



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

2014 Annual Result

March 2015



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Key Achievements in 2014



Total assets increased by 41.9% to over RMB500 bn; net profit attributable to shareholders increased by 31.8%, reaching historical high



Aggressively expanded distressed asset management business with an acquisition amount of RMB149.5 billion in 2014, representing a 68.3% growth as compared to 2013



Steadily executed the disposal plan of DES Assets and achieve over 2 times exit multiple



Rapidly developed asset management business, the third party AUM of private funds increased by 83.7% compared to the end of 2013



Significant improvement in performance of financial services segment, pre-tax income surged by 260.6% compared to 2013



Proactively explored innovative funding channels, diversified the funding sources and optimized the liabilities structure



Continued to enhance risk management capability, effectively monitored and controlled credit risk and market risk



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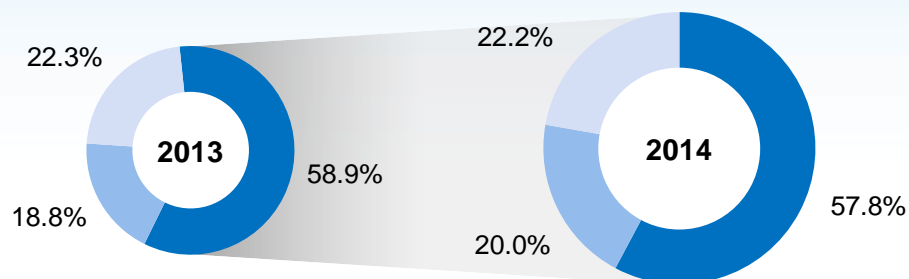
1 Business Review

2 Financial Results

3 Outlook

Balanced Development of Three Business Segments

Total Assets Breakdown by Segment

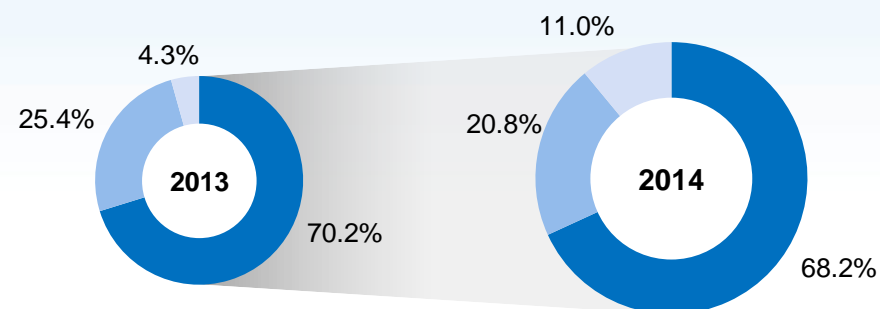


■ Distressed Asset Management ■ Financial Investment and Asset Management ■ Financial Services

Total Assets:
RMB383.8 bn

Total Assets:
RMB544.4 bn

Pre-tax Profit Breakdown by Segment

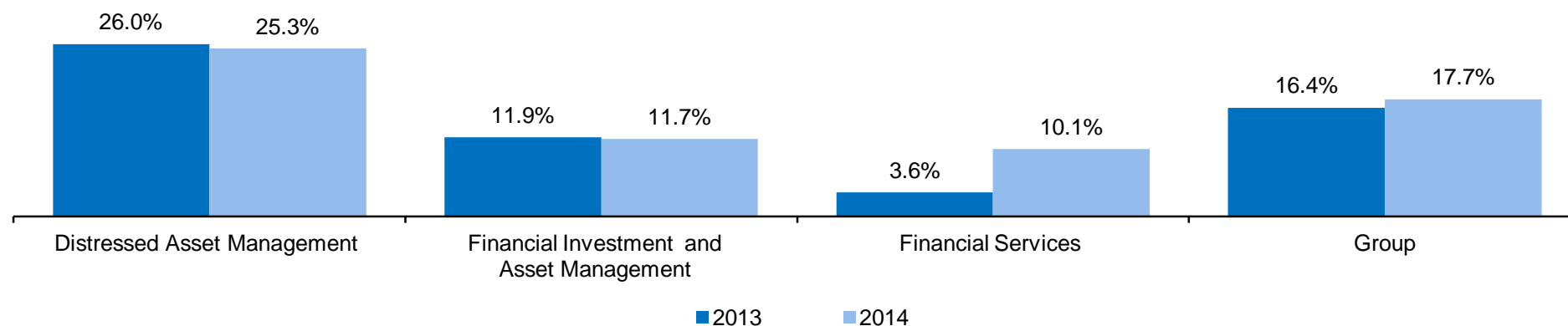


■ Distressed Asset Management ■ Financial Investment and Asset Management ■ Financial Services

Pre-tax profit:
RMB11.8 bn

Pre-tax profit:
RMB16.3 bn

Pre-tax ROAE

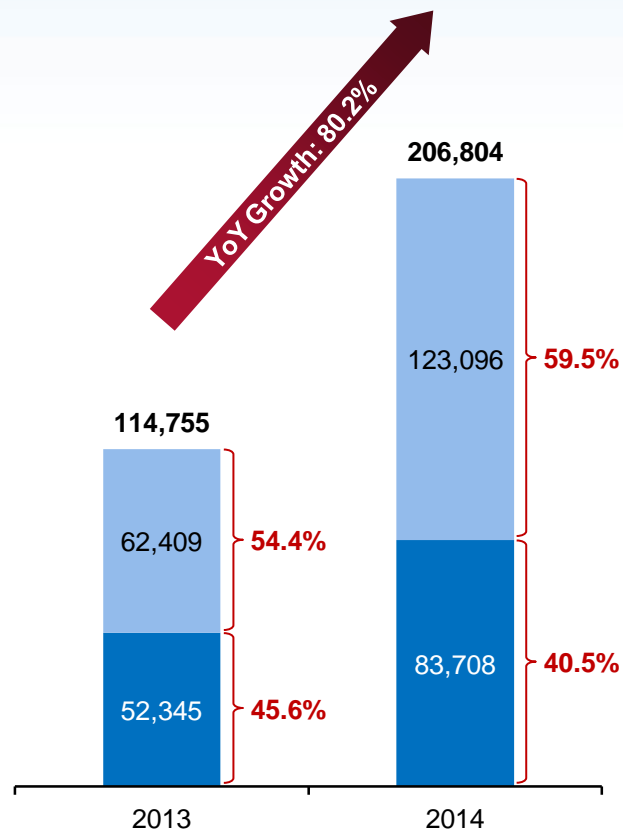


Note: Percentage calculation does not include elimination

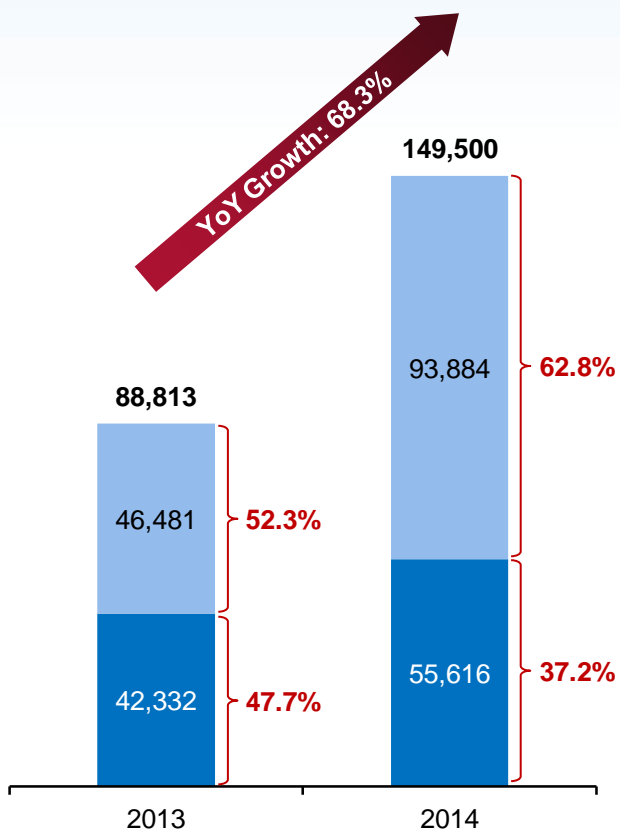
1 Distressed Asset Management – Distressed Debt Assets

The business scale continued to grow rapidly

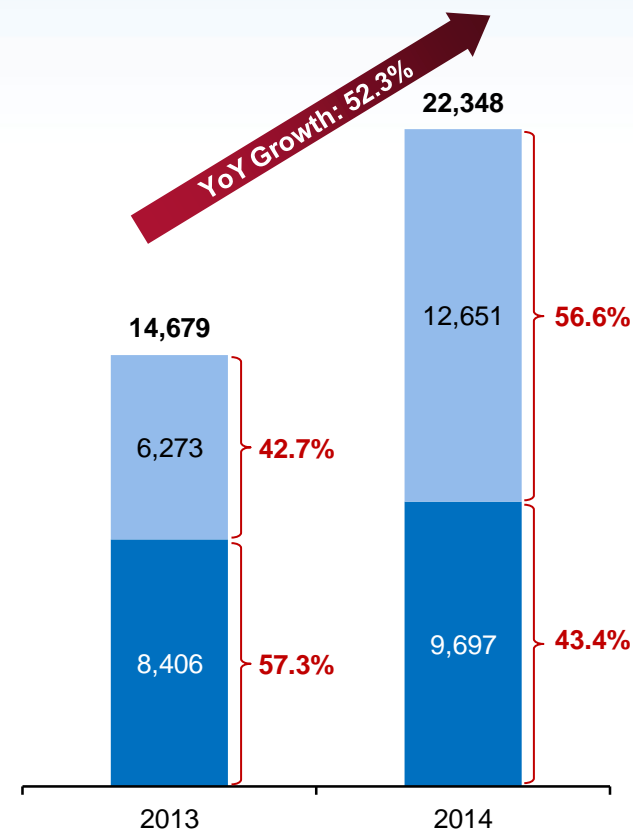
Net Balance of Distressed Debt Assets
(RMB mm)



Acquisition Cost of Distressed Debt Assets
(RMB mm)



Income from Distressed Debt Assets
(RMB mm)



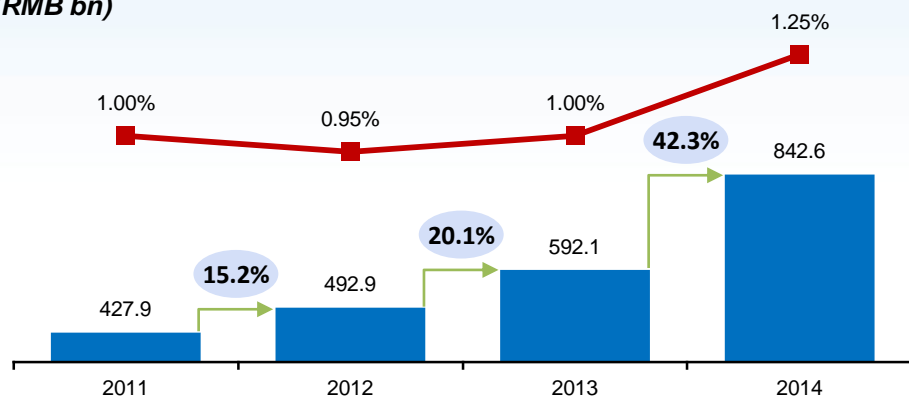
FI distressed assets NFE distressed assets

1 Distressed Asset Management – Traditional Distressed Assets

Acquisition amount increased significantly as banks accelerated disposal of NPLs

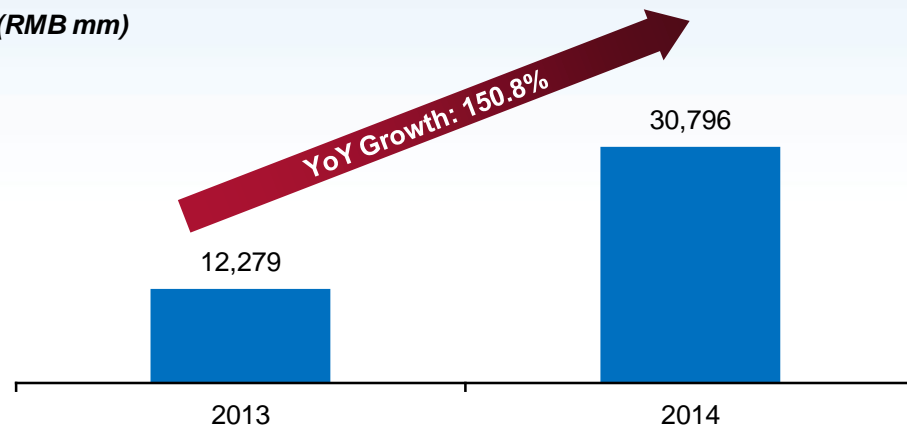
Balance of NPLs from Commercial Banks ⁽¹⁾

(RMB bn)



Acquisition Cost of Traditional Distressed Assets ⁽²⁾

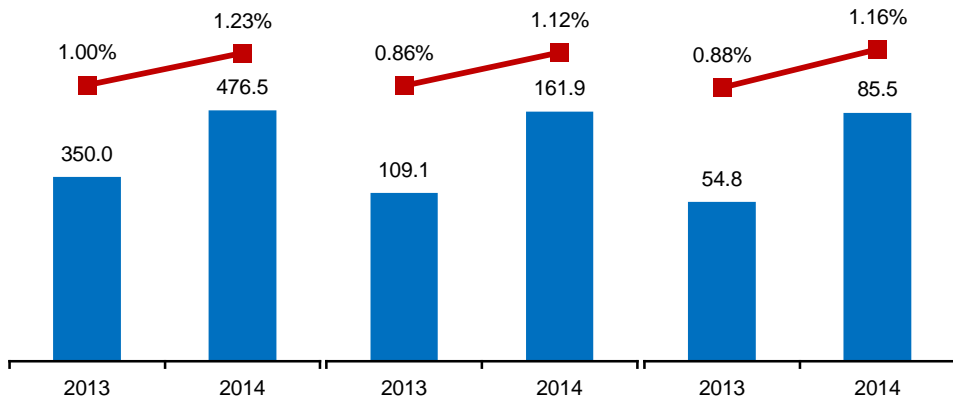
(RMB mm)



Large Commercial Banks

Joint-stock Commercial Banks

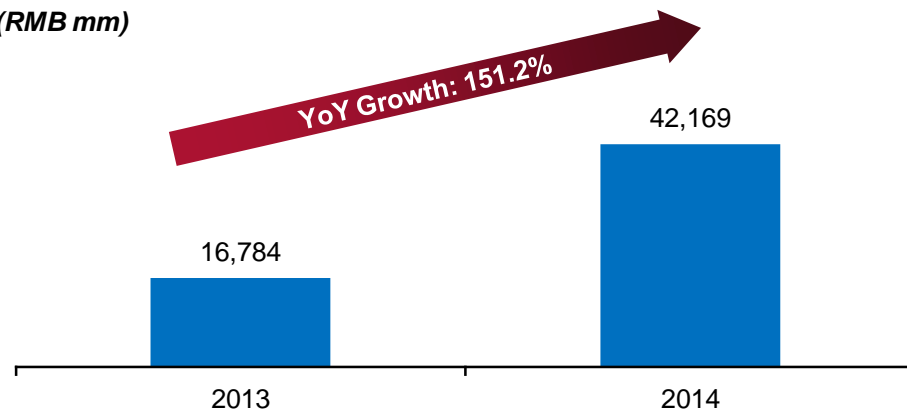
City Commercial Banks



■ Balance of NPL ■ NPL ratio ● YoY Growth

Net Balance of Traditional Distressed Assets ⁽²⁾

(RMB mm)



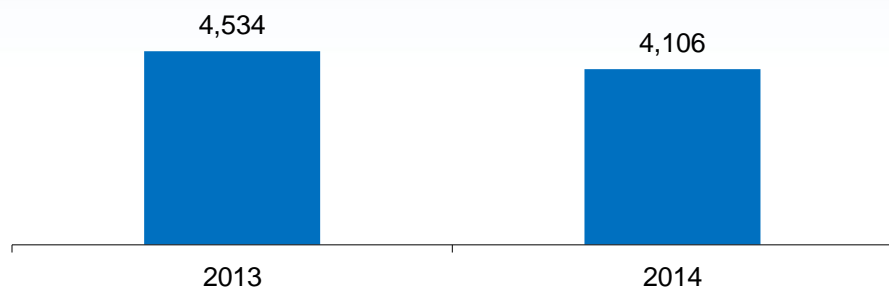
(1) Source: CBRC
(2) First segment data

1 Distressed Asset Management – Traditional Distressed Assets

Accelerated disposal schedule, while maintaining stable internal rate of return

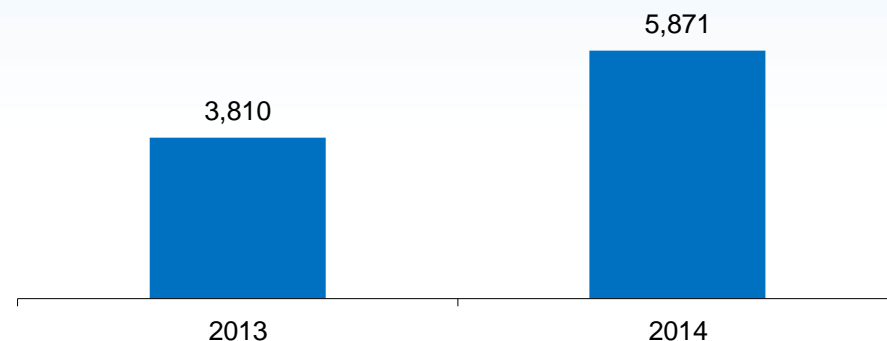
Income from Traditional Distressed Assets⁽¹⁾

(RMB mm)

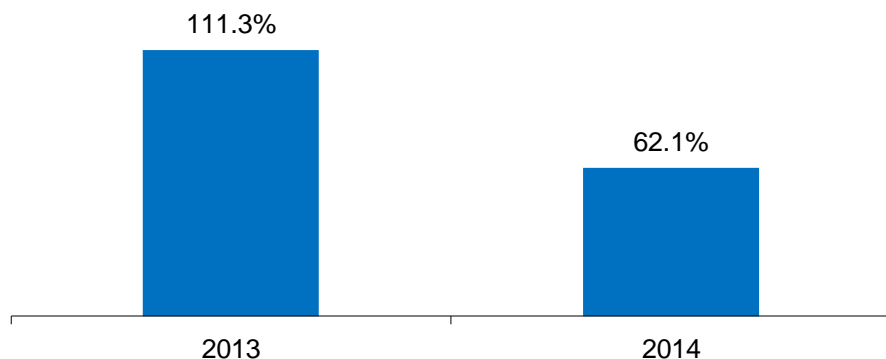


Carrying Amount of Traditional Distressed Assets Disposed⁽¹⁾

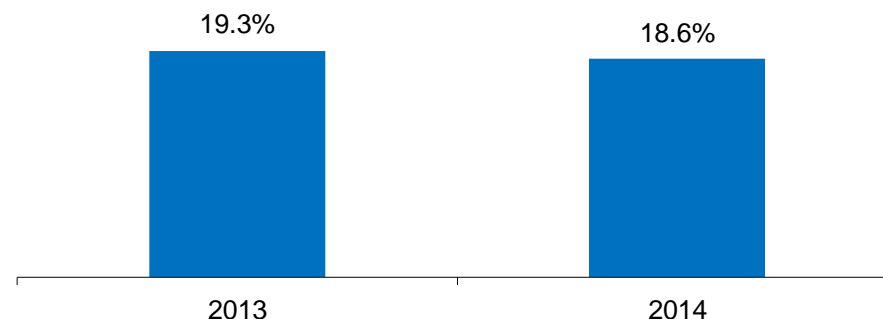
(RMB mm)



Return on Disposal⁽¹⁾



IRR⁽¹⁾



Note: IRR is the return that equates the present value of all capital invested in the Traditional Distressed Assets to the present value of all returns of capital, or the discount rate that will provide a net present value of all cash flows equal to zero

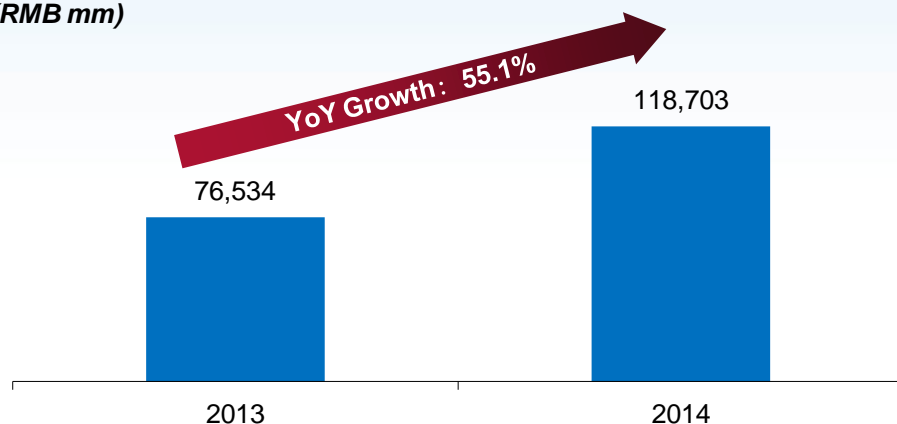
(1) First segment data

1 Distressed Asset Management – Restructured Distressed Assets

Steady growth in acquisition with increasing contribution from NFE distressed assets

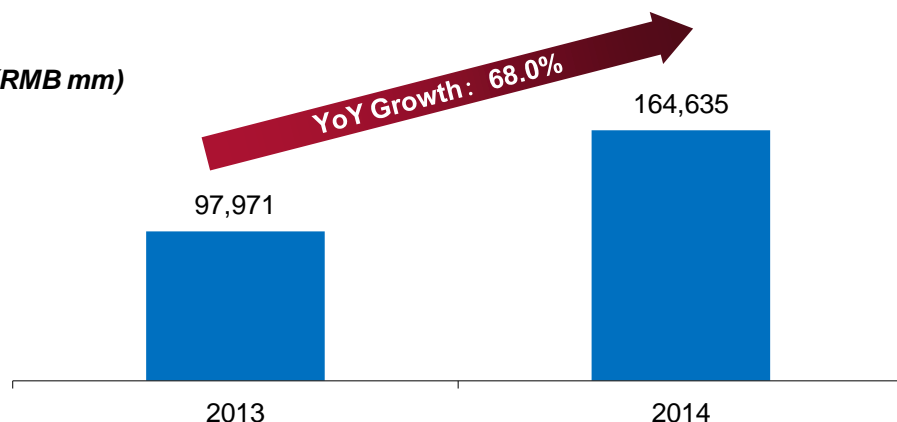
Acquisition Cost of Restructured Distressed Assets

(RMB mm)

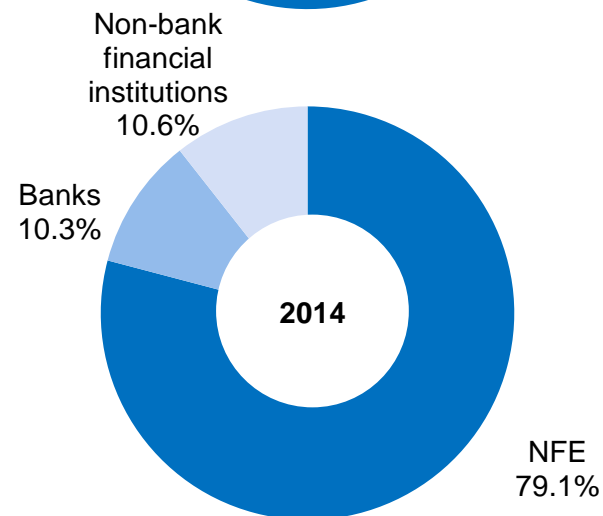
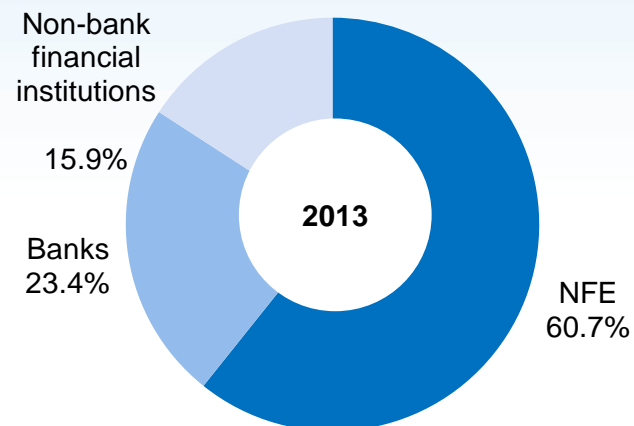


Net Balance of Restructured Distressed Assets

(RMB mm)



Acquisition Cost Breakdown by Sources⁽¹⁾



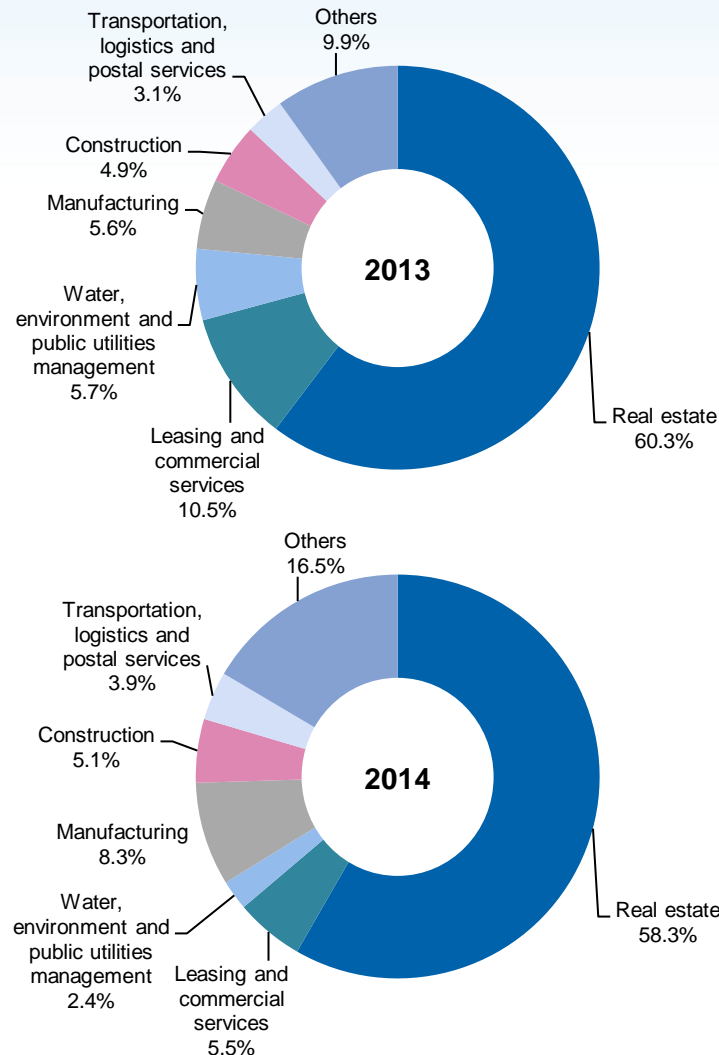
(1) Distressed assets from banks equal to the sum of distressed assets from large commercial banks, joint-stock commercial banks, city and rural commercial banks and other banks minus the total acquisition cost of traditional distressed assets; distressed assets from non-bank financial institutions equal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



1 Distressed Asset Management – Restructured Distressed Assets

Steady growth and risk control are the strategic focus of Restructuring Model

Industry Breakdown



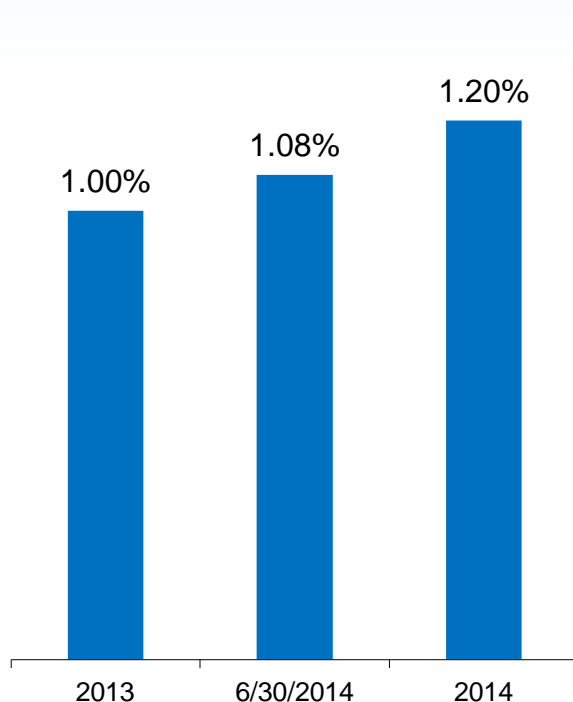
Strategic Focus

- Continue to adhere to prudent business strategy to pursue stable growth with controllable risks
 - ▶ Maintain moderate growth in scale and income
 - ▶ Explore special situation investments and other businesses derived from restructuring model
- Strengthen risk management of projects to ensure risk of new acquisitions is generally under control
 - ▶ Emphasize on development of premier large clients
 - ▶ Optimize the geographical structure and increase the percentage of projects located at tier 1 and tier 2 cities
 - ▶ Enhance the use of multiple risk mitigation tools
- Adopt more stringent risk assessment requirement for regions and industries with higher risks
 - ▶ Amend business guideline and impose stringent selection criteria on projects and clients
 - ▶ Adjust authorization of each region and strengthen regional risk control

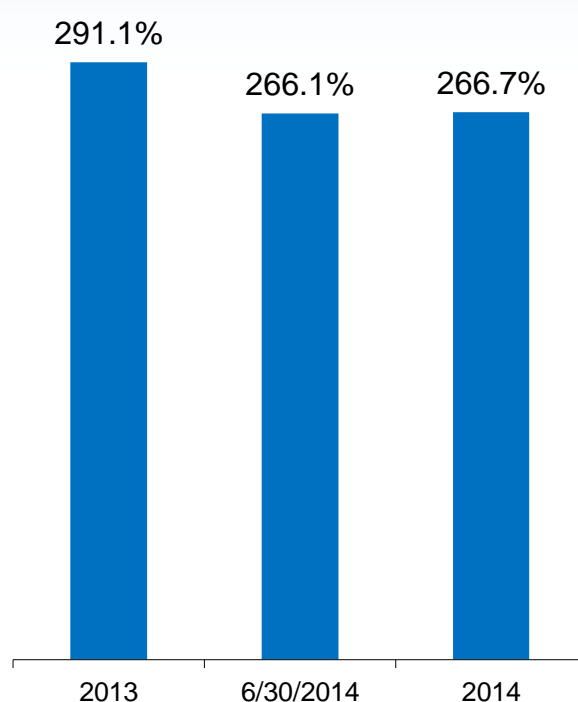
1 Distressed Asset Management – Restructured Distressed Assets

Asset quality under control with continuous focus on strengthening risk management and enhancing risk-adjusted return

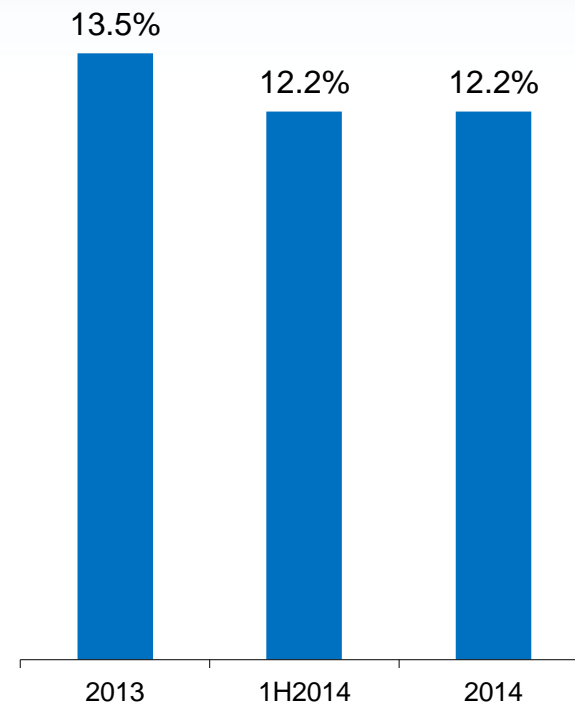
Impaired Assets Ratio



Impaired Assets Coverage Ratio



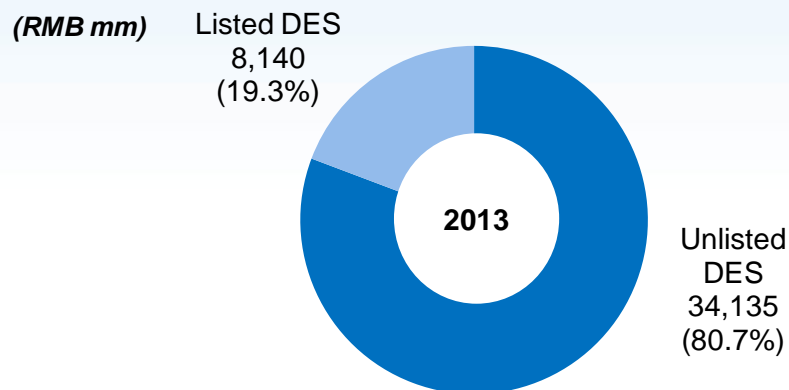
Annualized Return on Monthly Average Balance



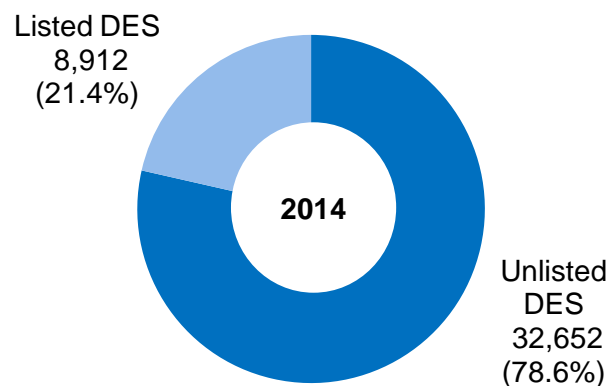
1 Distressed Asset Management – DES

Accelerated disposal of unlisted assets, and focused on the disposal of selected major projects

Book Value Breakdown by Type

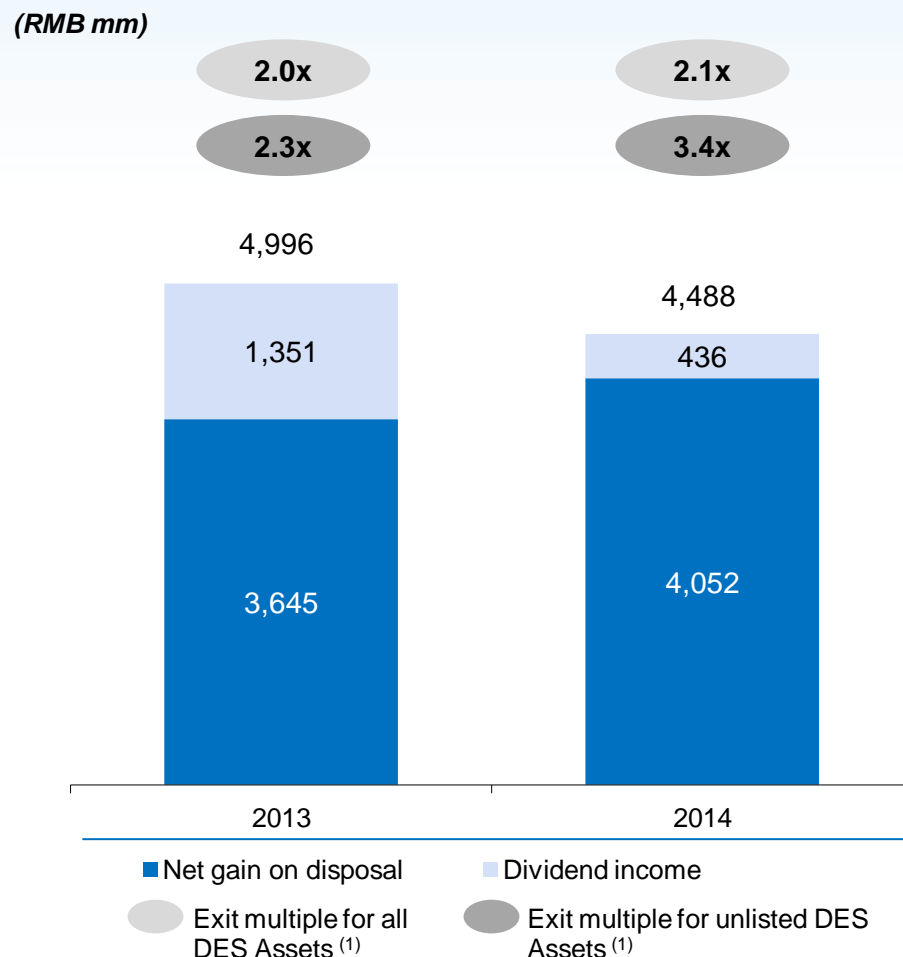


Total book value of RMB42.3bn



Total book value of RMB41.6bn

Net Gain on DES Assets Disposed & Exit Multiple



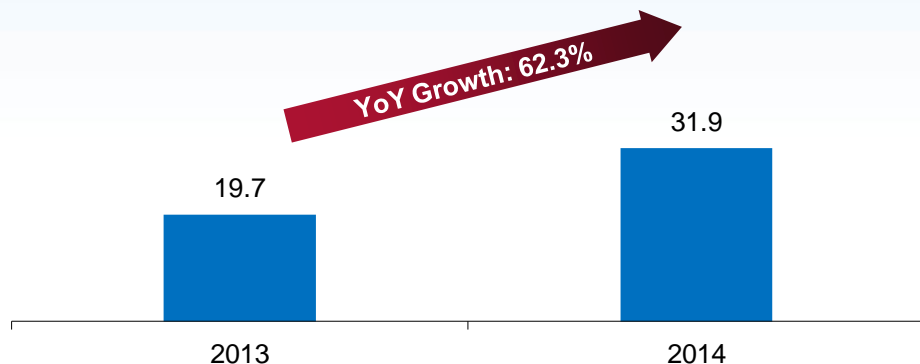
(1) Exit multiple = Sum of net gain on disposal of DES Assets and acquisition cost of DES Assets disposed (net of allowance for impairment, if any) divided by acquisition cost of DES Assets disposed (net of allowance for impairment, if any)

2 Financial Investment and Asset Management

Continued to optimize investment portfolio, and balance of principal investment increased significantly

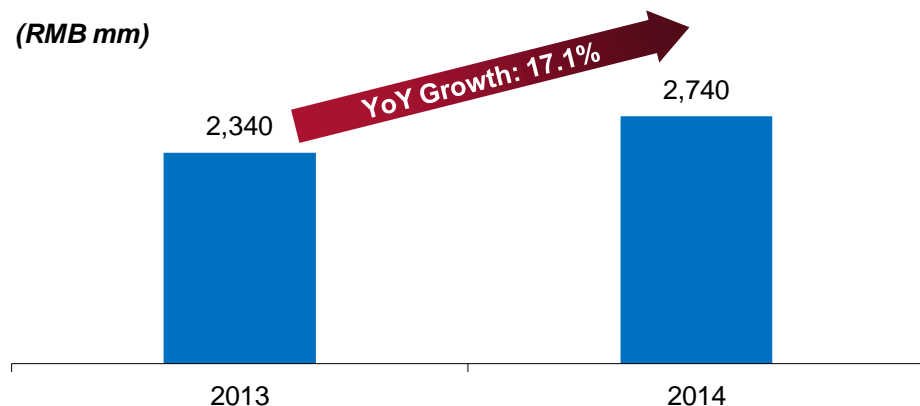
Balance of Principal Investments

(RMB bn)

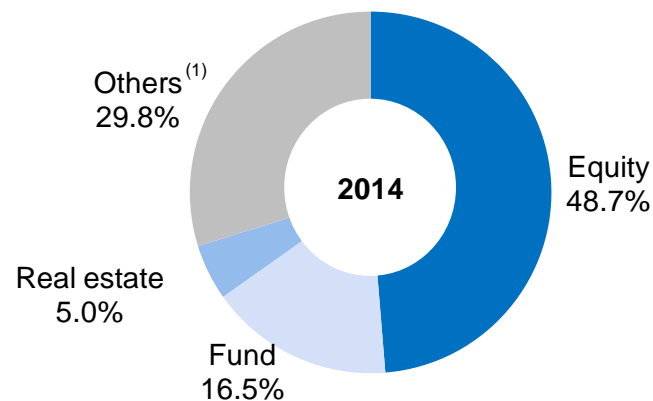
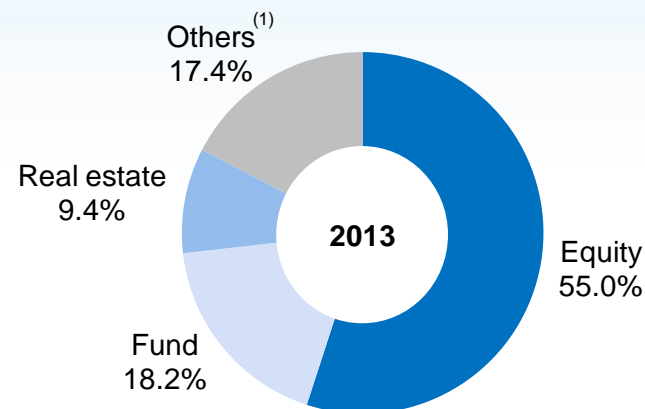


Income from Principal Investments

(RMB mm)



Balance of Principal Investment Breakdown by Investment Type



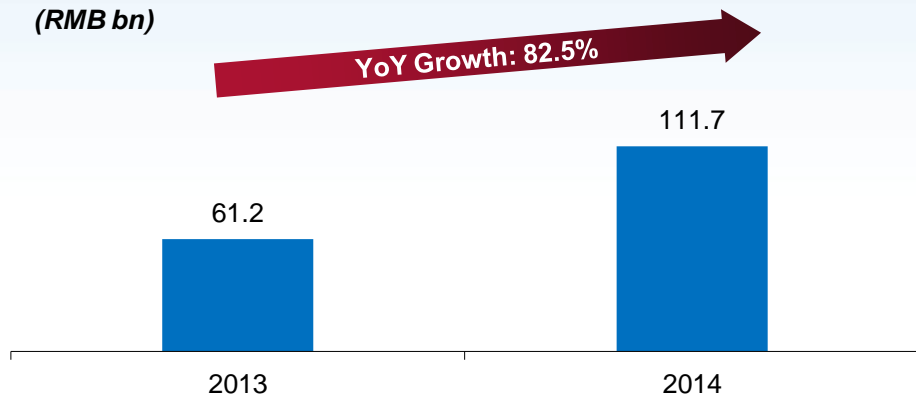
(1) Other investments primarily include investments in debt securities, trust products and wealth management products

2 Financial Investment and Asset Management

Continued to expand third-party assets under management

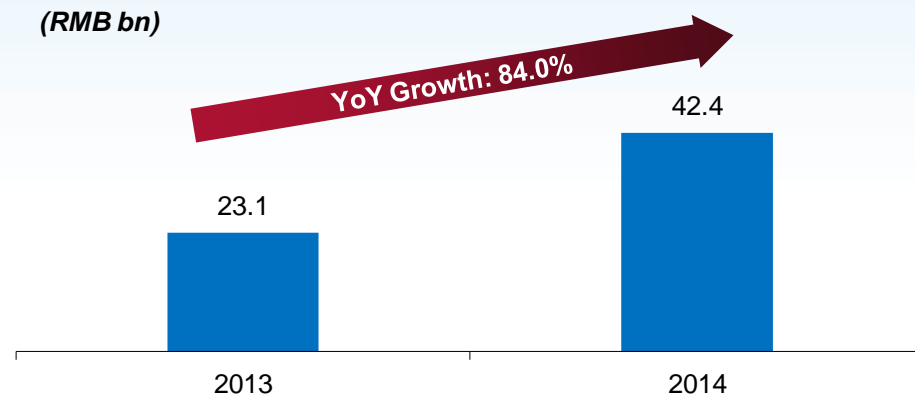
Total Committed Capital of Private Fund Business

(RMB bn)



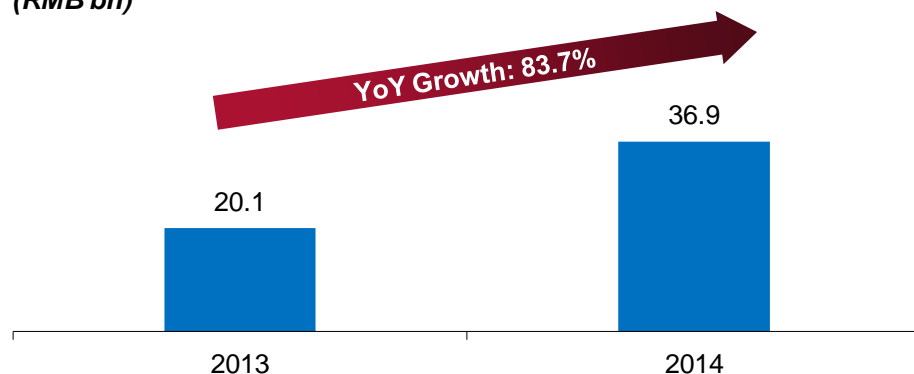
Total Paid-in Capital

(RMB bn)



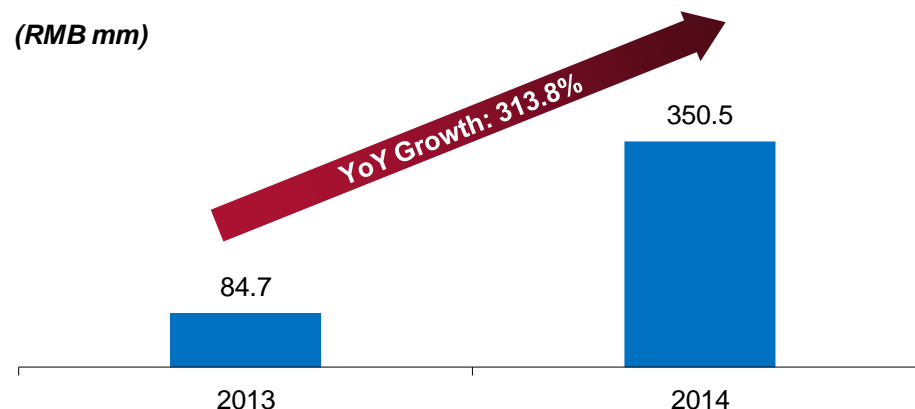
Paid-in Capital from Third Parties

(RMB bn)



Fund Management Income

(RMB mm)

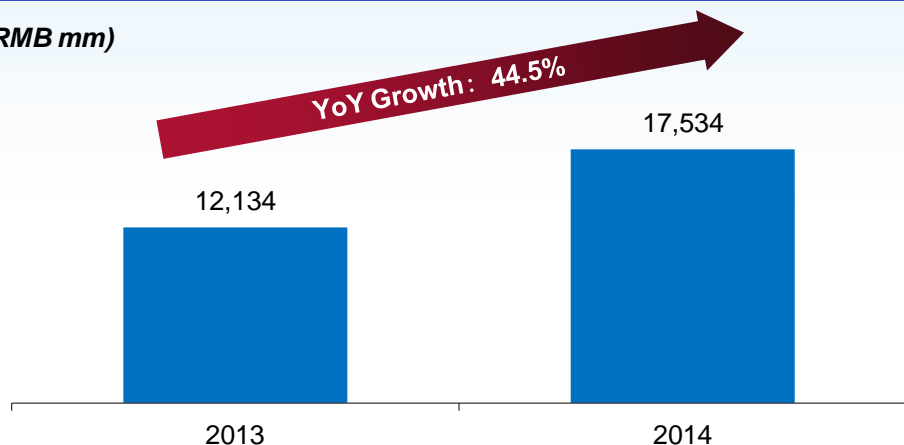


3 Financial Services

Improving performance of financial subsidiaries

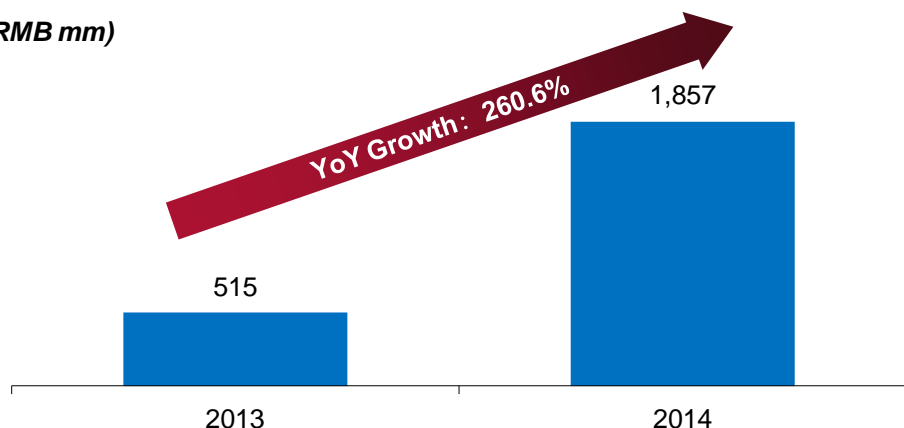
Total Income of Financial Subsidiaries⁽¹⁾

(RMB mm)



Pre-tax Profit of Financial Subsidiaries⁽¹⁾

(RMB mm)



Strong Growth Momentum of Financial Subsidiaries

Life Insurance

- Gross written premium: RMB7.59 bn (↑ 84.4%)
- Loss before tax: RMB390 mm (↓ 49.6%)

P&C Insurance

- Gross written premium: RMB3.51 bn (↑ 15.4%)
- Profit before tax: RMB20 mm (↑ 637.9%)

Securities & Futures

- Profit before tax : RMB1.58 bn (↑ 251.5%)
- AUM balance: RMB36.6 bn (↑ 3.4%)

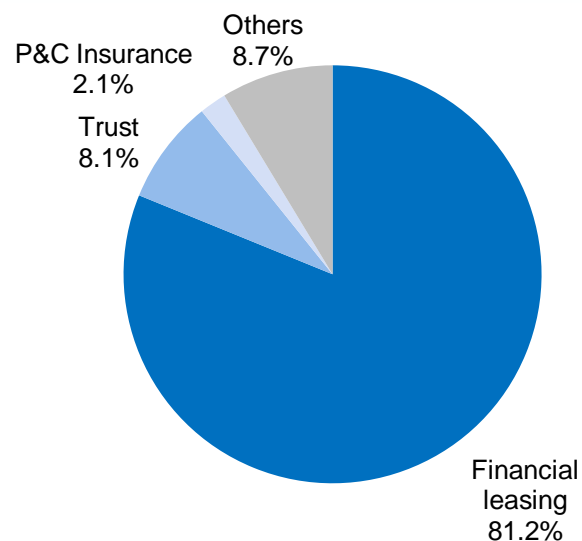
Leasing

- Profit before tax : RMB798.8 mm (↑ 66.9%)
- Net lease receivables: RMB36.27 bn (↑ 44.2%)

3 Financial Services

Significant group synergy

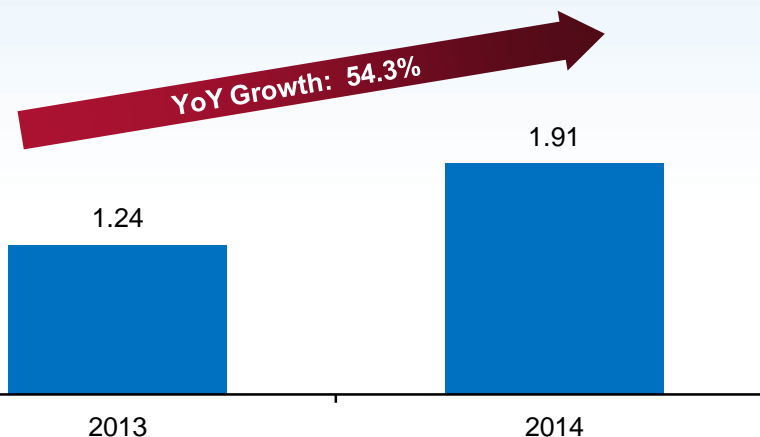
Breakdown of Cross-Selling Income



Total income: RMB2.35 bn

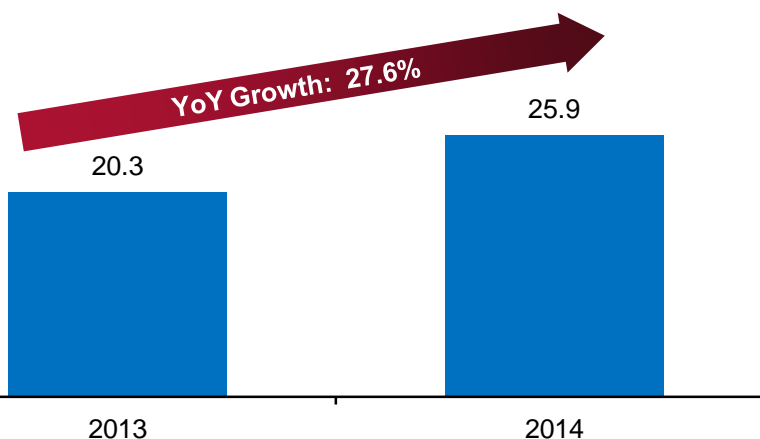
Total Income of Cinda Financial Leasing Derived from Cross-Selling⁽¹⁾

(RMB bn)



Aggregate AUM from Cross-Selling of Asset Management Business⁽¹⁾

(RMB bn)



4 Risk Management, Internal Control

Further improved risk management capability and aggressively optimized management mechanism

Continuously Improving Risk Management Capability

- Strengthened client credit rating system and clearly defined the client selection criteria
- Established routine risk monitoring and assessment system, and enhanced business guidance to branches
- Enhanced evaluation of risk management and linked which with branch business authorization and compensation
- More stringent management of clients' credit limit to prevent concentration risk on single client
- Enhanced management of listed equity portfolio and strengthened the market risk management
- Upgraded internal rating system and improved the IT system for credit risk management
- Implemented integrated accounting system, developed management accounting system to facilitate more detail-oriented management

Endeavour to Optimize the Management Mechanism to Effectively Stimulate Business Development

- Continued to optimize branch performance evaluation system, support and encourage the development of key businesses and promote business restructuring and optimization
- Explored mid to long-term evaluation system for subsidiaries to promote the sustainable development of subsidiaries



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1 Business Review

2 Financial Results

3 Outlook

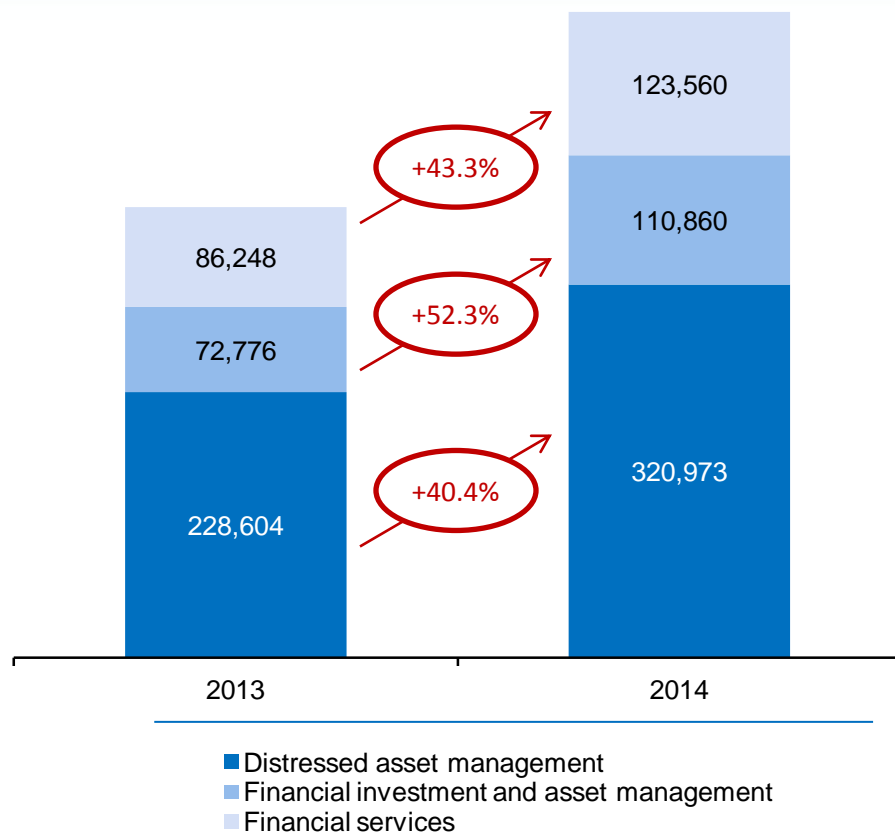
Summary of Key Financials

<i>(RMB mm, except per share data and ratios)</i>	2013	2014	Change
Total assets	383,785	544,427	+ 41.9%
Equity attributable to equity holders of the Company	75,998	93,369	+ 22.9%
Total income	42,413	59,790	+ 41.0%
Profit before tax	11,772	16,307	+ 38.5%
Profit attributable to equity holders of the Company	9,027	11,896	+ 31.8%
EPS	0.30	0.33	+ 10.0%
Cost-to-income ratio	26.2%	24.0%	- 2.2 ppt
ROAA	2.85%	2.62%	- 0.23 ppt
ROAE	13.8%	14.0%	+ 0.2 ppt
Capital Adequacy Ratio	21.58%	18.08%	-3.5 ppt

1 Sufficient Capital and Moderate Leverage Ratio to Support Future Business Development

Increasing Asset Scale⁽¹⁾

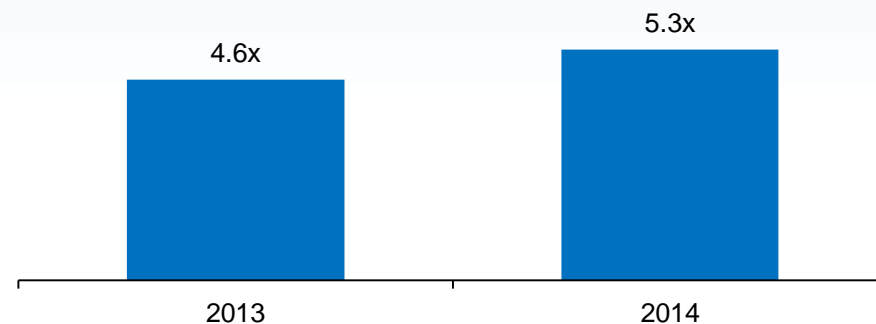
(RMB mm)



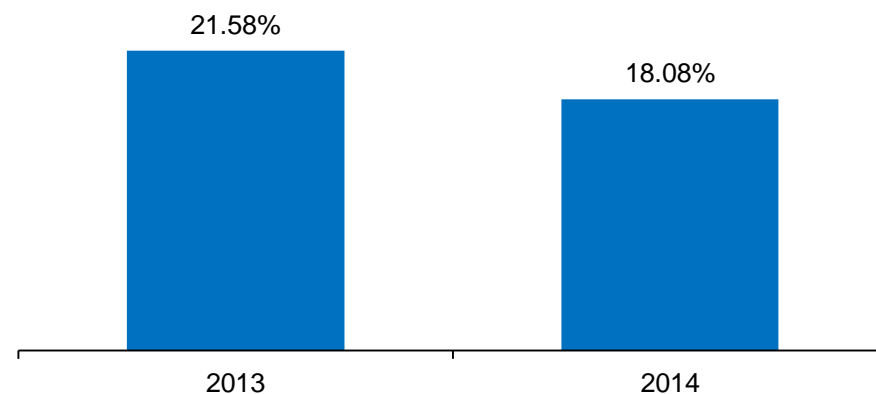
- (1) Exclude elimination
(2) Total assets divided by total equity

Leverage Ratio⁽²⁾ and Capital Adequacy Ratio

Total Assets / Total Equity



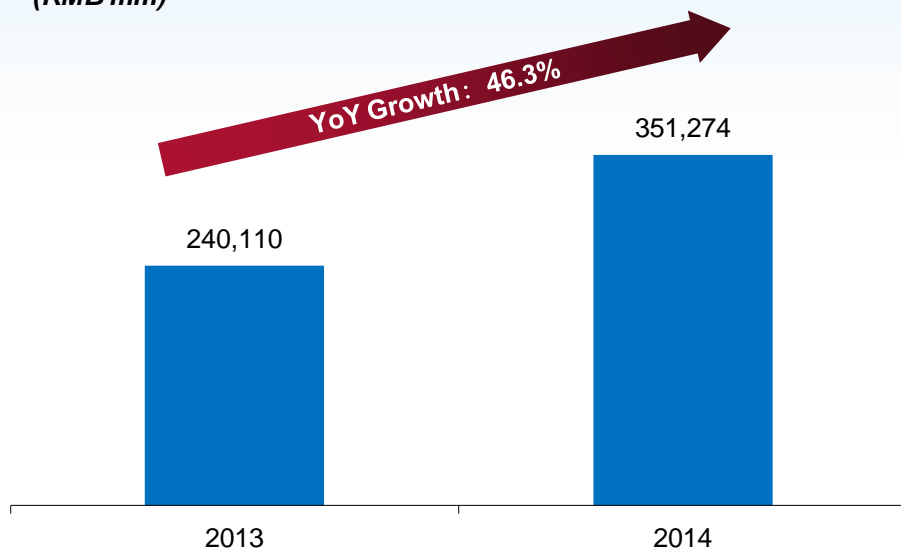
Capital Adequacy Ratio (Parent Company)



2 Diversified and Commercialized Funding Channel

Balance of Interest Bearing Liabilities

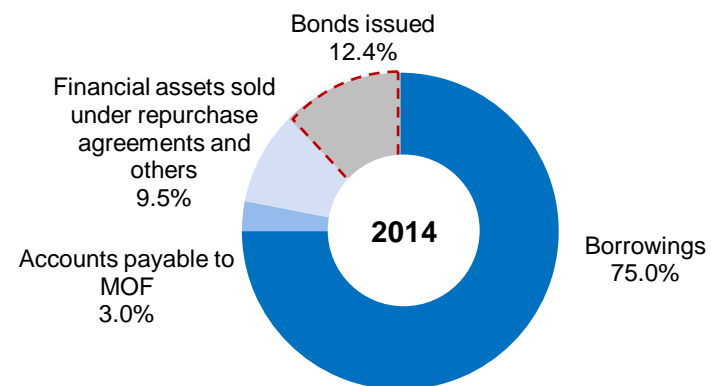
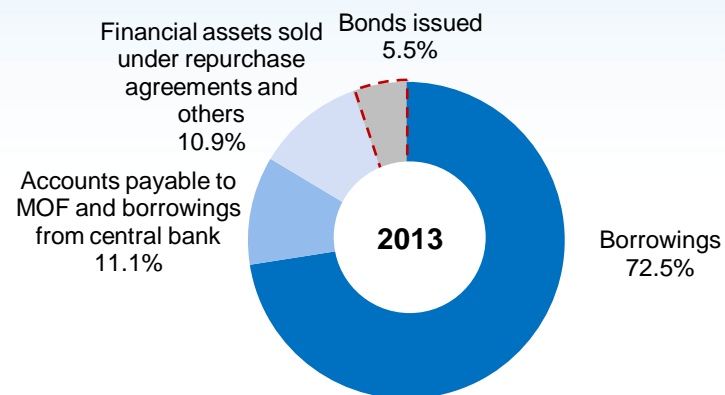
(RMB mm)



Range of Effective Interest Rates on Parent's Borrowings

	12/31/2013	12/31/2014
Fixed rate	4.75% - 6.90%	4.95% - 7.30%
Variable rate	5.10% - 6.25%	4.98% - 6.00%

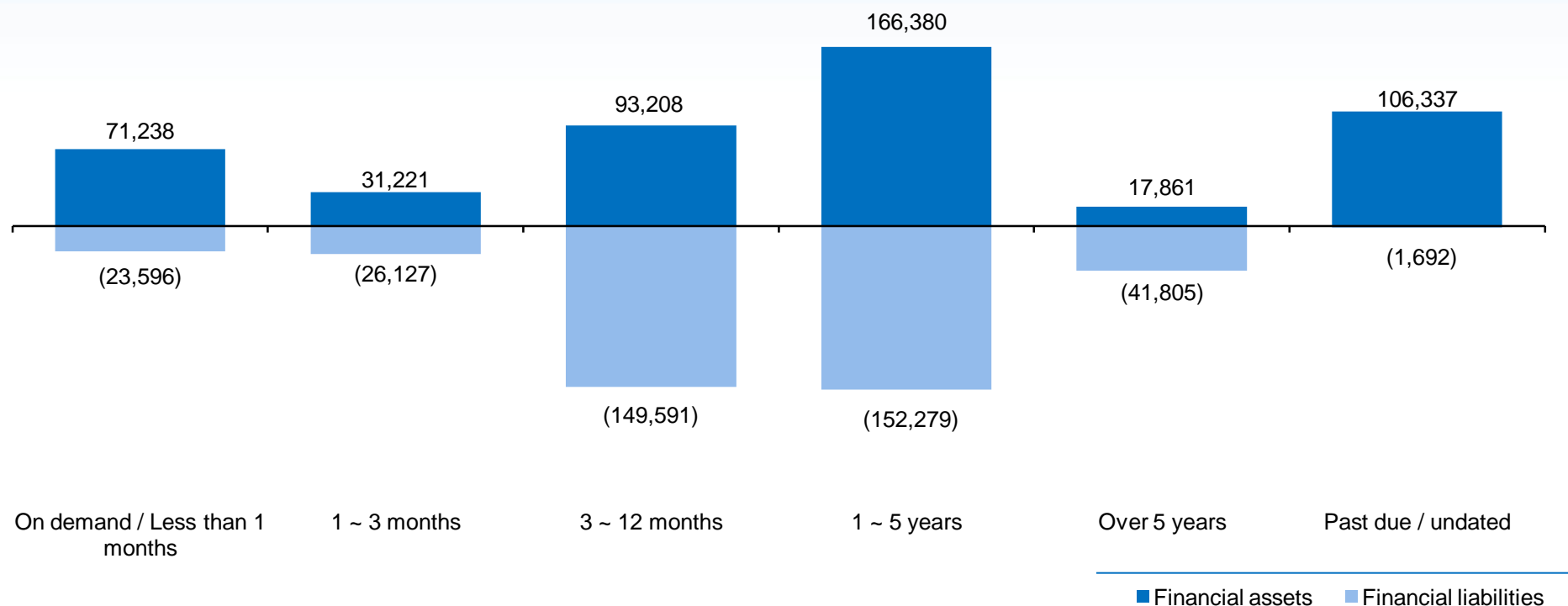
Interest Bearing Liabilities Breakdown



3 Well Matched Duration of Financial Assets and Liabilities

Analysis of Remaining Maturity of the Financial Assets and Liabilities as of 12/31/2014

(RMB mm)



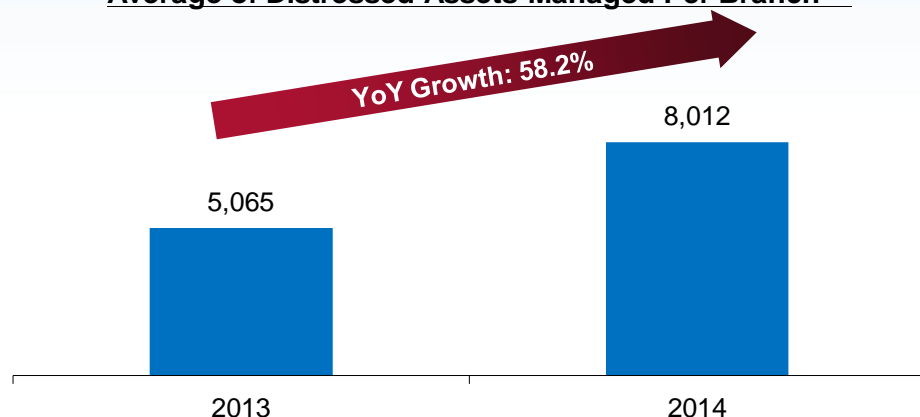
As of 12/31/2014, the balance of financial assets due within one year amounted to RMB195.7 bn, the financial liabilities due within one year amounted to RMB199.3 bn. The duration of financial assets and liabilities is closely matched

4 Improved Operational Efficiency Driven by Economies of Scale

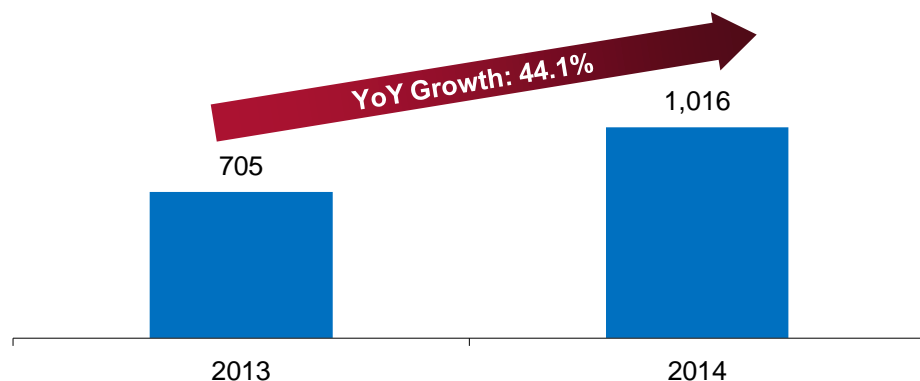
Further Enhancement in Operational Efficiency

(RMB mm)

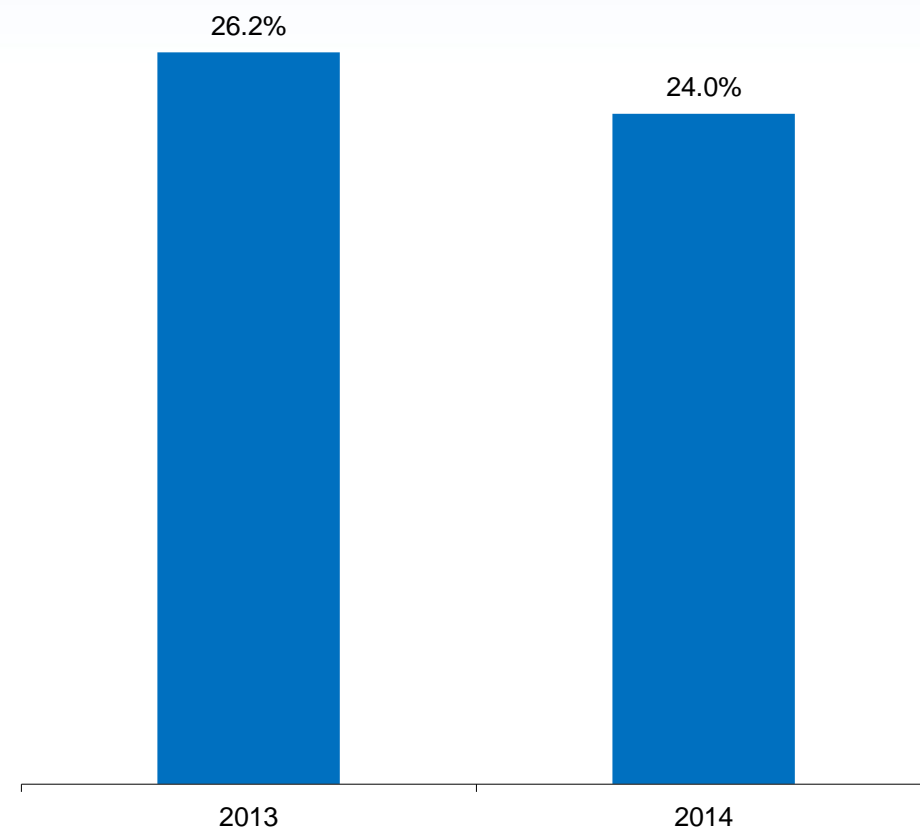
Average of Distressed Assets Managed Per Branch ⁽¹⁾



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

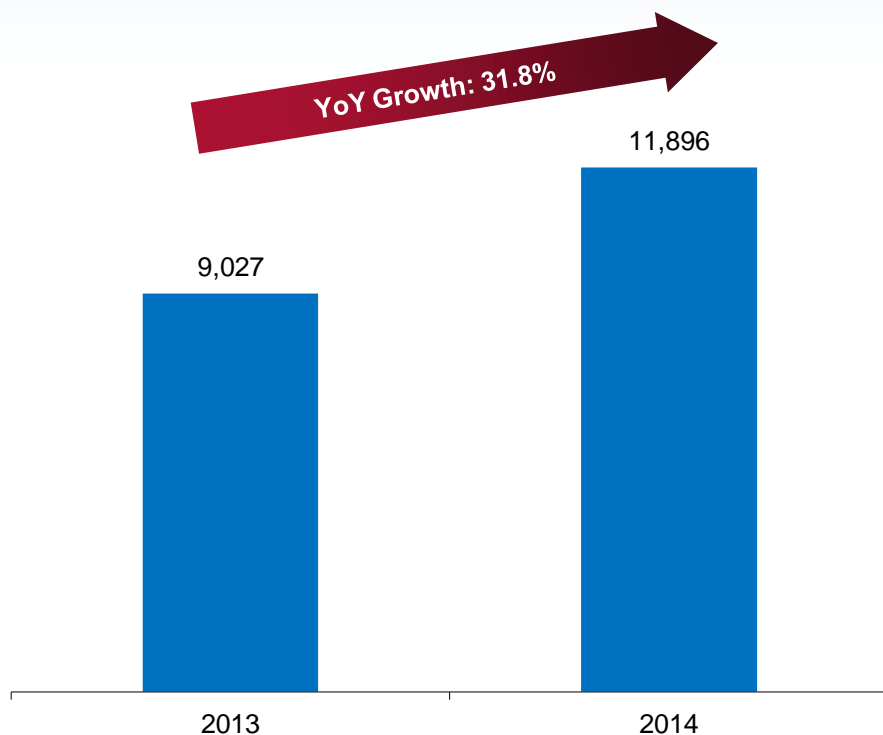
(2) Calculated based on total income from distressed asset management divided by 31 branches

(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

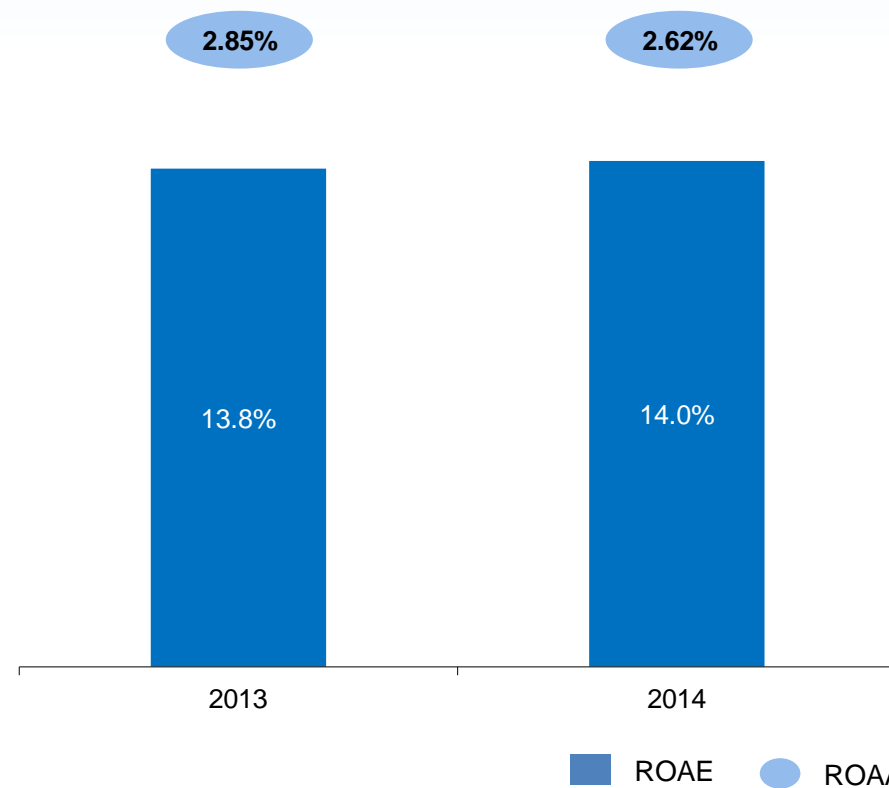
5 Superior Profitability

Profit Attributable to Shareholders

(RMB mm)



ROAE / ROAA





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China Cinda's Potential Business Opportunities

Background

- China's economy is impacted by "the superimposed three economic stages", 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 with numerous business opportunities

Target Markets

- 1 With economic slowdown and more structural adjustment, various potential risks in the economic and financial systems are emerging
- 2 Increasing pressure on corporate liquidity during economic downturn, account receivables , as well as NPL balance and NPL ratio are growing
- 3 Demand for non-standard assets is increasing while alternative asset managers with stable investment capability is rare
- 4 Interest rate liberalization, deposit insurance scheme and internet finance will deepen the reform of financial industry, including facilitation of innovation and development
- 5 SOE's mixed ownership reform will set off a wave of industry restructuring, providing additional exit alternatives for corporate



Business Opportunities

Increasing demand for financial risk mitigation

Significant demand for liquidity solutions, providing significant market potential for NFE distressed assets

Asset management business have numerous growth opportunities

Improve financial service segment performance through further development of its differentiated advantage and specialization

Actively develop DES asset management and special situation investments business

Focus in 2015

-  Closely monitor the opportunities from traditional distressed asset business and maintain our leading market position
-  Optimize the differentiated service of restructuring model, and realize stable growth with controllable risks
-  Participate in industry restructuring, promote innovative development of DES asset management business. Establish a competitive and unique equity management model
-  Capture business opportunities under “New Normal” and aggressively develop alternative asset management and special situation investments business
-  Cultivate the differentiated advantages of subsidiaries to increase the profit contribution from financial services segment
-  Enhance liquidity management, strengthen capital deployment mechanism and improve operational efficiency and profitability
-  Enhance risk management capability and optimize risk management system



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Appendix

Selected Financials

Consolidated Income Statement

(RMB mm)	2014	2013	Change
Income from distressed debt assets classified as receivables	18,114	10,144	78.6%
Fair value changes on distressed debt assets	4,077	4,618	(11.7%)
Investment income	9,116	7,044	29.4%
Net insurance premiums earned	7,443	5,772	29.0%
Commission and fee income	3,008	2,520	19.4%
Revenue from sales of inventories	4,341	4,322	0.4%
Interest income	8,811	5,059	74.1%
Others	4,880	2,934	66.3%
Total	59,790	42,413	41.0%
Insurance costs	(6,865)	(5,019)	36.8%
Employee benefits	(4,601)	(3,797)	21.1%
Impairment losses on assets	(5,438)	(6,153)	(11.6%)
Interest expense	(15,961)	(7,804)	104.5%
Others	(9,169)	(7,828)	17.1%
Total	(42,034)	(30,601)	37.4%
Profit before tax	16,307	11,772	38.5%
Profit for the period	12,143	9,101	33.4%
Profit attributable to shareholders	11,896	9,027	31.8%

Consolidated Balance Sheet

(RMB mm)	12/31/2014	12/31/2013	Change
Cash and bank balances	43,891	57,059	(23.1%)
Financial assets at fair value through profit or loss	57,221	25,178	127.3%
Available-for-sale financial assets	85,795	72,747	17.9%
Financial assets classified as receivables	180,913	116,663	55.1%
Loans and advances to customers	80,225	48,636	64.9%
Others	96,383	63,502	51.8%
Total assets	544,427	383,785	41.9%
Borrowings	263,452	173,835	51.6%
Bonds issued	43,695	13,285	228.9%
Others	135,417	113,904	18.9%
Total liabilities	442,564	301,023	47.0%
Total equity	101,863	82,762	23.1%
Equity attributable to equity holders of the Company	93,369	75,998	22.9%
Key Ratios			
ROAA (Annualized)	2.62%	2.85%	
ROAE (Annualized)	14.0%	13.8%	
Cost-to-income ratio	24.0%	26.2%	
Total assets / total equity	5.3x	4.6x	