



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

2014 Interim Result

August 2014



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Key Achievements in 1H2014



Rapid growth in both asset scale and net profit, total assets increased 25.6% compared to the end of 2013, profit attributable to shareholders rose 30.3% compared to 1H2013



Aggressively expanded distressed asset management business with an acquisition amount of RMB85.4 billion in 1H2014, representing a 100.2% growth compared to 1H2013



Steadily executed the disposal plan of DES Assets with a net disposal gain and dividend income of RMB2.1 billion



Rapidly developed asset management business, the third party AUM of private equity funds grew to RMB29.7 billion, a significant growth of 47.7% compared to the end of 2013



Significant improvement of financial performance in financial services segment, 1H2014 pre-tax income surged 136.6% compared to 1H2013



Continue to diversify the funding sources and optimize the duration of liabilities, successfully issued RMB20 billion financial bond and US\$1.5 billion senior bond in 1H2014



Focused on enhancing risk management capability, effectively monitored and controlled credit risk and market risk, among others



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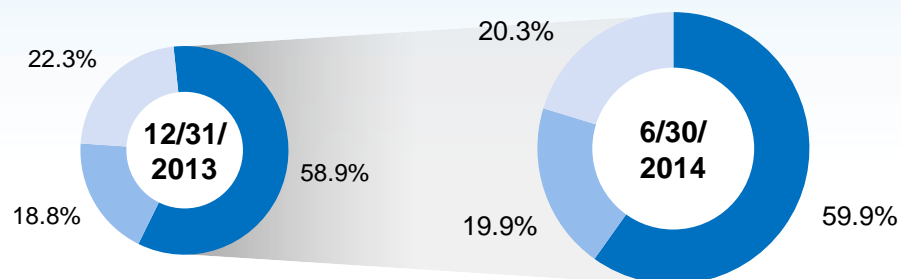
1 Business Review

2 Financial Results

3 Outlook

Balanced Development of Three Business Segment

Total Assets Breakdown by Segment

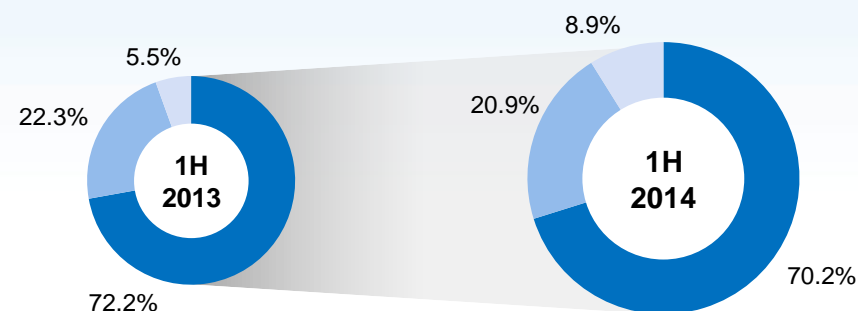


■ Distressed Asset Management ■ Financial Investment and Asset Management ■ Financial Services

Total Assets:
RMB383.8 bn

Total Assets:
RMB482.2 bn

Pre-tax Profit Breakdown by Segment

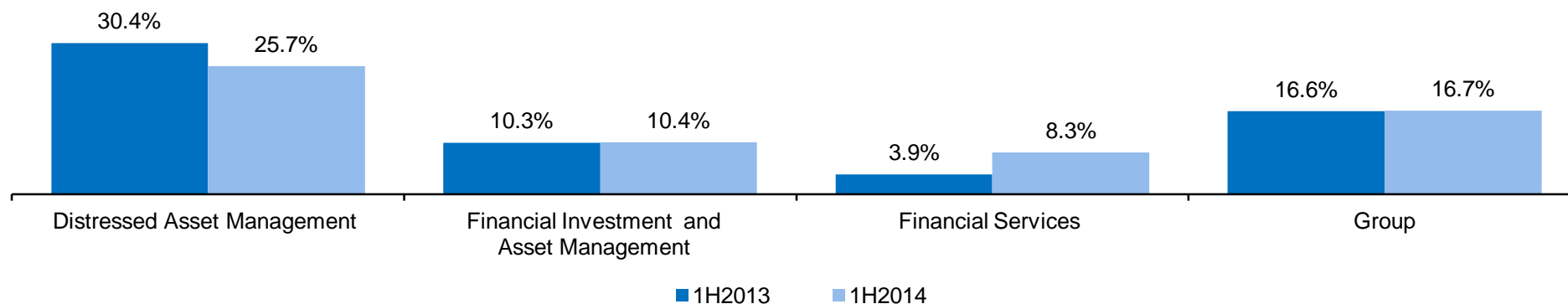


■ Distressed Asset Management ■ Financial Investment and Asset Management ■ Financial Services

Pre-tax profit:
RMB5.1bn

Pre-tax profit:
RMB7.3bn

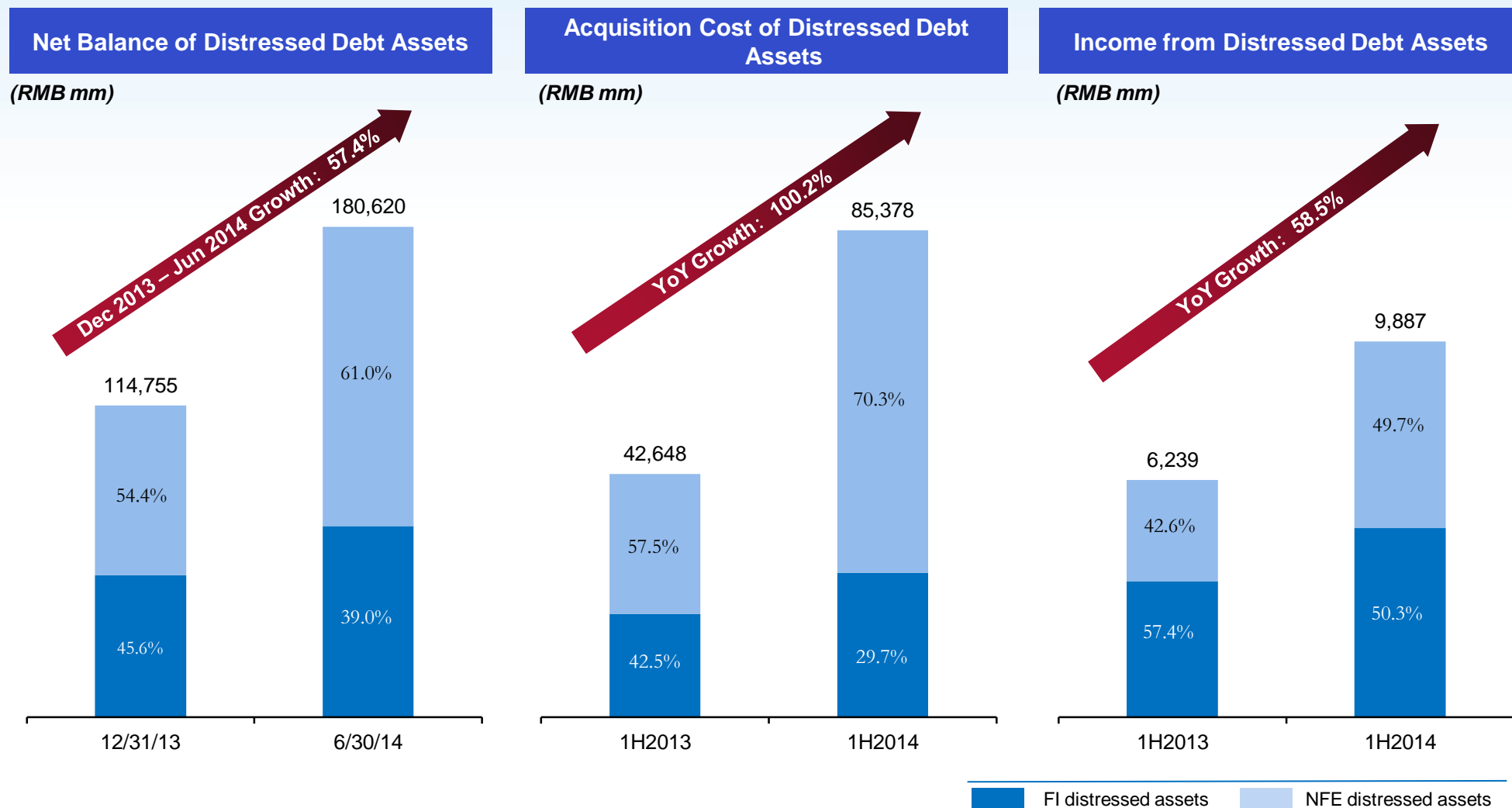
Pre-tax ROAE (Annualized)



Note: Percentage calculation does not include elimination

1 Distressed Asset Management – Distressed Debt Assets

The business scale and acquisition amount continue to grow exponentially

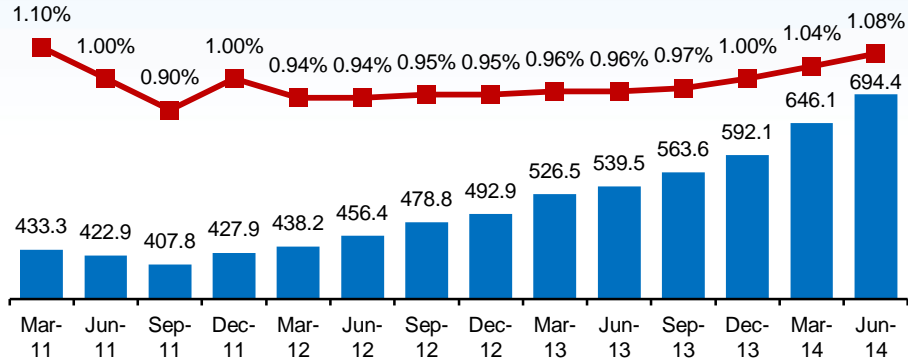


1 Distressed Asset Management – Traditional Distressed Assets

Acquisition amount increased significantly as banks accelerated disposal of non-performing loans

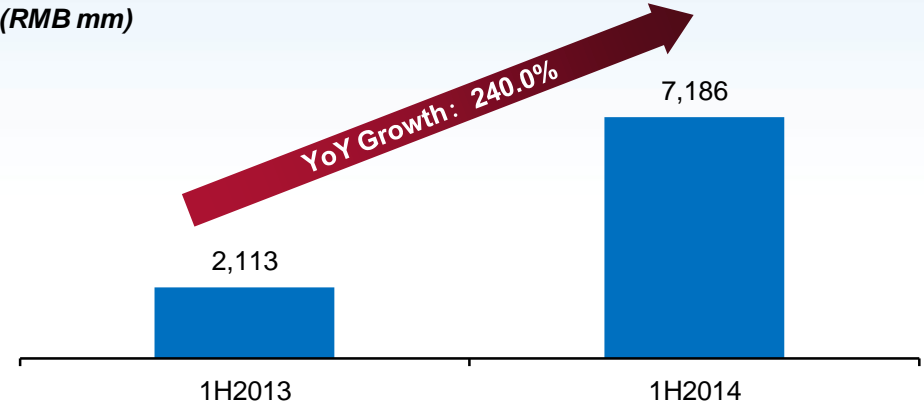
Balance of NPLs from Banks ⁽¹⁾

(RMB bn)

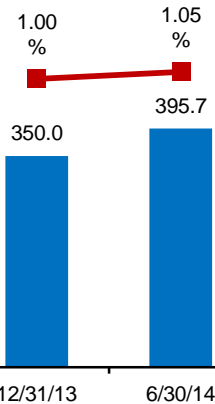


Acquisition Cost⁽²⁾

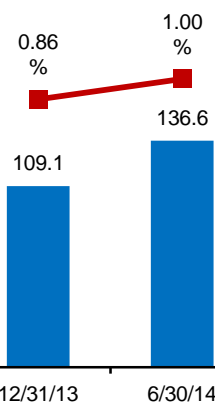
(RMB mm)



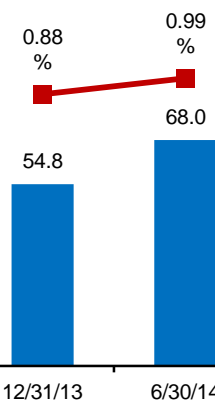
Large Commercial Banks



Joint-stock Commercial Banks



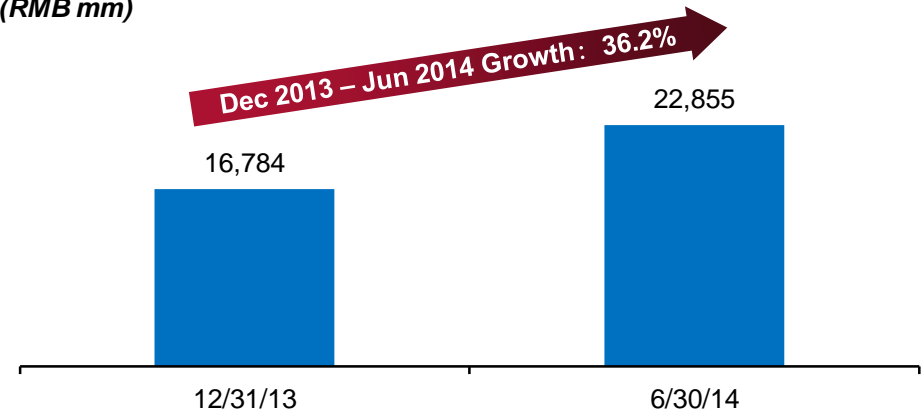
City Commercial Banks



Balance of NPL NPL ratio

Net Balance ⁽²⁾

(RMB mm)



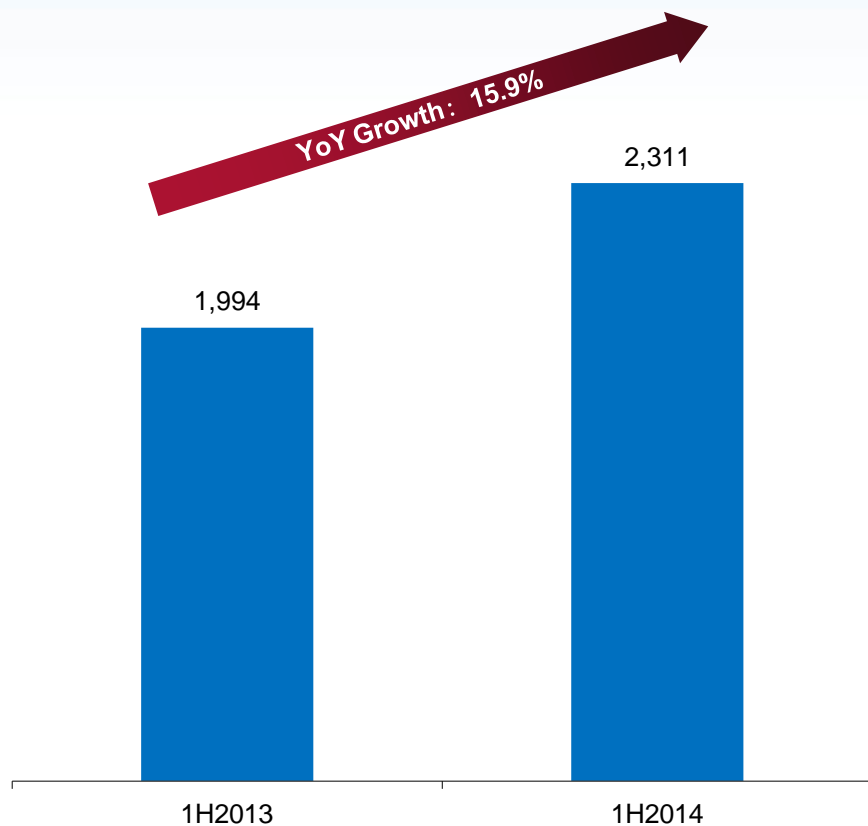
(1) Source: CBRC
(2) First segment data

1 Distressed Asset Management – Traditional Distressed Assets

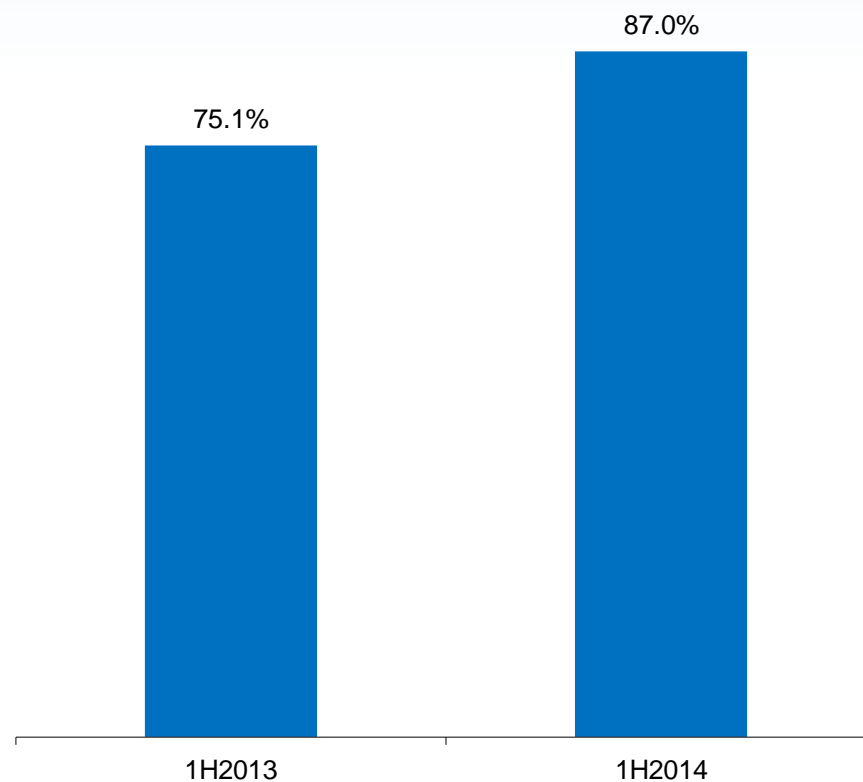
Increasing income and stable return on disposal

Income from Traditional Distressed Assets⁽¹⁾

(RMB mm)



Return on Disposal⁽¹⁾

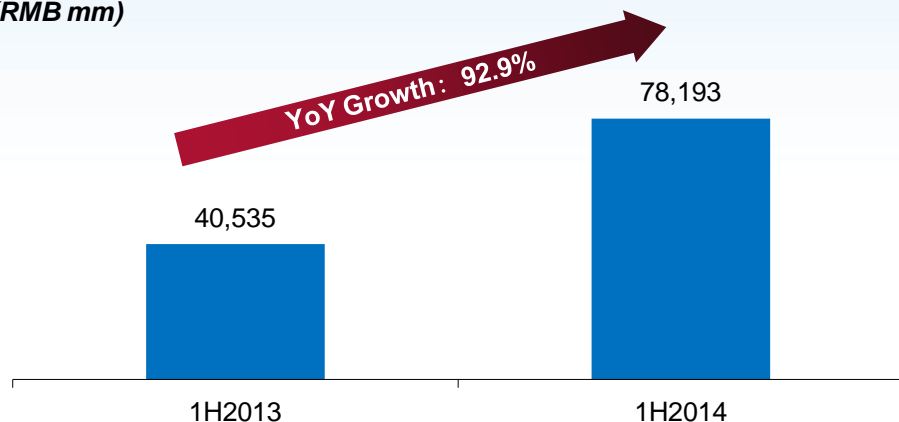


1 Distressed Asset Management – Restructured Distressed Assets

Significant market potential, increasing acquisition from NFE

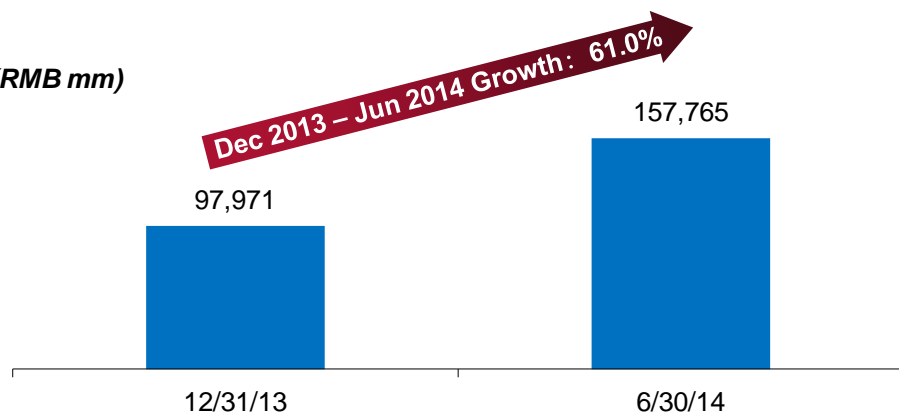
Acquisition Cost

(RMB mm)

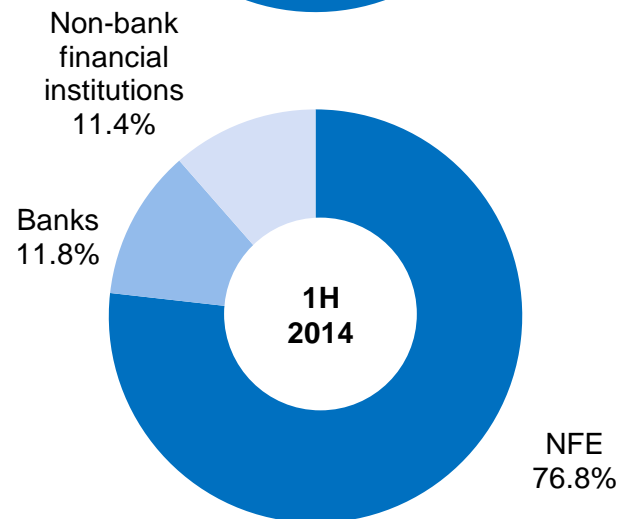
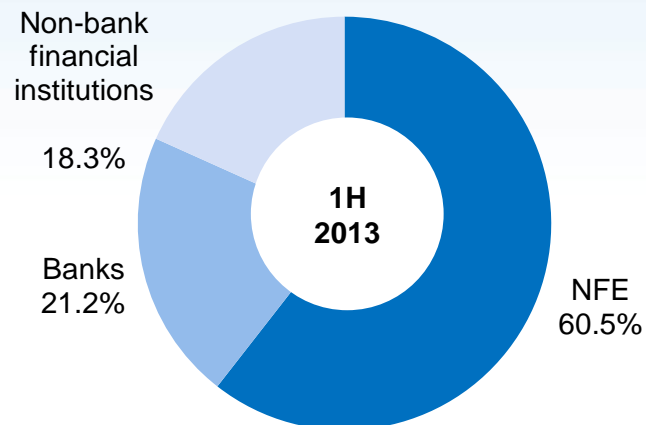


Net Balance

(RMB mm)



Acquisition Cost Breakdown by Sources⁽¹⁾



(1) Distressed assets from banks equal to the sum of distressed assets from large commercial banks, joint-stock commercial banks, city and rural commercial banks and other banks minus the total acquisition cost of traditional distressed assets, distressed assets from non-bank financial institutions equal to distressed assets from non-bank financial institutions under FI distressed assets, distressed assets from NFE equal to the total acquisition cost of restructured distressed assets minus the sum of two categories mentioned before

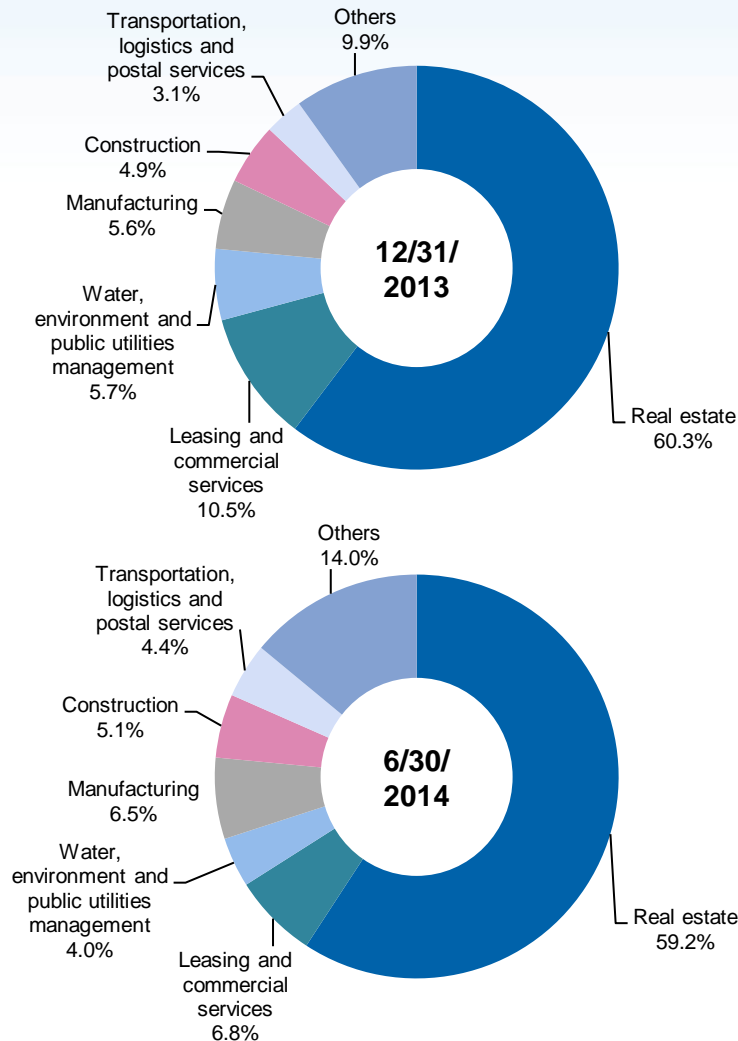


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1 Distressed Asset Management – Restructured Distressed Assets

Structural adjustment and risk control are the strategic focus of Restructuring Model

Industry Breakdown



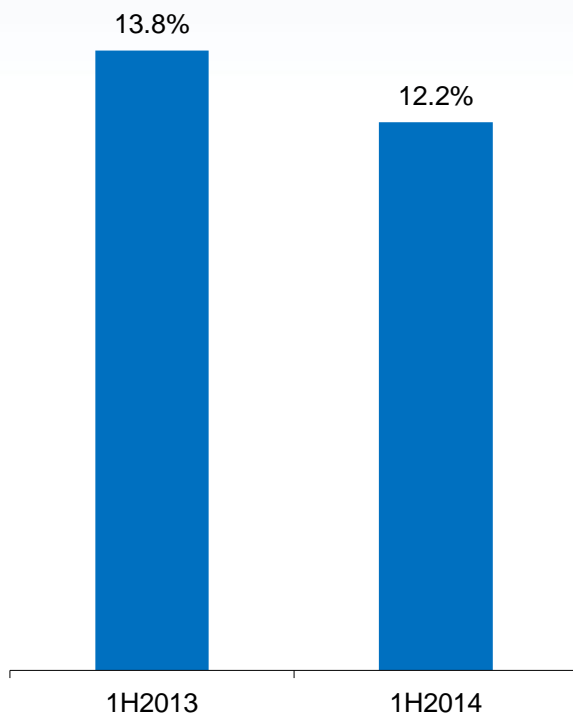
Maximizing Risk Adjusted Return

- Continue to adhere to conservative business strategy, with risk-adjusted return as major consideration
- Proactively manage industry concentration risk through structural adjustment of asset portfolio
- Strengthen risk management, which may cause annualized yield slightly lower. The risk of new acquisitions is under control
 - ▶ Focus on premier large client
 - ▶ Increase the percentage of projects located at tier - 1 and tier 2 cities
 - ▶ Combine and structure transactions with multiple risk mitigation tools
- Adopt more stringent risk assessment requirement for regions and industries with higher risk screening criteria for high risk exposure area and industries

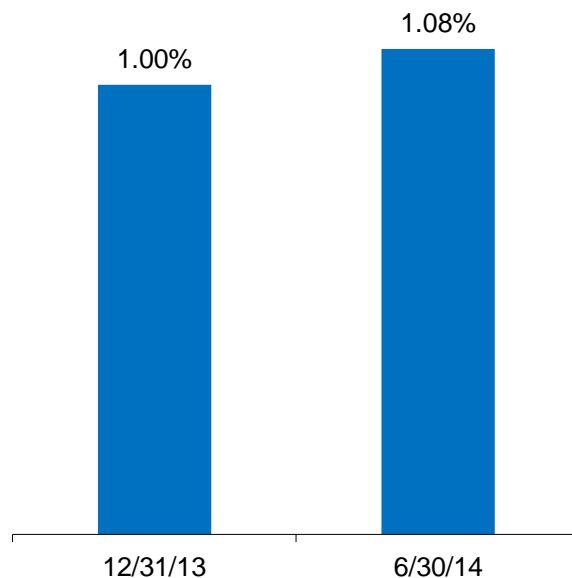
1 Distressed Asset Management – Restructured Distressed Assets

Under the premise of risk control, increase the percentage of certain low-return, low-risk projects

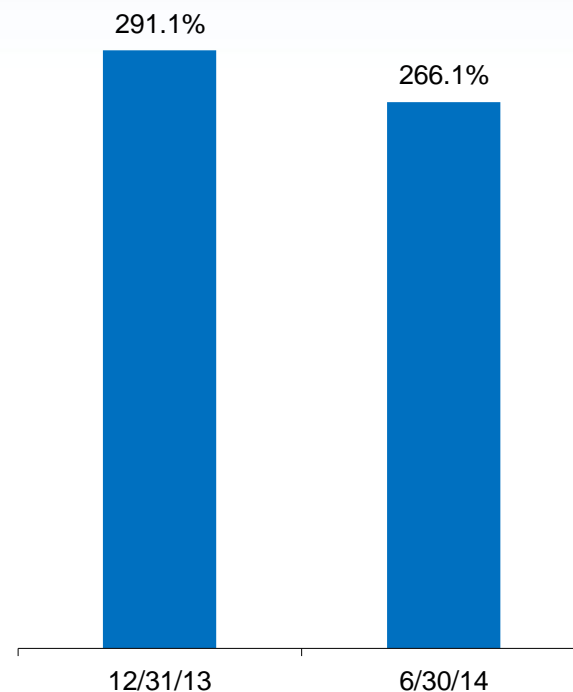
Annualized Return on Monthly Average Balance



Impaired Assets Ratio



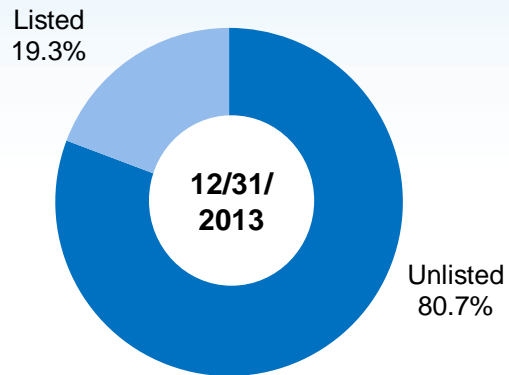
Impaired Assets Coverage Ratio



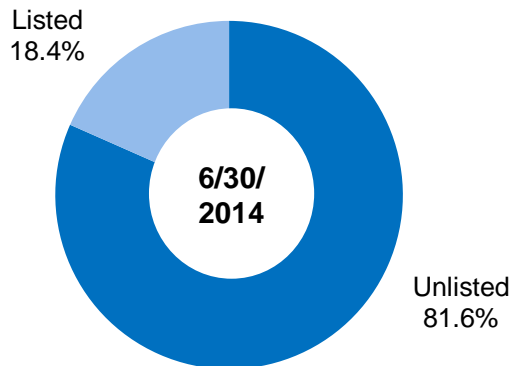
1 Distressed Asset Management – DES

Unlisted DES Assets still represent the majority of portfolio. Focused on the disposal of selected major projects

Book Value Breakdown by Type



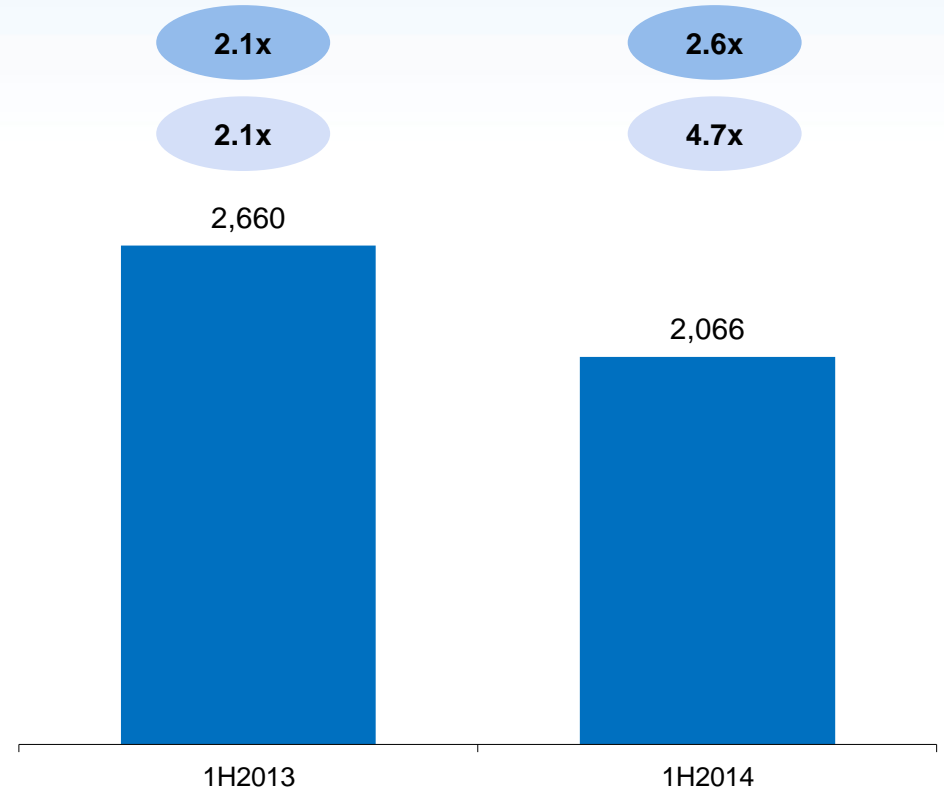
Total book value of RMB42.3bn



Total book value of RMB41.8bn

Net Gain on DES Assets Disposed & Exit Multiple

(RMB mm)



■ Net gain on disposal ● Exit multiple for all DES Assets ⁽¹⁾
● Exit multiple for unlisted DES Assets ⁽¹⁾

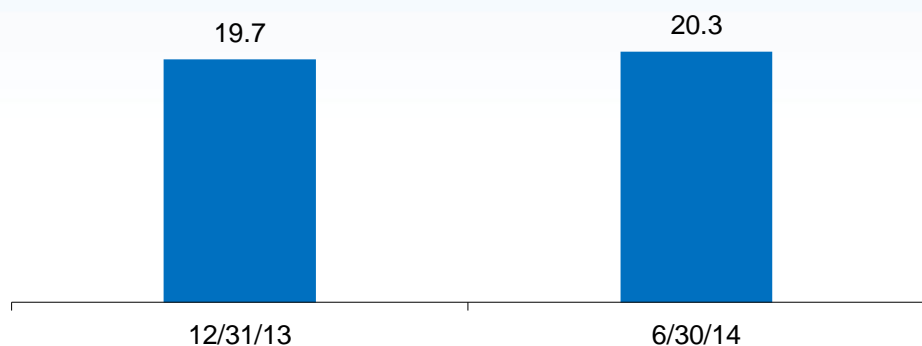
(1) Exit multiple = Sum of net gain on disposal of DES Assets and acquisition cost of DES Assets disposed (net of allowance for impairment, if any) divided by acquisition cost of DES Assets disposed (net of allowance for impairment, if any)

2 Financial Investment and Asset Management

Continue to optimize investment portfolio, control the scale of principal investment

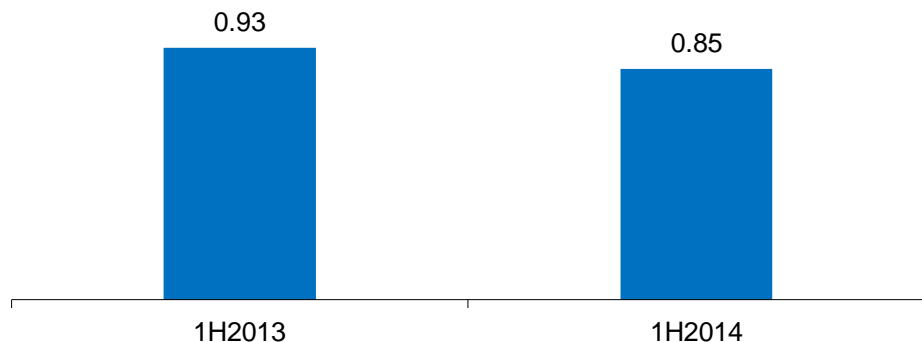
Balance of Principal Investments

(RMB bn)

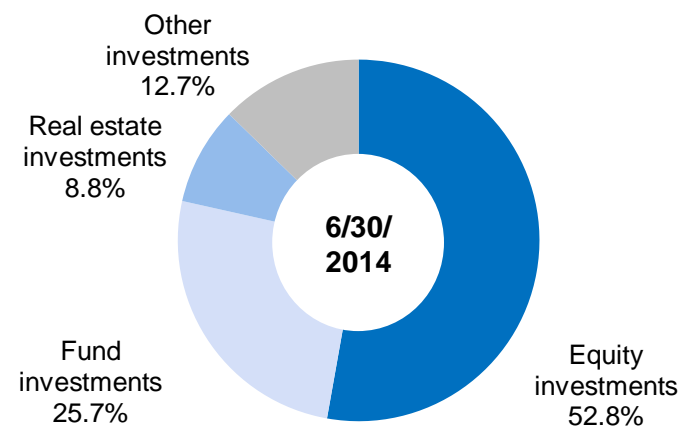
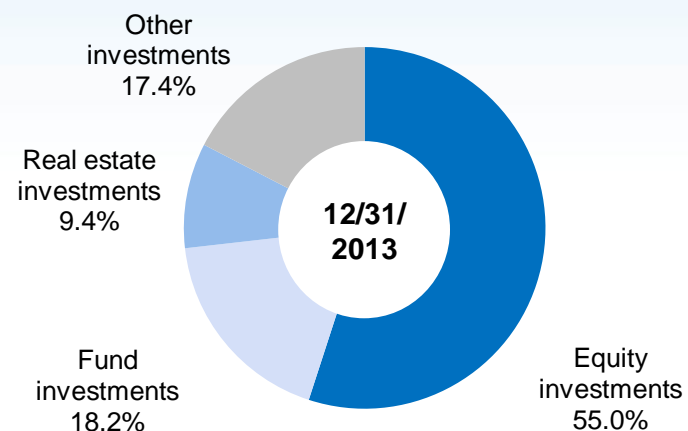


Income from Principal Investments

(RMB bn)



Balance of Principal Investment Breakdown by Investment Type

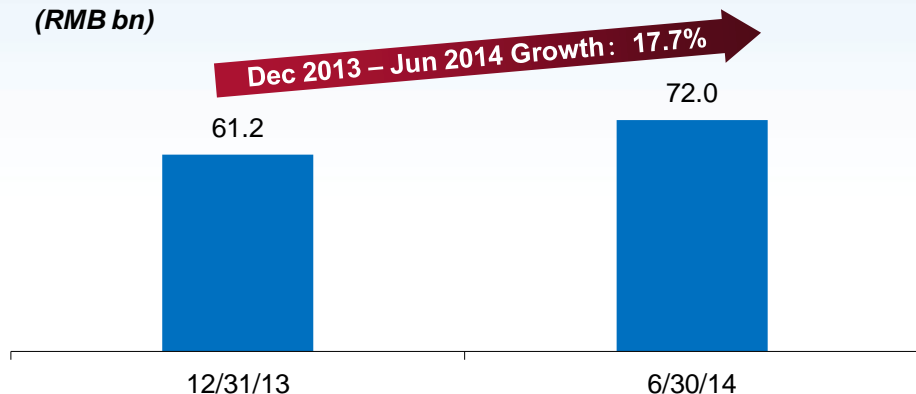


2 Financial Investment and Asset Management

Continue to expand third-party assets under management

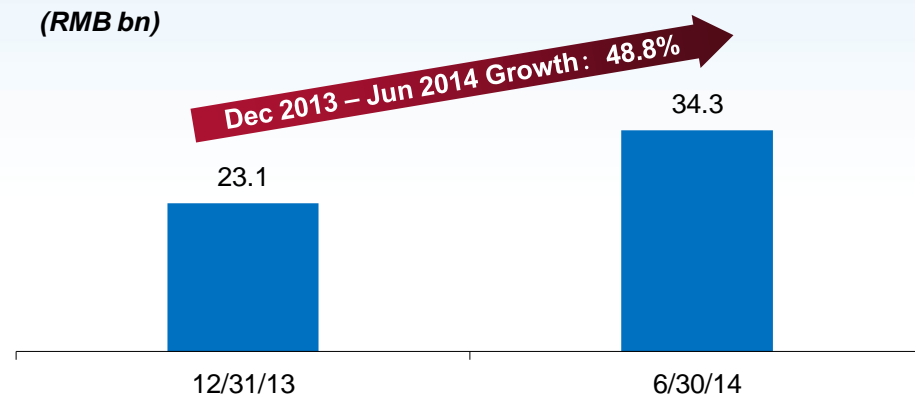
Total Committed Capital of PE Business

(RMB bn)



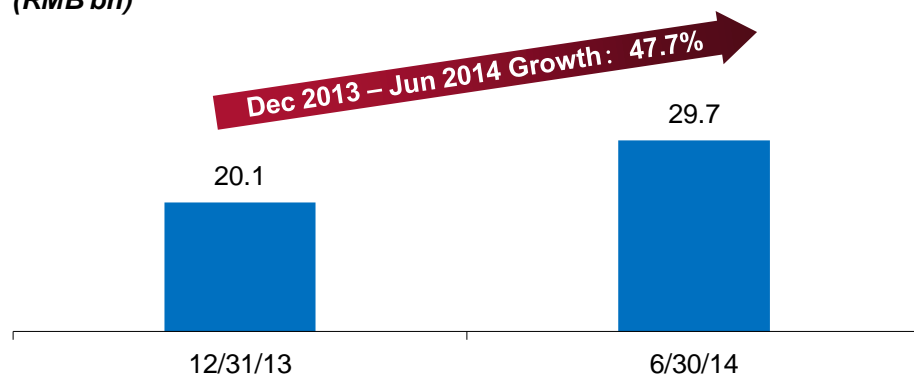
Total Paid-in Capital

(RMB bn)



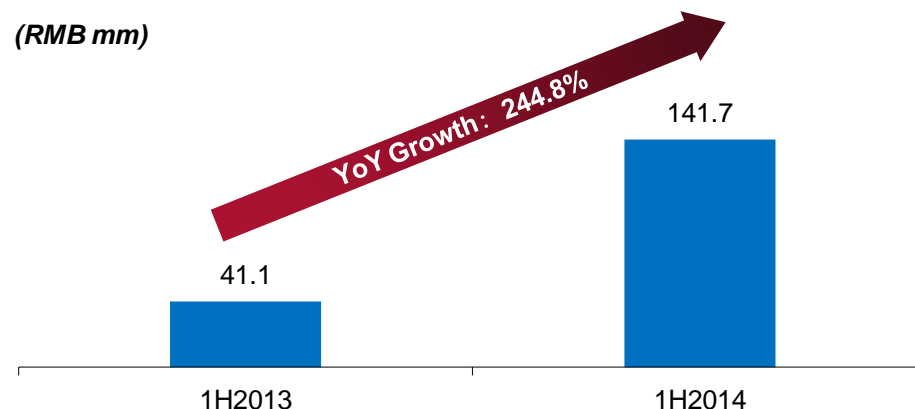
Paid-in Capital from Third Parties

(RMB bn)



Fund Management Income

(RMB mm)

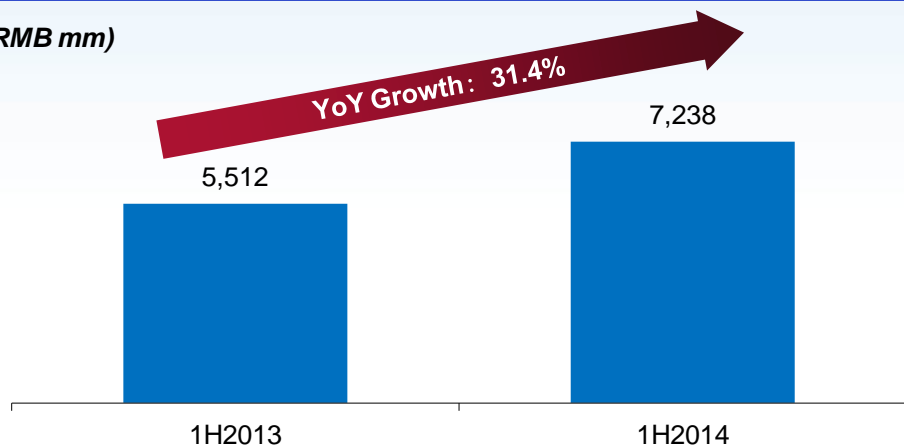


3 Financial Service

Improving performance of financial subsidiaries

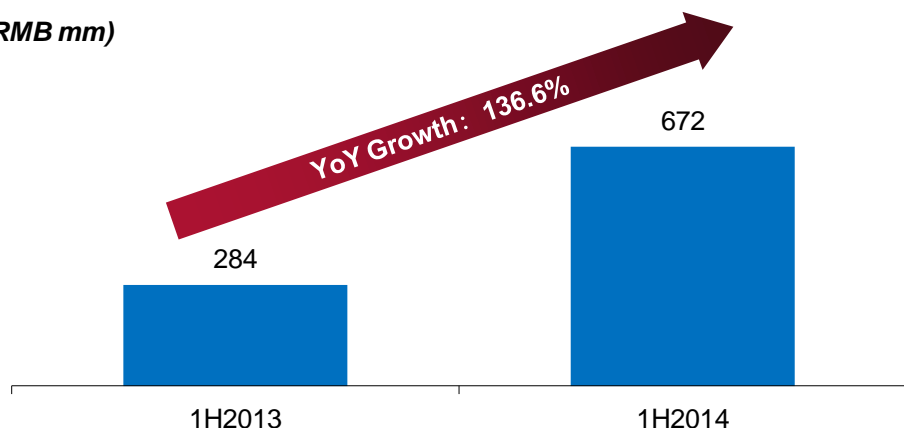
Total Income of Financial Subsidiaries⁽¹⁾

(RMB mm)



Pre-tax Profit of Financial Subsidiaries⁽¹⁾

(RMB mm)



Strong Growth Dynamic of Financial Subsidiaries

- In 1H2014, Happy Life Insurance's gross written premium reached RMB3.5 bn, increased 43.8% compared to 1H2013, and pre-tax loss decreased to RMB0.15 bn, narrowing by 60.5% compared to 1H2013
- In 1H2014, Cinda P&C's gross written premium reached RMB1.7 bn, increased 11.0% compared to 1H2013, and continued the momentum of profitability since 2H2013
- The pre-tax profit of securities and futures⁽²⁾ business grew significantly, up 47.4% compared to 1H2013. The AUM balance of Cinda Securities amounted to RMB40.8bn, up 15.3% from the end of 2013
- Cinda Financial Leasing realized RMB3.2 bn net profit in 1H2014, and total income from projects from cross-selling amounted to RMB0.8 bn, representing an increase of 10.7% as compared to 1H2013
- Jingu Trust focuses on asset risk control, continue to improve investment and risk management capacity

(1) Total income and PBT of financial service sector

(2) Including Cinda Securities, Cinda Futures and Cinda International

4 Risk Management, Internal Control and IT System

Continuous enhancement of IT system, further improved risk management capability and operation efficiency

Continuously Improving Risk Management

- Strengthened client credit rating system, optimized internal rating system, and adopted more stringent client selection standards to better manage credit risk
- More stringent management of clients' credit limit, and strict control of transaction size to avoid the concentration risk
- Enhanced management of listed equity portfolio and strengthened the market risk control

Further Enhanced Internal Control and IT System

- New accounting system was implemented, which centralized accounting management between parent company and branches and further improved efficiency
- Completed system upgrade for core businesses to improve the efficiency of information management, and strengthened risk control on restructuring distressed assets business
- Further enhanced IT system, standardized the operation and management mechanism, consistently improved IT management and risk prevention capability



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CHINA CINDA ASSET MANAGEMENT CO., LTD.

1 Business Review

2 Financial Results

3 Outlook

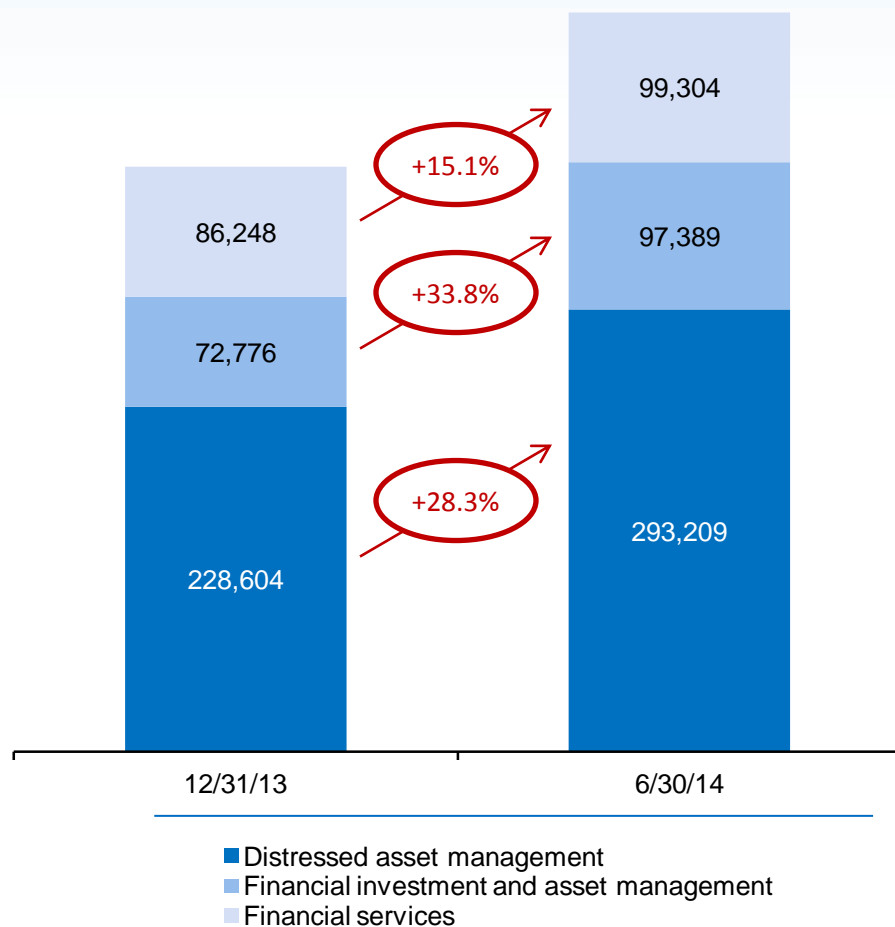
Summary of Key Financials

<i>(RMB mm, except per share data and ratios)</i>	12/31/2013 or 1H2013	6/30/2014 or 1H2014	Change
Total assets	383,785	482,156	+ 25.6%
Equity attributable to equity holders of the Company	75,998	83,808	+ 10.3%
Total income	18,669	25,774	+ 38.1%
Profit before tax	5,137	7,266	+ 41.4%
Profit attributable to equity holders of the Company	4,065	5,296	+ 30.3%
EPS	0.13	0.15	+ 15.4%
Cost-to-income ratio	24.3%	22.1%	- 2.2 ppt
ROAA (Annualized)	3.0%	2.5%	- 0.5 ppt
ROAE (Annualized)	14.6%	13.3%	- 1.3 ppt
Capital Adequacy Ratio	21.6%	18.4%	-3.2 ppt

Sufficient Capital and Moderate Leverage Ratio can Support Future Business Development

Increasing Asset Scale⁽¹⁾

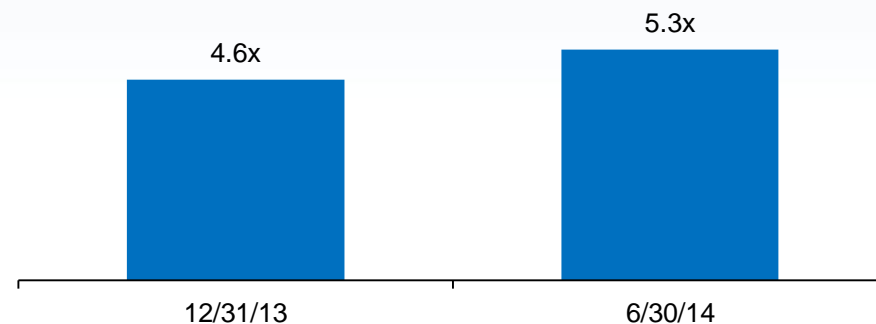
(RMB mm)



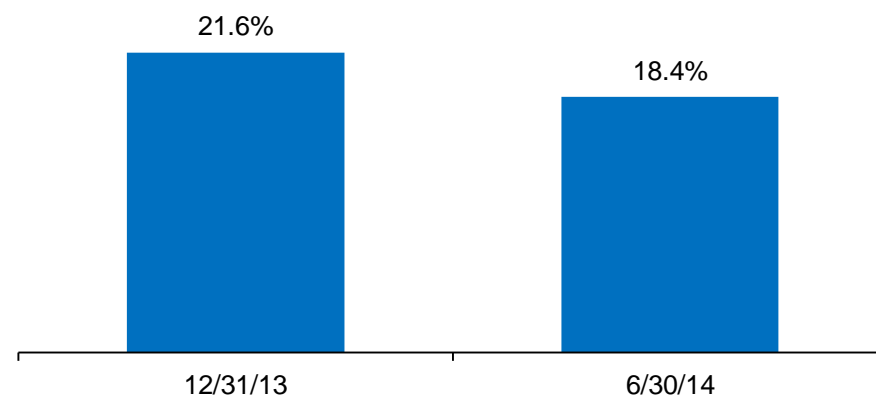
- (1) Exclude elimination
(2) Total assets divided by total equity

Leverage Ratio⁽²⁾ and Capital Adequacy Ratio

Total Assets / Total Equity



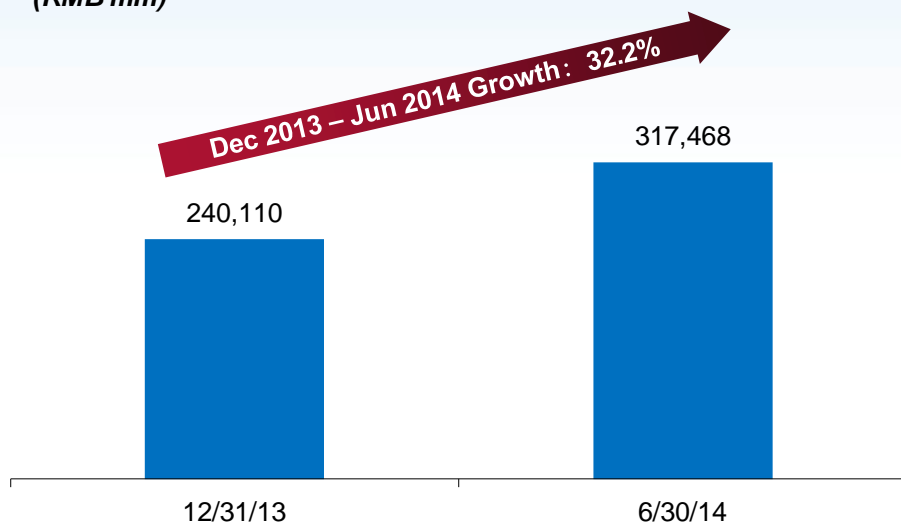
Capital Adequacy Ratio (Parent Company)



Diversified and Commercialized Funding Channel

Balance of Interest Bearing Liabilities

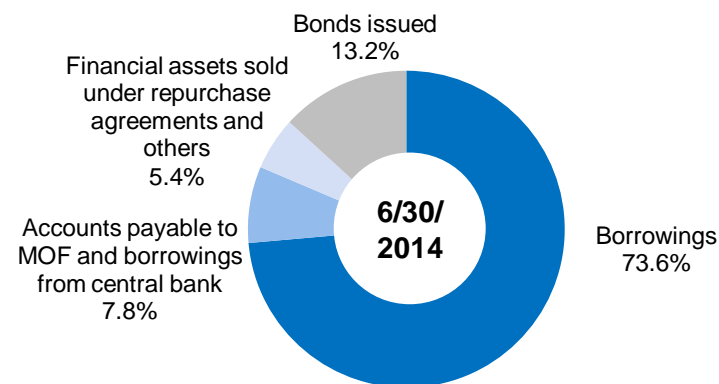
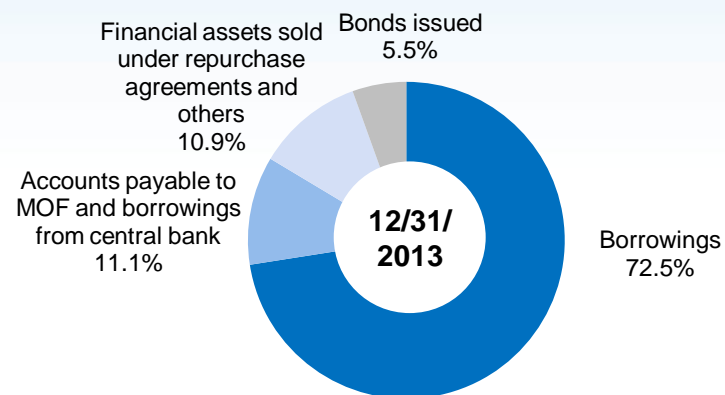
(RMB mm)



Interest Rate Range of Borrowings of Parent Company

	12/31/2013	6/30/2014
Fixed rate	4.75% - 6.90%	4.75% - 7.20%
Variable rate	5.10% - 6.25%	5.10% - 6.25%

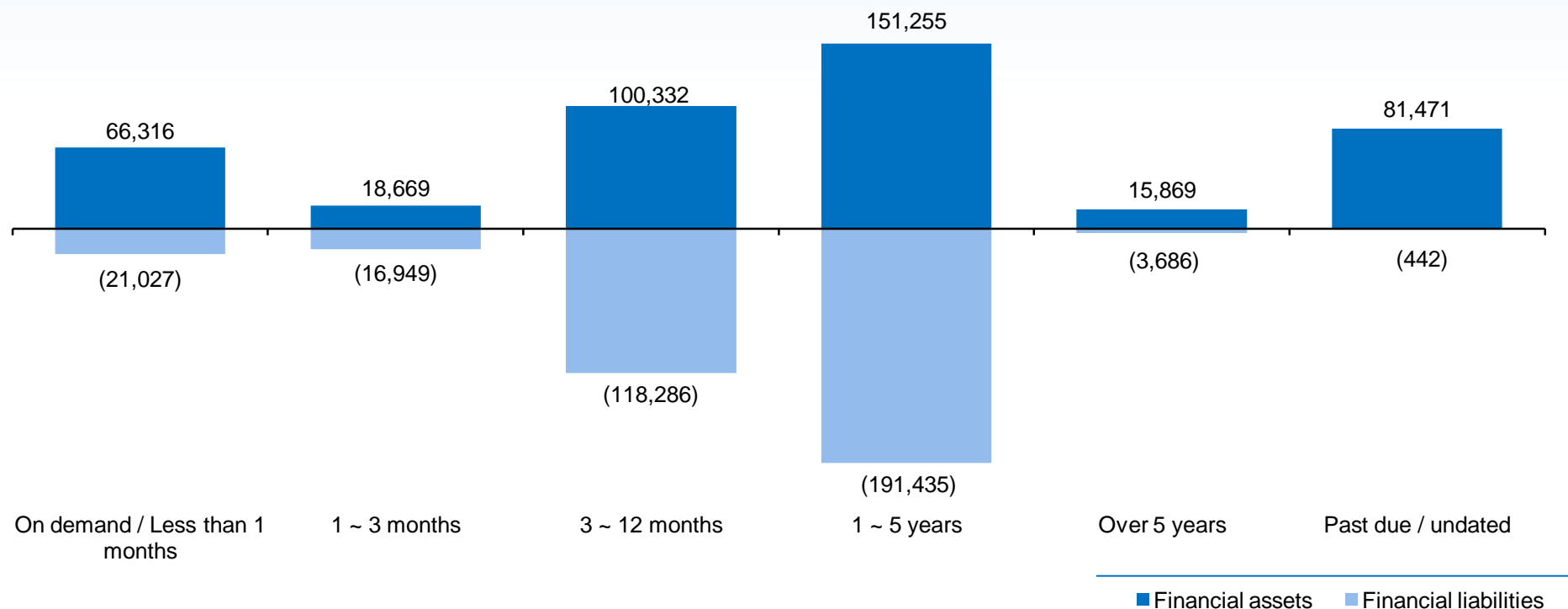
Interest Bearing Liabilities Breakdown



Well Matched Maturity of Financial Assets and Liabilities

Analysis of Remaining Maturity of the Financial Assets and Liabilities as of 6/30/2014

(RMB mm)



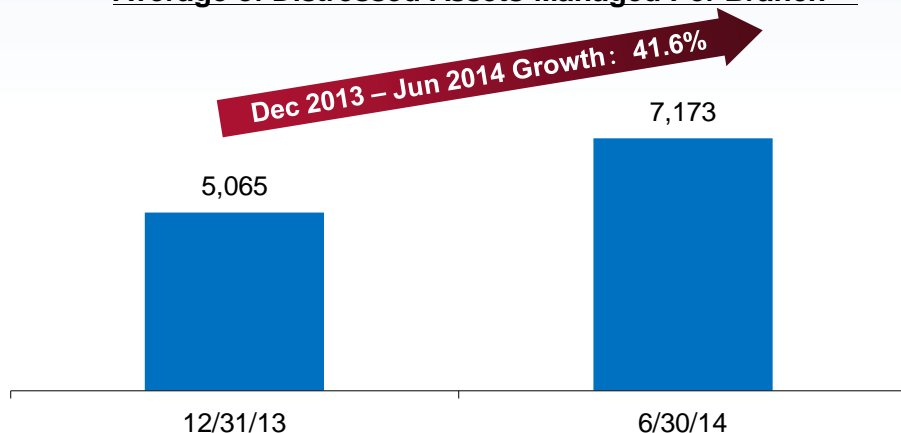
As of 6/30/2014, the balance of financial assets due within one year amounted to RMB185.3 bn, the financial liabilities due within one year amounted to RMB156.3 bn. The maturity of financial assets and liabilities is closely matched

Improved Operational Efficiency Driven by Economies of Scale

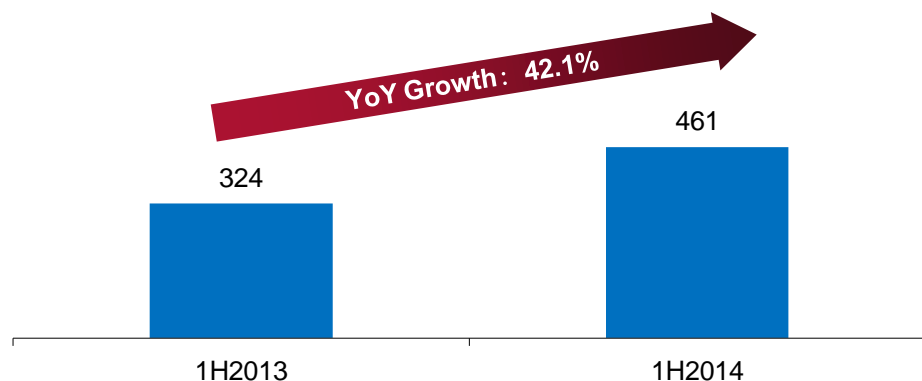
Further Enhancement in Operational Efficiency

(RMB mm)

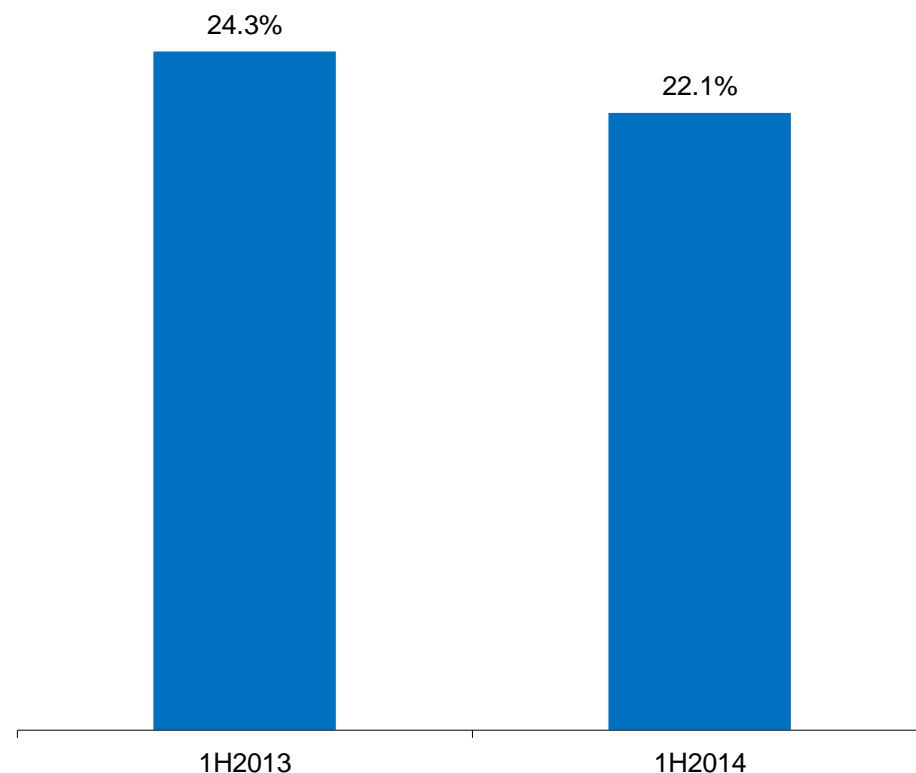
Average of Distressed Assets Managed Per Branch ⁽¹⁾



Average Income from Distressed Asset Management Per Branch ⁽²⁾



Cost-to-Income Ratio⁽³⁾



(1) Calculated based on sum of book value of distressed debt assets and book value of DES assets divided by 31 branches

(2) Calculated based on total income from distressed asset management divided by 31 branches

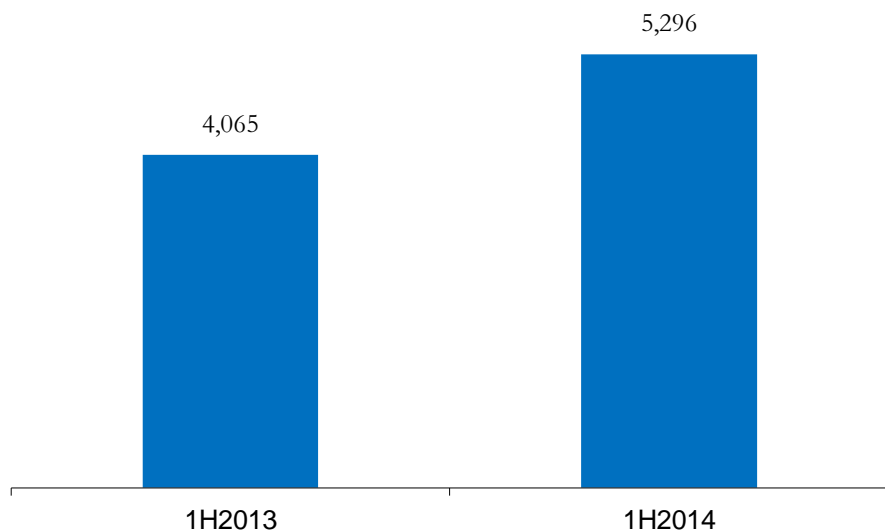
(3) Cost-to-income ratio = operating expense/(total income – insurance costs- commission and fee expense – purchases and changes in inventories – interest expense), in which operating expense include employee benefits, depreciation and amortization and other expenses

Superior Profitability

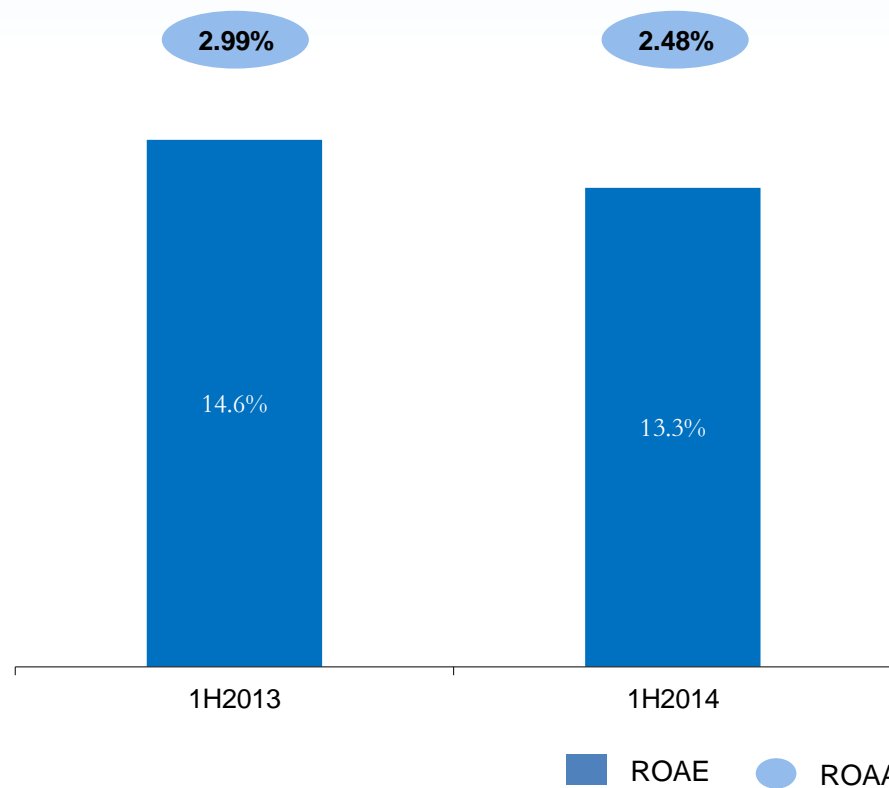
Profit Attributable to Shareholders

(RMB mm)

YoY Growth: 30.3%



ROAE / ROAA (Annualized)





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2 Financial Results

3 Outlook

Development Strategy and Sustainable Business Model

- Seize opportunities through diversified financial platforms
- Continue to increase the synergies from various business platforms and provide customized financial solutions
- Further diversify funding sources



- Continue to consolidate and expand our leadership in distressed asset management
- Promote steady growth of restructured distressed asset management
- Smooth out cyclical performance through timely DES disposal
- Risk control based on core expertise and experiences accumulated in distressed asset management
- Further expand third party assets under management
- Actively develop special situation investment business
- Strengthen the brand name of providing differentiated asset management services

China Cinda's Potential Business Opportunities

- Currently, China's economy is undergoing “three transitions” simultaneously, and the economic growth is entering into “New Normal” through in-depth reform. Structural adjustments and industry upgrade could provide long term momentum for China's economic growth, and also provide China Cinda numerous business opportunities
 - ✓ Continually growing NPL amount and NPL ratio in Chinese banking sector, and more abundant supply of financial distressed assets
 - ✓ As the reform of real estate, manufacturing and other industries deepens, there would be significant demand for liquidity solutions, providing significant market potential for NFE distressed assets
 - ✓ SOE's mixed ownership reform will set off a wave of industry restructuring, providing additional exit alternatives for DES Assets
 - ✓ Unique asset accumulation and distribution capability allows China Cinda to capture potential special situation investment opportunities
 - ✓ Core competitive advantages and synergistically operated platforms will support the development of differentiated asset management business

Focus in 2H2014

1

Firmly execute annual business plan of distressed debt assets, and enhance subsidiaries' profitability

2

Continue to manage DES assets disposal by focusing on selected major projects, while actively exploring exit solutions of other smaller DES assets

3

Accelerate development of innovative business including special situation investment and asset management

4

Effectively strengthen liquidity management to secure stable and low cost funding sources through diversified funding sources

5

Continue to strengthen risk control measures and improve risk management system

6

Continue to improve operational management as well as IT system



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Appendix

Selected Financials

Consolidated Income Statement

(RMB mm)

	1H2014	1H2013	Change
Income from distressed debt assets classified as receivables	7,577	4,245	78.5%
Fair value changes on distressed debt assets	2,302	1,968	17.0%
Investment income	3,975	3,909	1.7%
Net insurance premiums earned	3,269	2,604	25.6%
Commission and fee income	1,298	1,129	14.9%
Revenue from sales of inventories	1,799	1,377	30.7%
Interest income	3,807	1,934	96.8%
Others	1,748	1,505	16.2%
Total	25,774	18,669	38.1%
Insurance costs	(2,939)	(2,177)	35.0%
Employee benefits	(1,885)	(1,699)	10.9%
Impairment losses on assets	(2,686)	(3,476)	(22.7%)
Interest expense	(6,817)	(3,155)	116.1%
Others	(3,645)	(3,046)	19.6%
Total	(17,972)	(13,553)	32.6%
Profit before tax	7,266	5,137	41.4%
Profit for the period	5,360	4,017	33.4%
Profit attributable to shareholders	5,296	4,065	30.3%

Consolidated Balance Sheet

(RMB mm)

	6/30/2014	12/31/2013	Change
Cash and bank balances	66,998	57,059	17.4%
Financial assets at fair value through profit or loss	30,747	25,178	22.1%
Available-for-sale financial assets	65,497	72,747	(10.0%)
Financial assets classified as receivables	185,046	116,663	58.6%
Loans and advances to customers	62,655	48,636	28.8%
Others	71,213	63,502	12.1%
Total assets	482,156	383,785	25.6%
Borrowings	233,473	173,835	34.3%
Bonds issued	41,996	13,285	216.1%
Others	115,909	113,904	1.8%
Total liabilities	391,377	301,023	30.0%
Total equity	90,778	82,762	9.7%
Equity attributable to equity holders of the Company	83,808	75,998	10.3%
Key Ratios			
ROAA (Annualized)	2.48%	2.99%	
ROAE (Annualized)	13.3%	14.6%	
Cost-to-income ratio	22.1%	24.3%	
Total assets / total equity	5.3x	4.6x	