed Assets

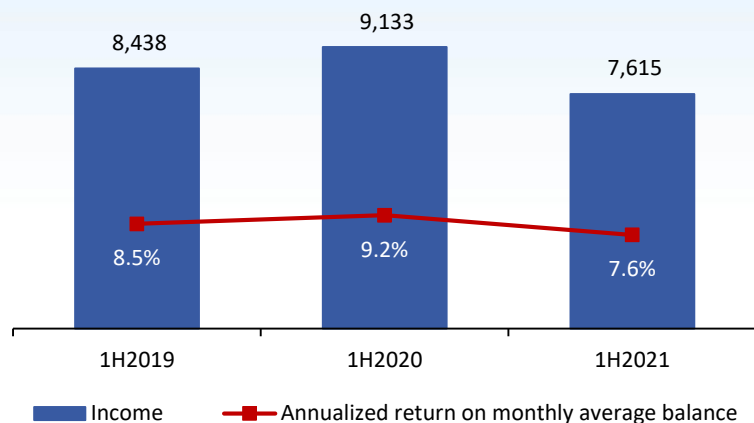
(in millions of RMB)



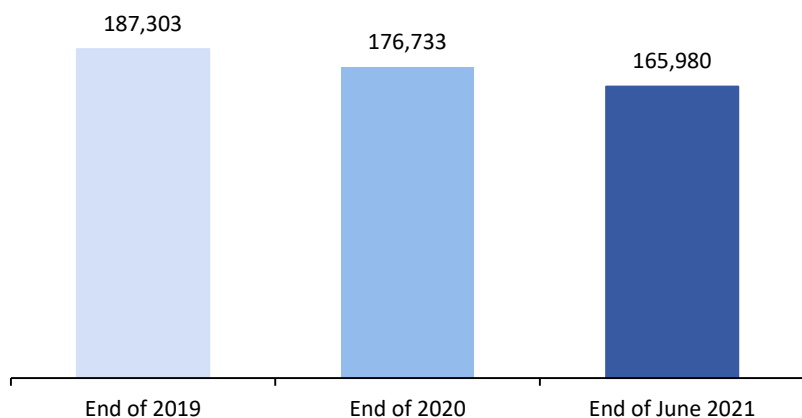
Restructured Distressed Assets business

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

(in millions of RMB)

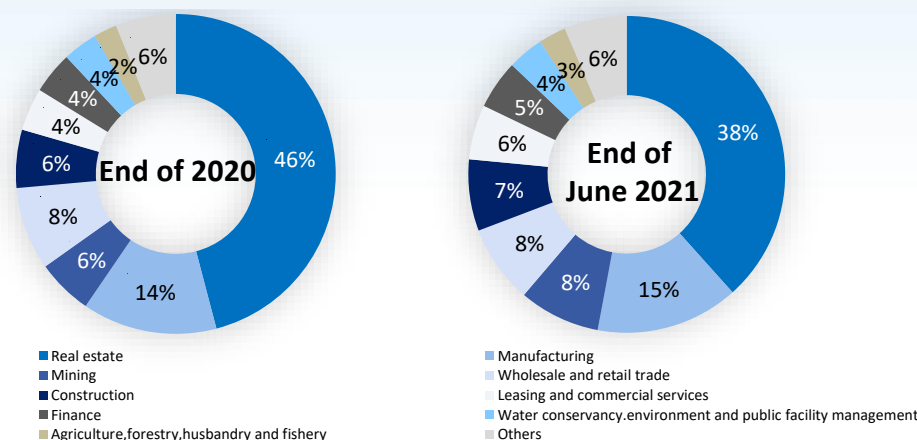


Net balance of Restructured Distressed Assets

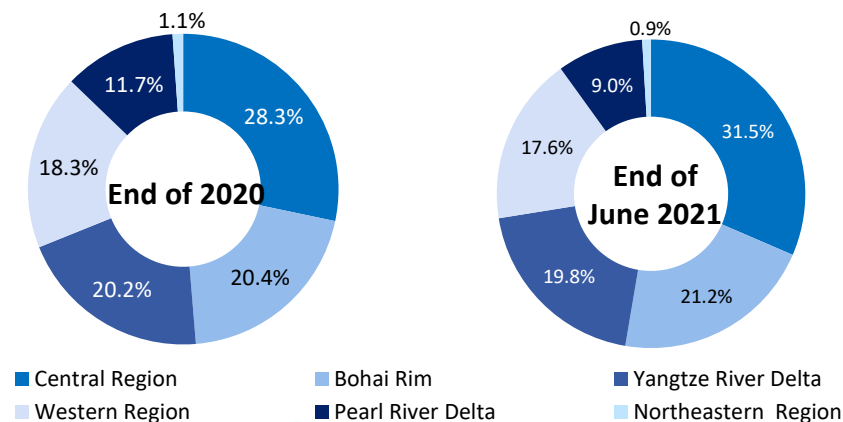


The structure of asset allocation has been continuously improved

Industry distribution of Restructured Distressed Assets



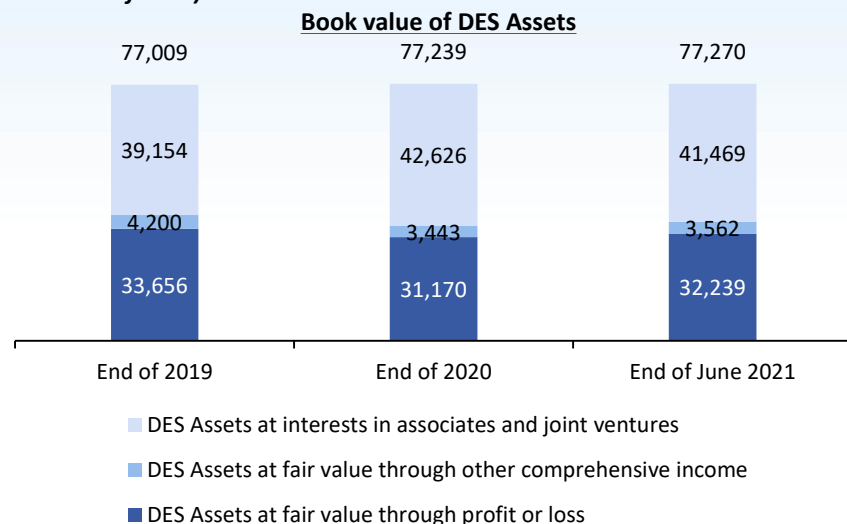
Region distribution of Restructured Distressed Assets



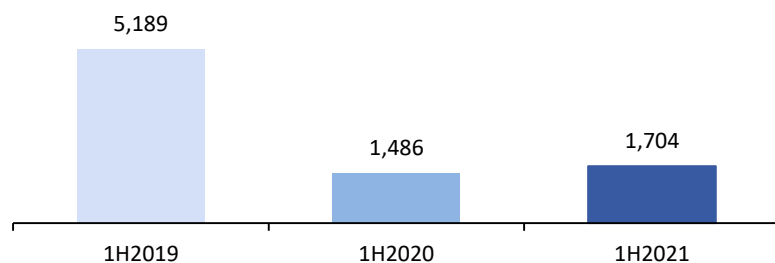
DES Assets and other distressed assets business

DES Assets business scale and income

(in millions of RMB)

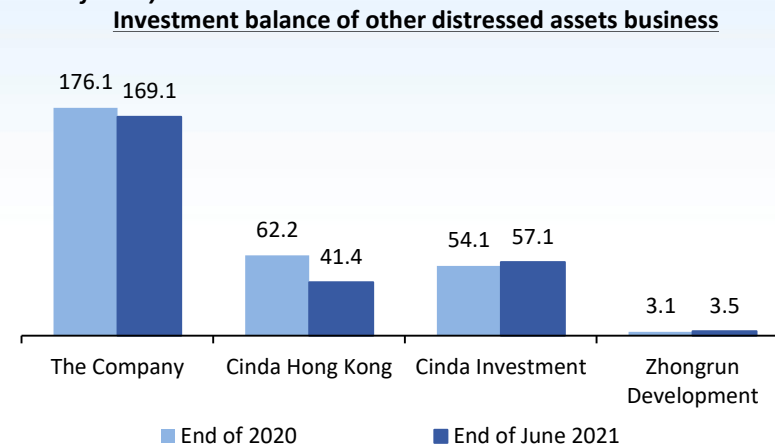


DES Assets income

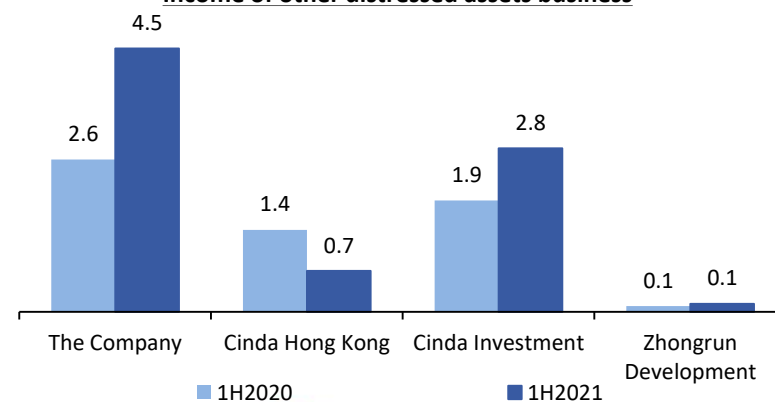


Other distressed assets business

(in billions of RMB)



Income of other distressed assets business

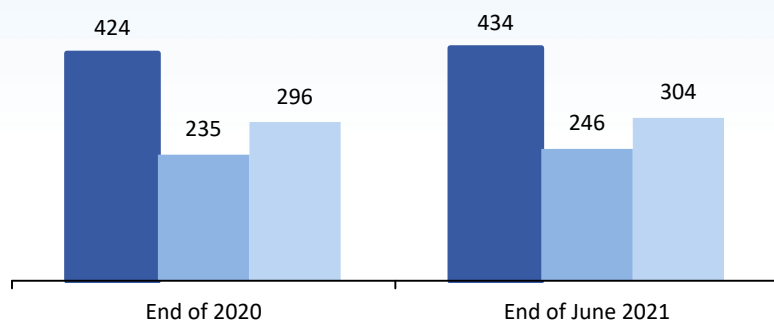


Financial Services Business

NCB

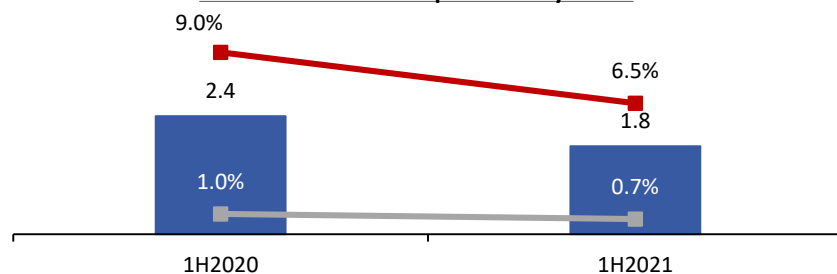
(in billions of RMB)

Total assets, loans and deposits



■ Total assets ■ Total loans ■ Total deposits

Profit before tax and profitability index

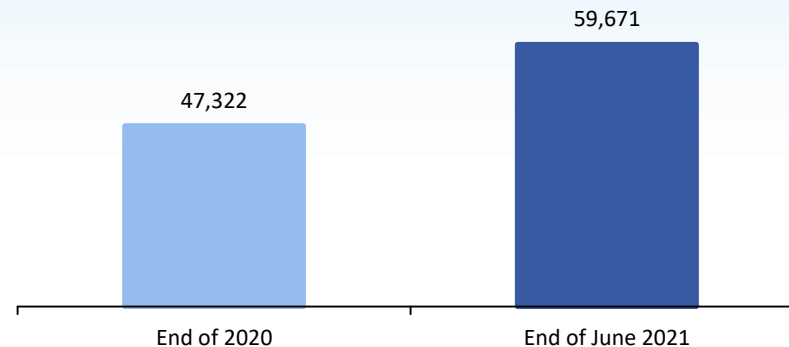


■ Profit before tax
 ■ Annualized return on average assets
 ■ Annualized return on average shareholder's equity

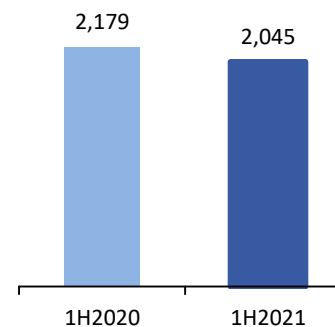
Cinda Securities

(in millions of RMB)

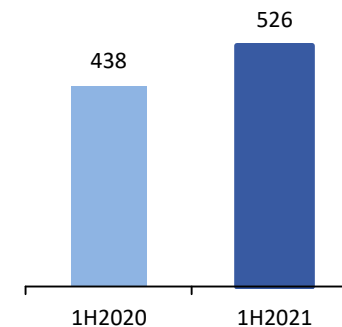
Total assets



Income

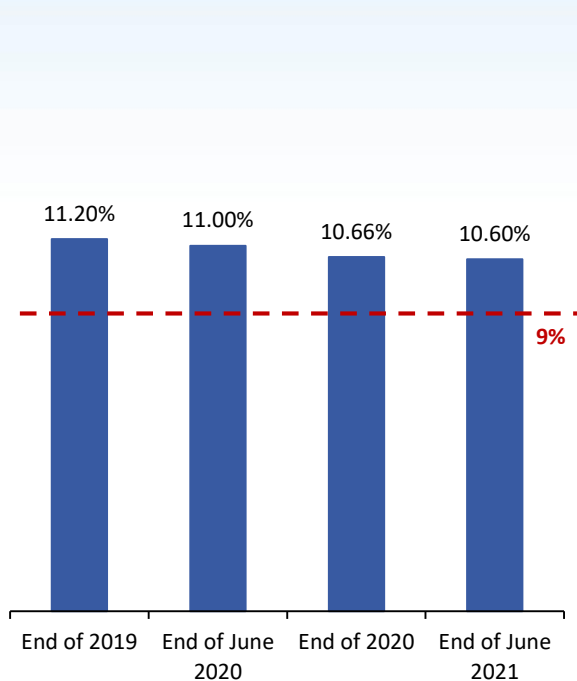


Profit before tax

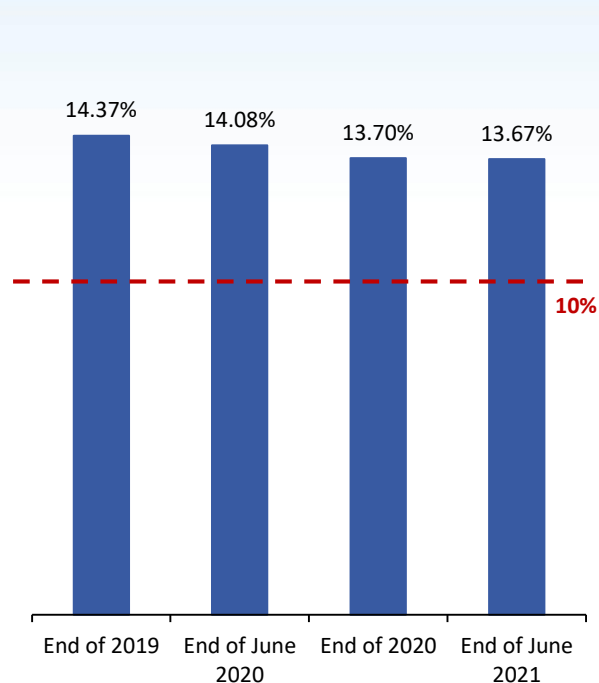


Capital Management

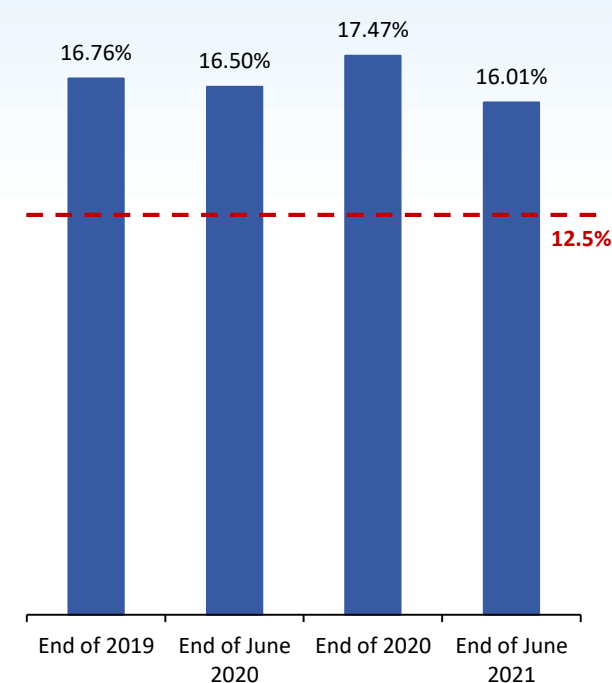
Core tier-1 capital adequacy ratio



Tier-1 capital adequacy ratio



Capital adequacy ratio



We carried out capital management in a forward-looking manner, and promoted the issuance of onshore undated capital bonds and offshore preference shares in an orderly manner

1 Performance Overview

2 Business Development

3 Future Prospects

Potential business opportunities

Background

- Under the new development pattern of dual circulation, China's economy continue to recover and grow steadily.
- The global epidemic continue to evolve, and the external economic environment become more complex and severe. The recovery of domestic economic is still unstable and uneven.
- During the 14th Five-Year Plan period, we still face arduous tasks of guarding against and defusing risks in financial and other sectors. The distressed asset industry is still full of opportunities.

Target market and business opportunities

1

The competition in distressed asset industry is more open and diversified, with the appearance of differentiated management pattern.

2

The scale of financial distressed assets remain stable while small and medium-sized banks in some regions still have high risks and the supply of distressed assets in trust and other non-banking financial institutions has increased.

3

The optimization of state-owned capital allocation and the adjustment of industrial structure have been accelerated. The spinning off and disposal of non-principal and non-advantage businesses and low-efficiency and inefficient assets of central enterprises and state-owned enterprises have been further advanced.

4

The risk exposure of large enterprise groups has accelerated, and the scale of defaulted bonds has increased year by year.

5

The continuous enhancement of supply side structural reform leads to further optimized business environment and improvement of the corporate bankruptcy restructuring market.

6

The reform of the capital market has been comprehensively deepened, and the demand for special situations investment, such as listed companies bailouts and mergers and acquisitions, has increased.

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

Key works in the second half of 2021

-  Consolidate the core business advantages of distressed assets, enhance effective investment, speed up stock turnover, and focus on value enhancement
-  Optimize the industry and regional deployment based on the national strategic direction, cultivate strategic customer base and ecosystem, and strengthen the competitiveness of existing business
-  Seize the new business opportunities result from supply-side structural reform and capital market reform, and steadily promote the transformation and upgrading of business model
-  Deepen the market-oriented reform of subsidiaries to enhance professionalism and to boost synergies for core businesses, improving their competitiveness in the specific market segments
-  Further reinforce the construction of risk prevention and control system, and improve the capacity and level of the risk management and control, so as to tamp the asset quality
-  Constantly optimize the financing system and advance the capital replenishment in an orderly manner in order to consolidate the operation foundation of the Company

Appendix

Summary of financial data

Summary of consolidated statement of profit or loss

(in millions of RMB)

	1H2021	1H2020	Change
Continuing operations			
Income from distressed debt assets at amortized cost	7,613	9,106	(16.4%)
Fair value changes on distressed debt assets	8,273	7,474	10.7%
Fair value changes on other financial instruments	4,771	2,344	103.6%
Investment income	79	318	(75.2%)
Interest income	12,056	12,014	0.3%
Revenue from sales of inventories	4,534	9,659	(53.1%)
Other income and other net gains or losses	4,077	4,906	(16.9%)
Total income	41,402	45,820	(9.6%)
Impairment losses on assets	(3,179)	(4,599)	(30.9%)
Interest expense	(20,362)	(19,922)	2.2%
Purchases and changes in inventories	(3,841)	(6,366)	(39.7%)
Other costs and expenses	(6,211)	(5,250)	18.3%
Total costs and expenses	(33,594)	(36,137)	(7.0%)
Profit before tax from continuing operations	9,748	10,713	(9.0%)
Profit for the period from continuing operations	7,077	7,077	(0.0%)
Discontinued operations			
Profit after tax for the period from a discontinued operations	-	269	(100.0%)
Profit for the period	7,077	7,346	(3.7%)
Profit attributable to equity holders of the Company	6,687	6,341	5.5%

Summary of consolidated statement of financial position

(in millions of RMB)

	End of June 2021	End of 2020	Change
Cash and balances with central banks	13,493	15,375	(12.2%)
Deposits with banks and financial institutions	108,232	87,954	23.1%
Financial assets at fair value through profit or loss	453,929	446,917	1.6%
Financial assets at fair value through other comprehensive income	120,099	123,729	(2.9%)
Financial assets at amortized cost	209,936	220,233	(4.7%)
Loans and advances to customers	366,580	353,456	3.7%
Assets held for sale	-	-	-
Others	331,973	270,421	22.8%
Total assets	1,604,243	1,518,084	5.7%
Borrowings	579,615	556,912	4.1%
Bonds issued	380,669	355,778	7.0%
Due to customers	296,069	273,644	8.2%
Accounts payable to brokerage clients	16,490	16,584	(0.6%)
Liabilities held for sale	-	-	-
Others	135,567	120,124	12.9%
Total liabilities	1,408,409	1,323,041	6.5%
Total equity	195,835	195,042	0.4%
Equity attributable to equity holders of the Company	172,822	172,109	0.4%
Key ratios	1H2021	1H2020	Change
ROAA(annualized)	0.91%	0.96%	(0.05%)
ROAE(annualized)	7.49%	8.76%	(1.27%)
Cost-income ratio	33.41%	25.71%	7.70%



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