



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

2015 Interim Result

August 2015



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Key Achievements in 1H2015



Total assets exceeded RMB650 bn, net profit increased rapidly and net profit attributable to shareholders increased by 47.7%



Traditional distressed asset management business expanded significantly with acquisition amount reach to RMB26.2 bn, increased by 265% YoY



Effectively executed the disposal plan of DES Asset, realized RMB2.8 bn disposal gain and dividend income in 1H2015



AUM of private funds grew rapidly, fund management income increased by 73% YoY



Significant improved performance of financial services segment, pre-tax income surged by 255% compared to 1H2014



Continued to optimize funding structure, effectively improved liability and liquidity management



Well managed risk exposure, effectively monitored and controlled credit risk and market risk



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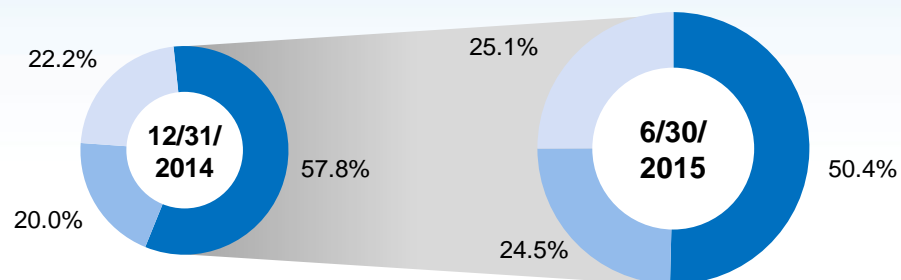
1 Business Review

2 Financial Results

3 Outlook

Balanced Development of Business Segments

Total Assets Breakdown by Segment

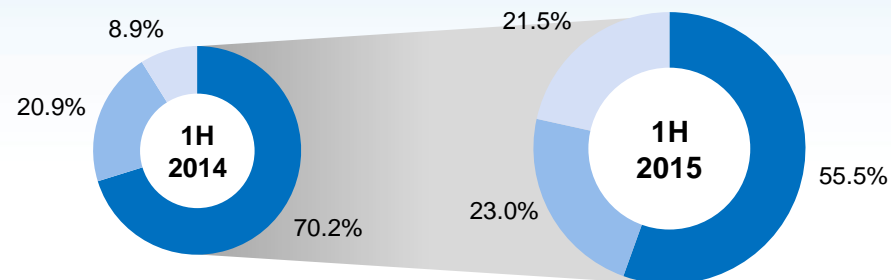


■ Distressed Asset Management ■ Financial Investment and Asset Management ■ Financial Services

Total Assets:
RMB544.4 bn

Total Assets:
RMB658.0 bn

Pre-tax Profit Breakdown by Segment

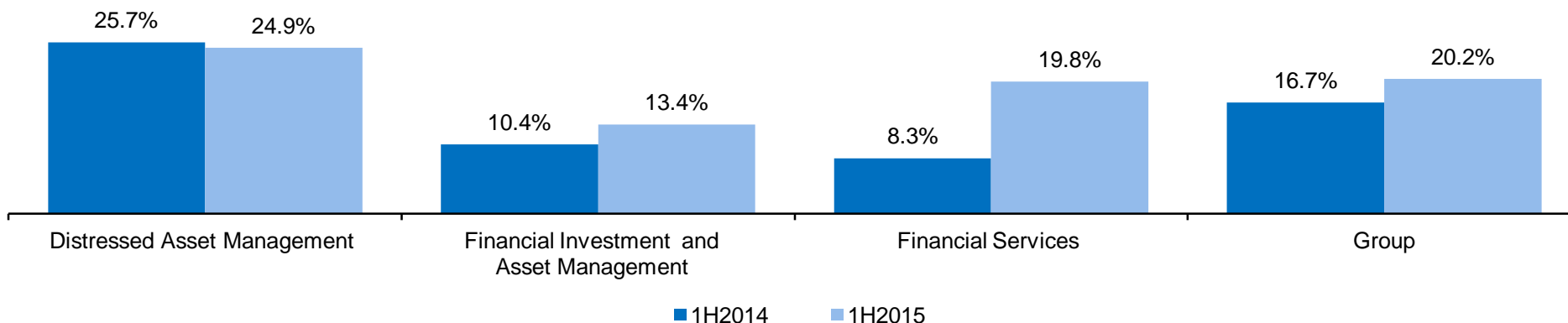


■ Distressed Asset Management ■ Financial Investment and Asset Management ■ Financial Services

Pre-tax profit:
RMB7.3 bn

Pre-tax profit:
RMB10.7 bn

Pre-tax ROAE (annualized)



■ 1H2014

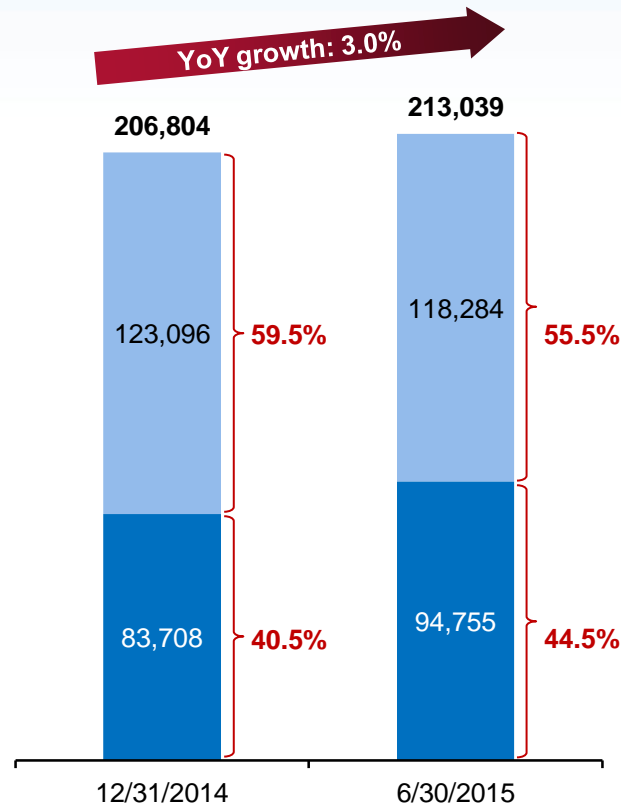
■ 1H2015

1 Distressed Asset Management – Distressed Debt Assets

The business scale grew steadily, of which distressed assets from financial institutions increased significantly

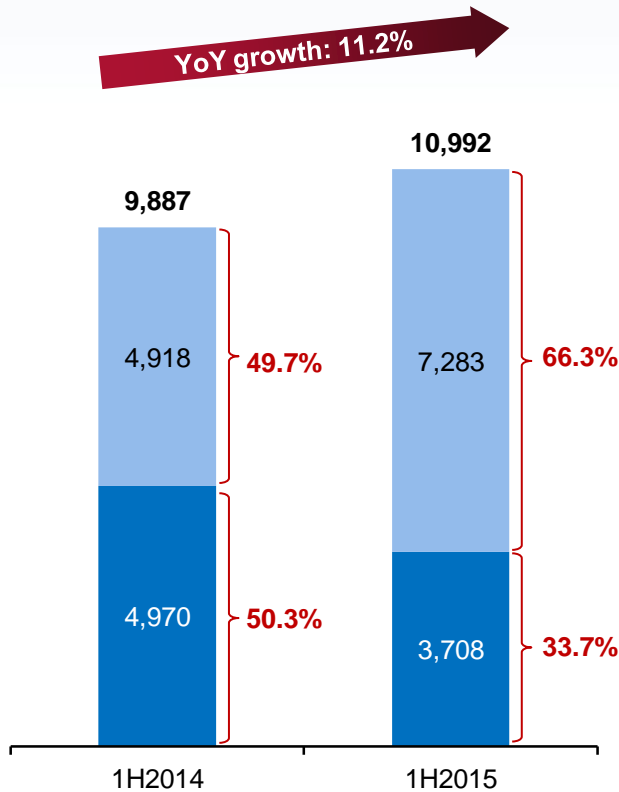
Net Balance of Distressed Debt Assets

(RMB mm)

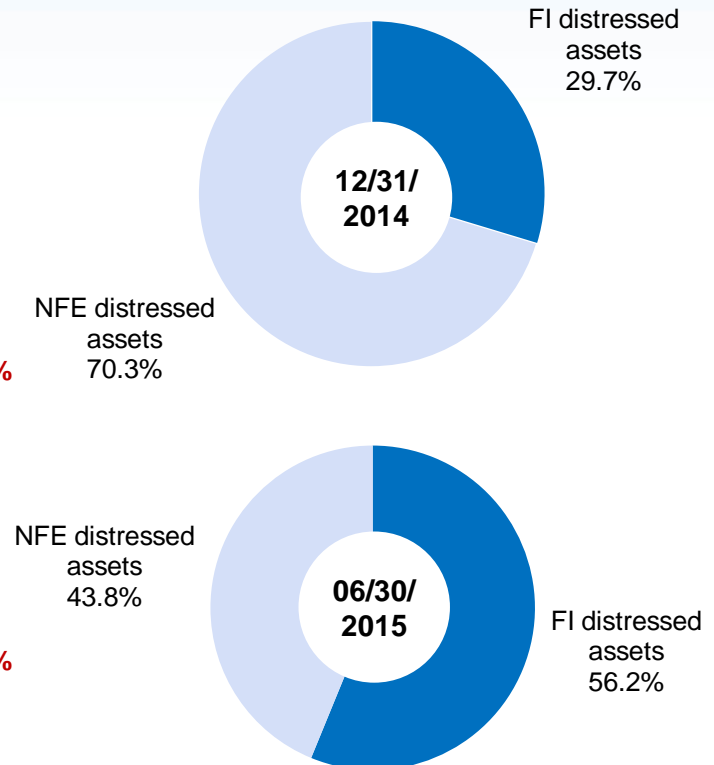


Income from Distressed Debt Asset

(RMB mm)



Acquisition Cost of Distressed Debt Asset



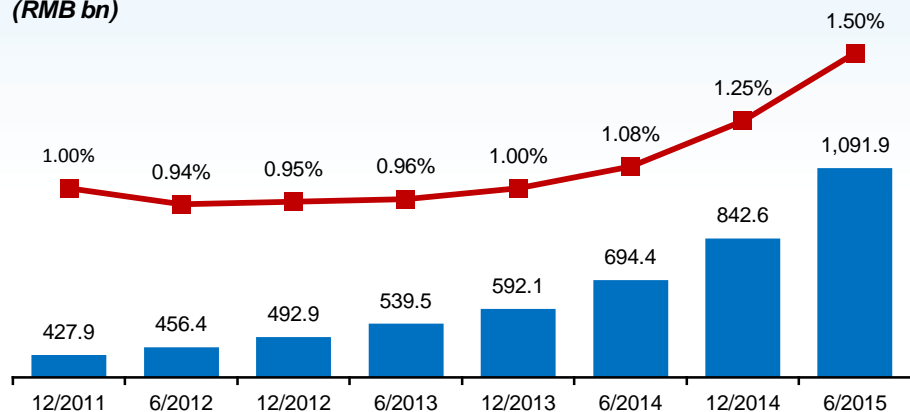
FI distressed assets NFE distressed assets

1 Distressed Asset Management – Traditional Distressed Assets

Acquisition amount increased significantly as banks accelerated disposal of NPLs

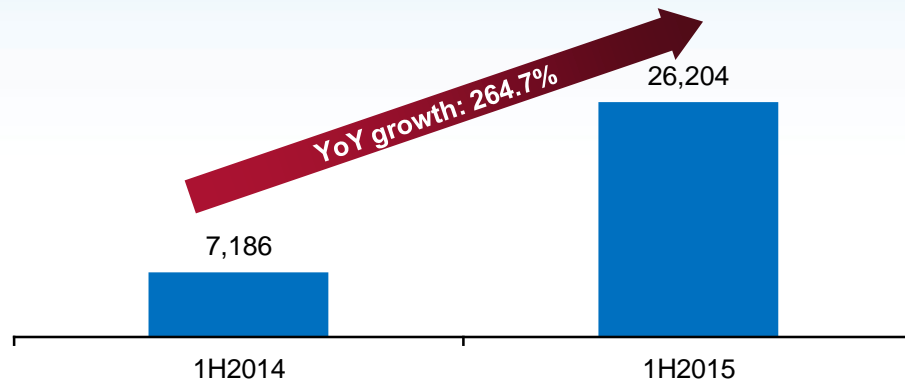
Balance of NPLs from Commercial Banks⁽¹⁾

(RMB bn)

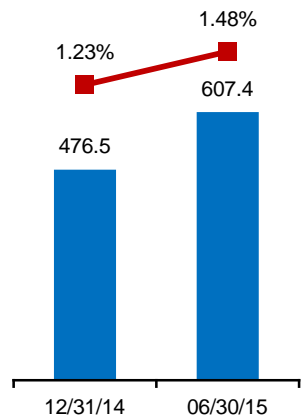


Acquisition Cost of Traditional Distressed Assets⁽²⁾

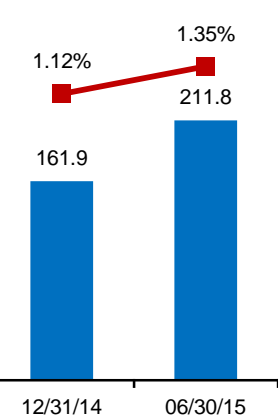
(RMB mm)



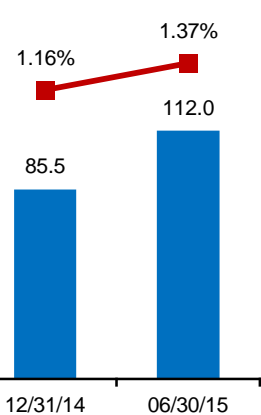
Large Commercial Banks



Joint-stock Commercial Banks



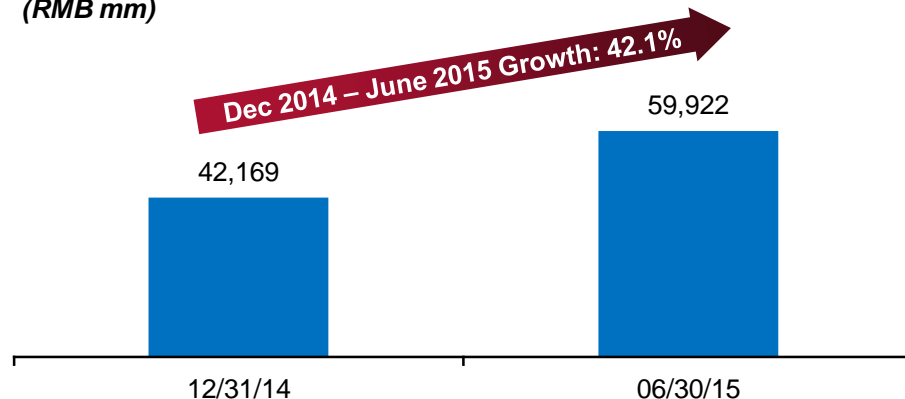
City Commercial Banks



■ NPL balance ■ NPL ratio

Net Balance of Traditional Distressed Assets⁽²⁾

(RMB mm)



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

1

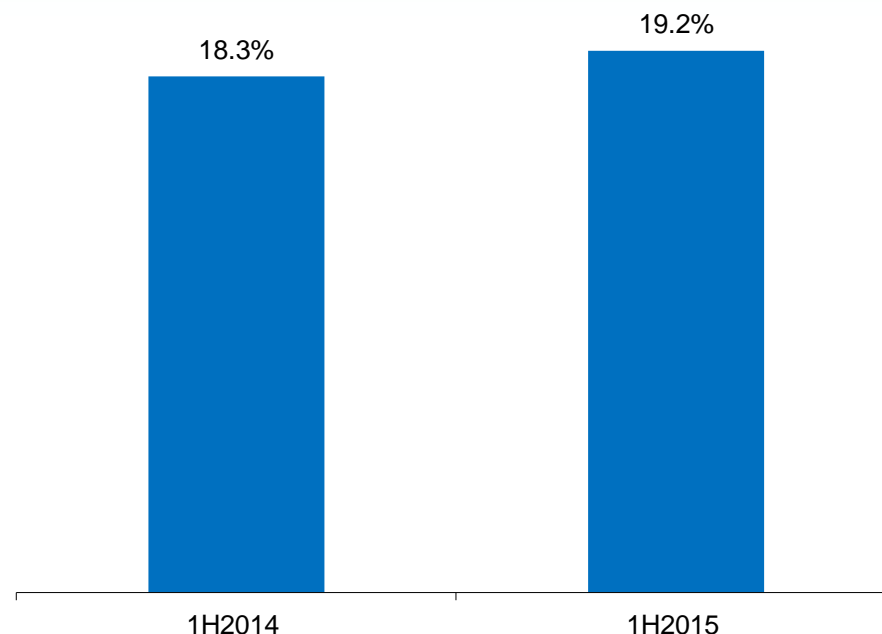
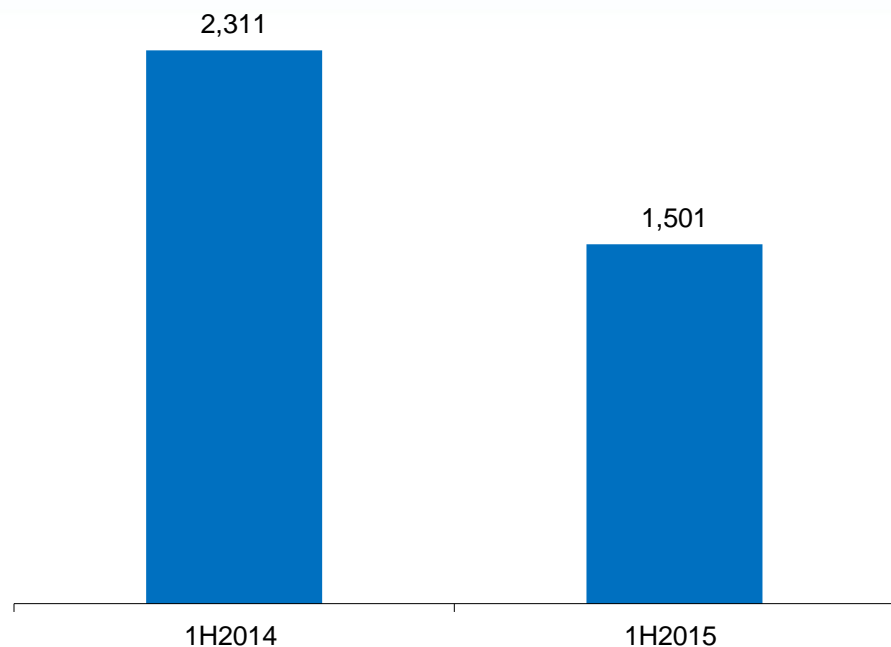
Distressed Asset Management – Traditional Distressed Assets

Accelerated disposal schedule, while maintaining stable internal rate of return

Income from Traditional Distressed Assets⁽¹⁾

IRR⁽¹⁾

(RMB mm)



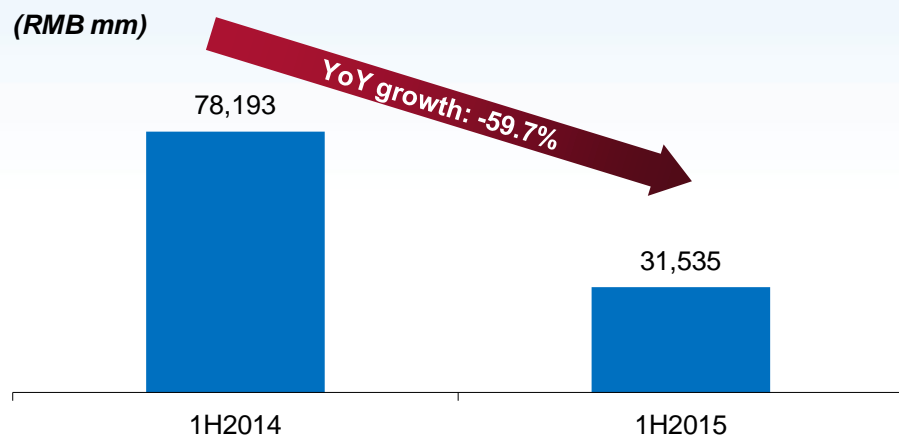
Note: Internal Rate of Returns represents the discount rate that will provide a net present value of all cash flows equal to zero

(1) First segment data

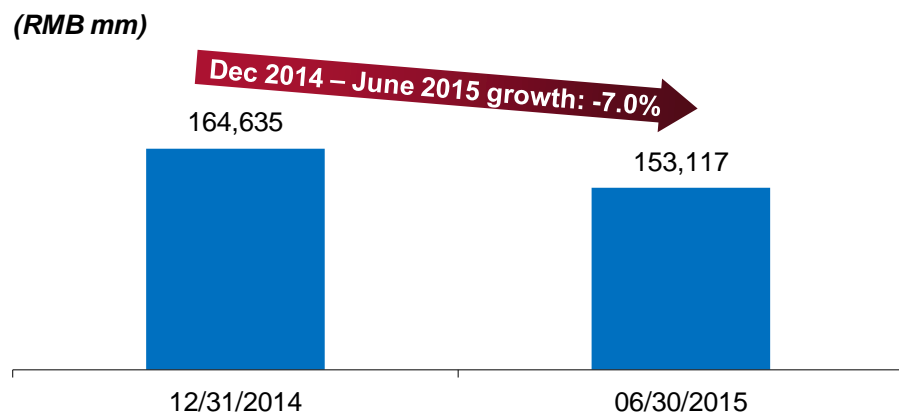
1 Distressed Asset Management – Restructured Distressed Assets

Proactive control acquisition scale and optimize business structure

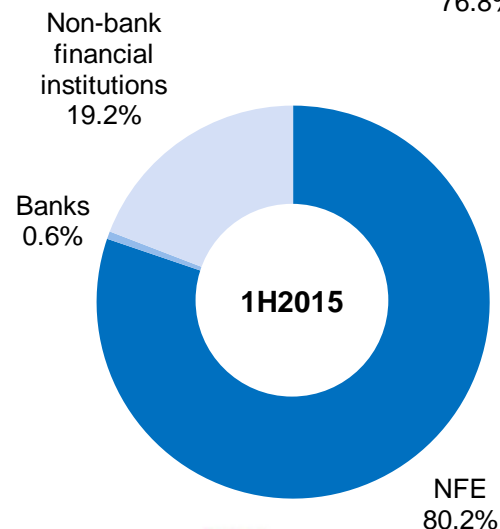
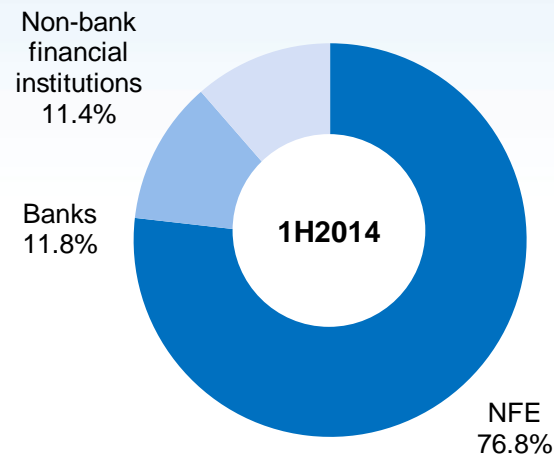
Acquisition Cost of Restructured Distressed Assets



Net Balance of Restructured Distressed Assets



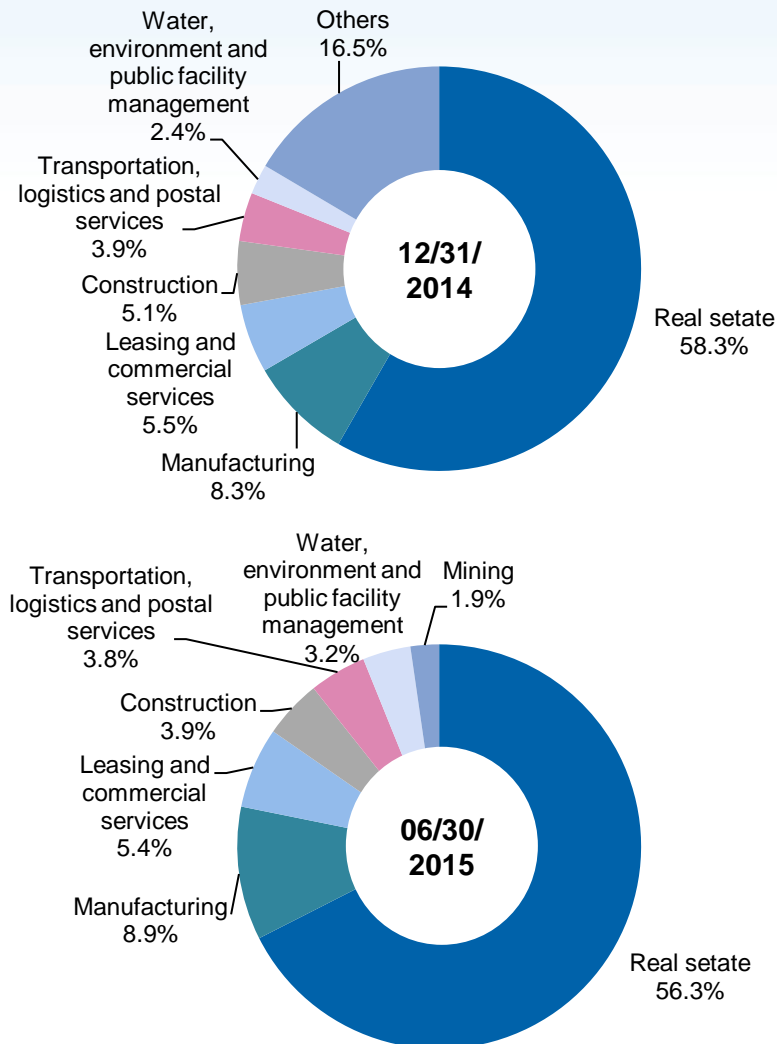
Acquisition Cost Breakdown by Sources



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
 - ▶ Drive business growth through business transformation and model optimization
 - ▶ Strengthen business innovation, further explore opportunities in economic restructuring and reformation
- Optimize asset allocation among industries and regions
 - ▶ Emphasize on development of premier large clients
 - ▶ Continue to optimize industry allocation, reduce real estate industry exposure
 - ▶ Optimize region allocation, and focus on development projects located at tier 1 and tier 2 cities
- Strengthen risk management
 - ▶ Risk identification, prevention and disposal across the whole business process
 - ▶ Improve risk control capability with innovative methods

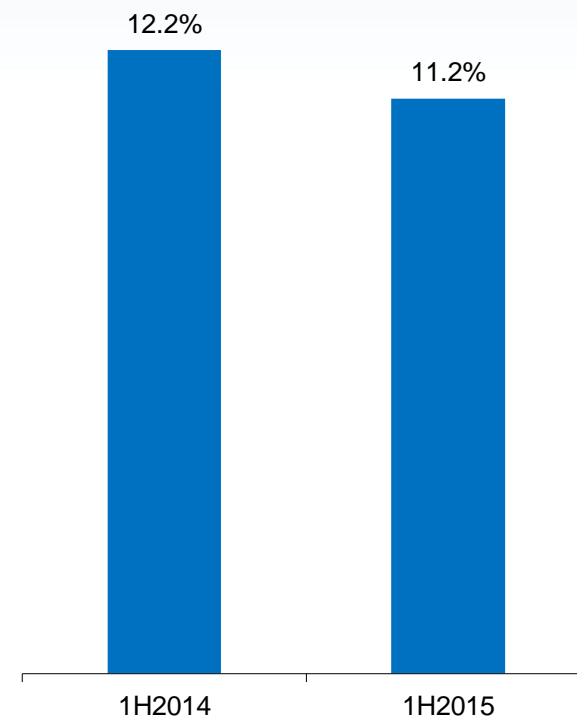
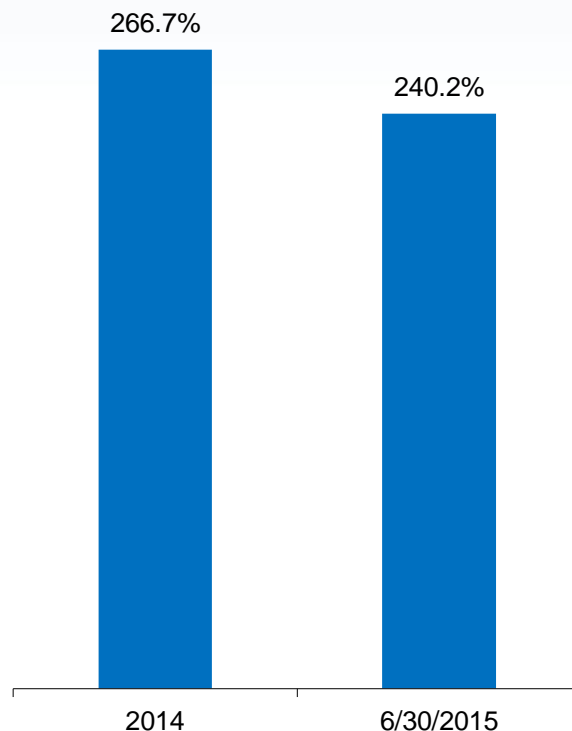
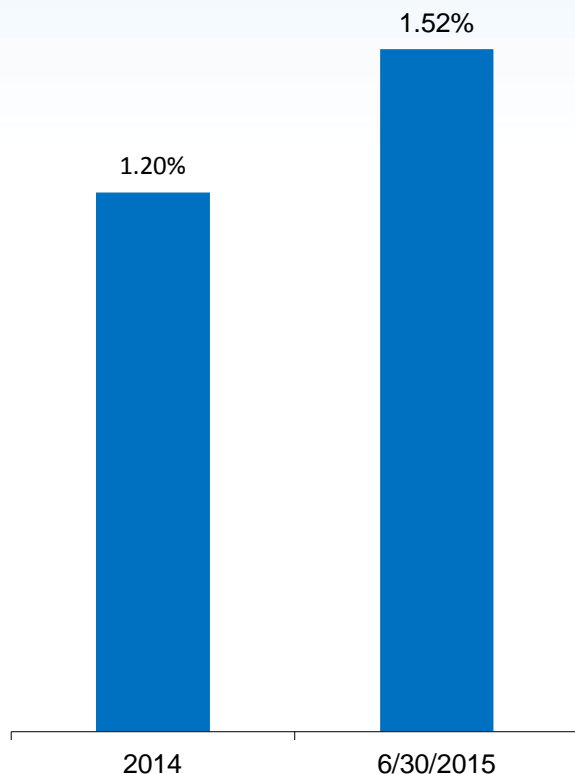
1 Distressed Asset Management – Restructured Distressed Assets

Continue to strengthen risk management and maintain stable profitability during economic downturn

Impaired Assets Ratio

Impaired Assets Coverage Ratio

Annualized Return on Monthly Average Balance



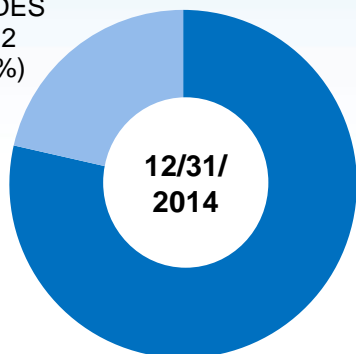
1 Distressed Asset Management – DES

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

Book Value Breakdown by Type

(RMB mm)

Listed DES
8,912
(21.4%)

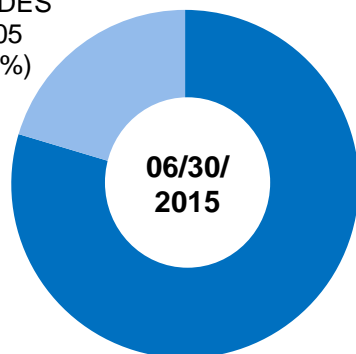


12/31/
2014

Unlisted DES
32,652
(78.6%)

Total book value of RMB41.6 bn

Listed DES
8,305
(20.4%)



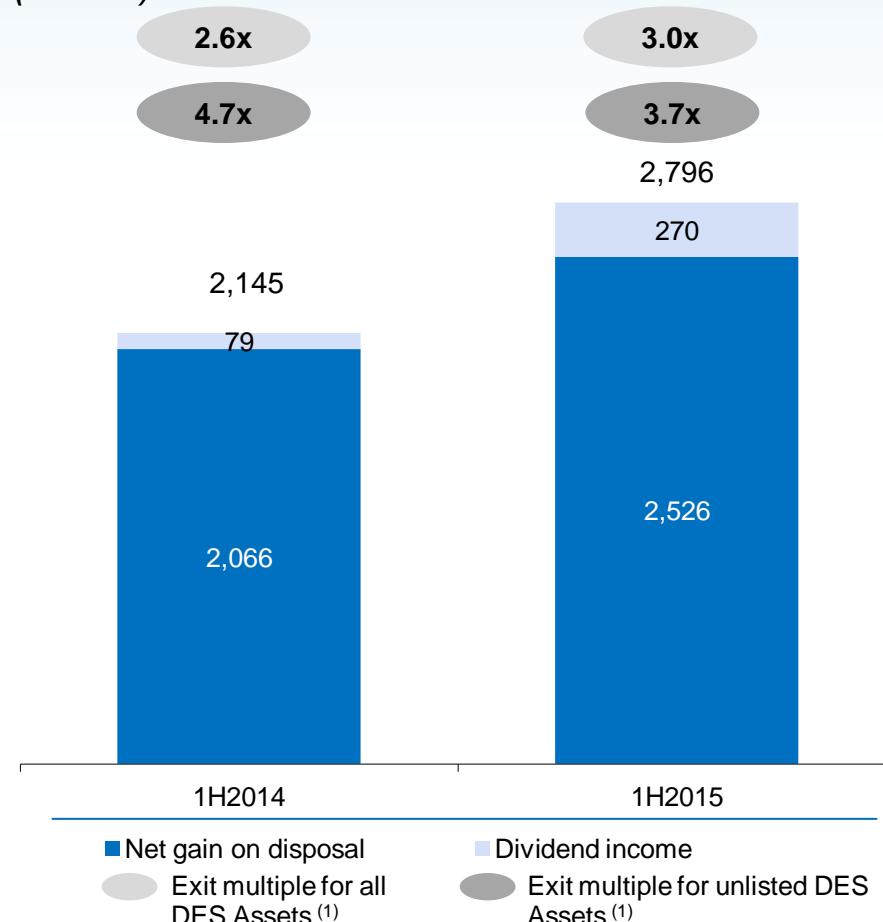
06/30/
2015

Unlisted DES
32,464
(79.6%)

Total book value of RMB40.8 bn

Net Gain on DES Assets Disposed & Exit Multiple

(RMB mm)



■ Net gain on disposal

■ Dividend income

● Exit multiple for all DES Assets⁽¹⁾

● Exit multiple for unlisted DES Assets⁽¹⁾



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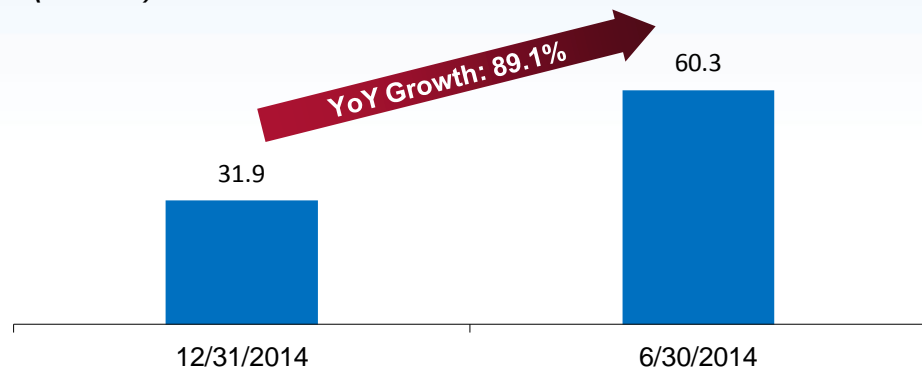
(1) Exit multiple = Sum of net gain on disposal of DES Assets and acquisition cost of DES Assets disposed (net of allowance for impairment, if any) divided by acquisition cost of DES Assets disposed (net of allowance for impairment, if any)

2 Financial Investment and Asset Management

Continued to optimize investment portfolio, and income from principal investment increased significantly

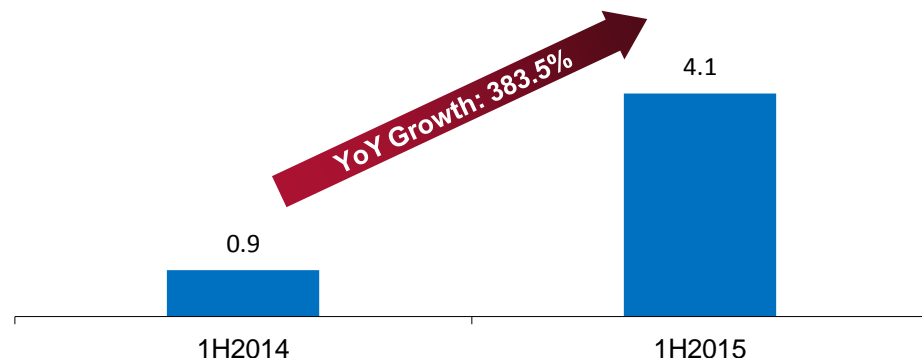
Balance of Principal Investments

(RMB bn)

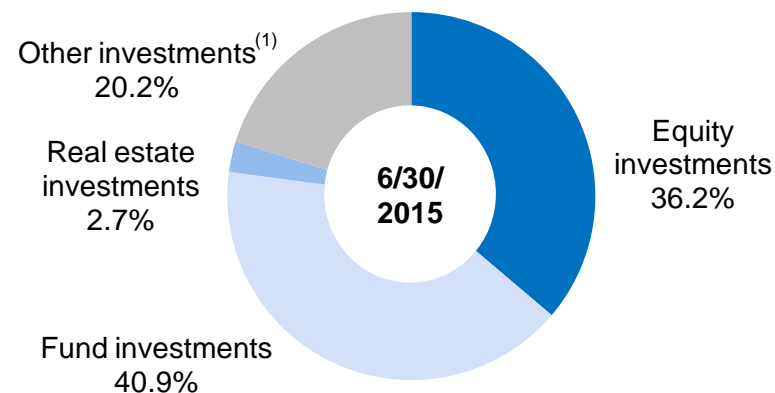
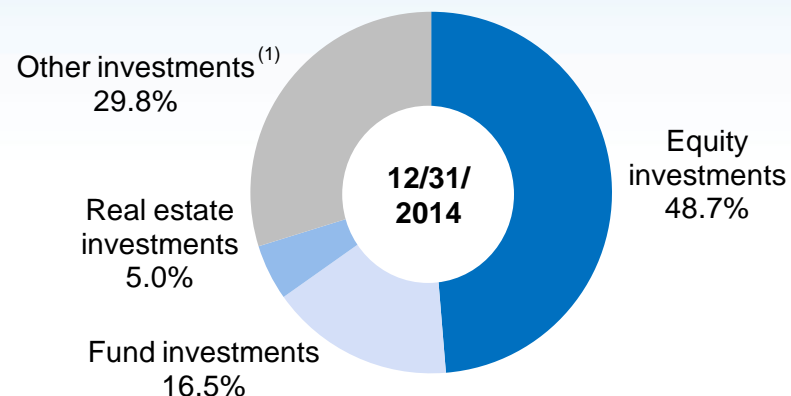


Income from Principal Investments

(RMB bn)



Balance of Principal Investment Breakdown by Investment Type



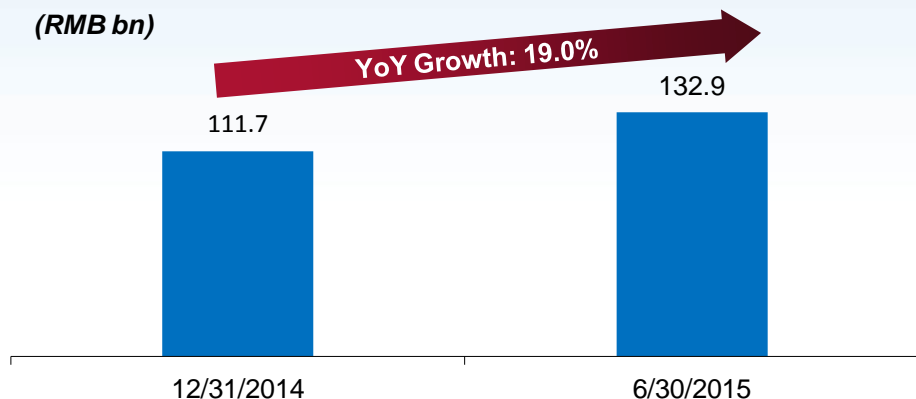
(1) Other investments mainly refer to bond investment, trust investment and wealth management product investment

2 Financial Investment and Asset Management

Continue to expand third-party assets under management

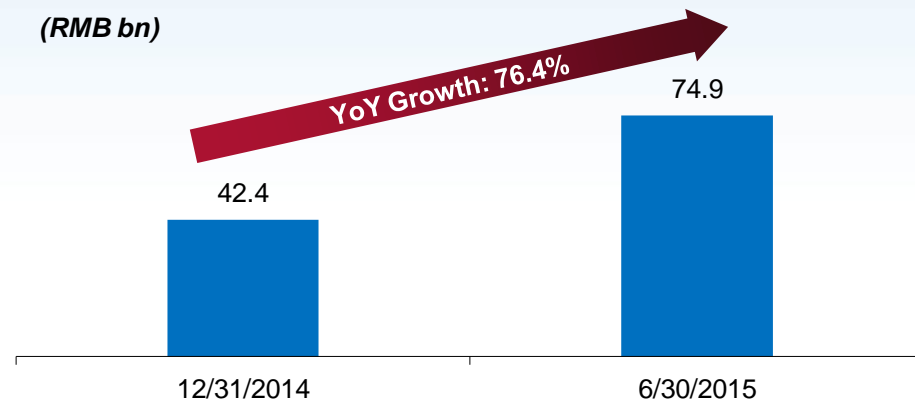
Total Committed Capital of Private Fund Business

(RMB bn)



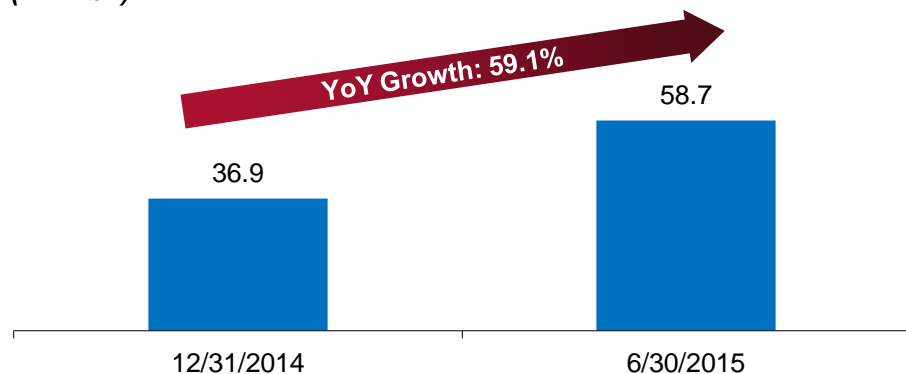
Total Paid-in Capital

(RMB bn)



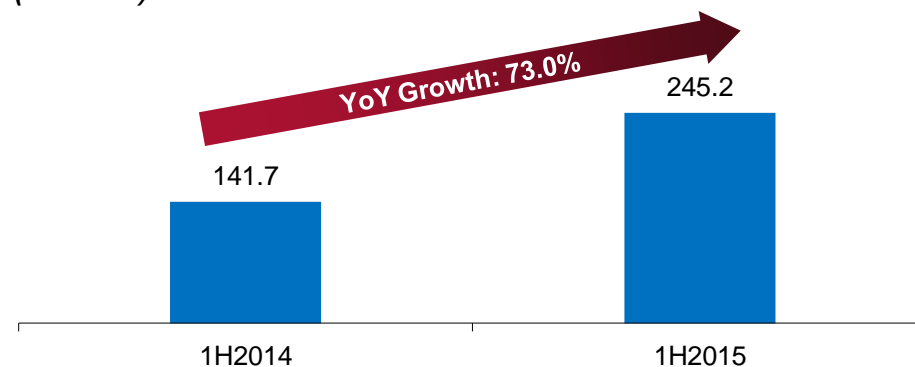
Paid-in Capital from Third Parties

(RMB bn)



Fund Management Income

(RMB mm)

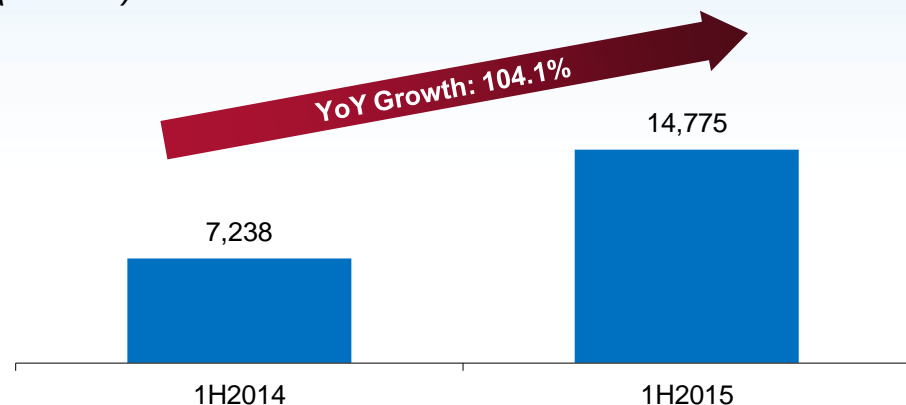


3 Financial Services

Improving performance of financial subsidiaries

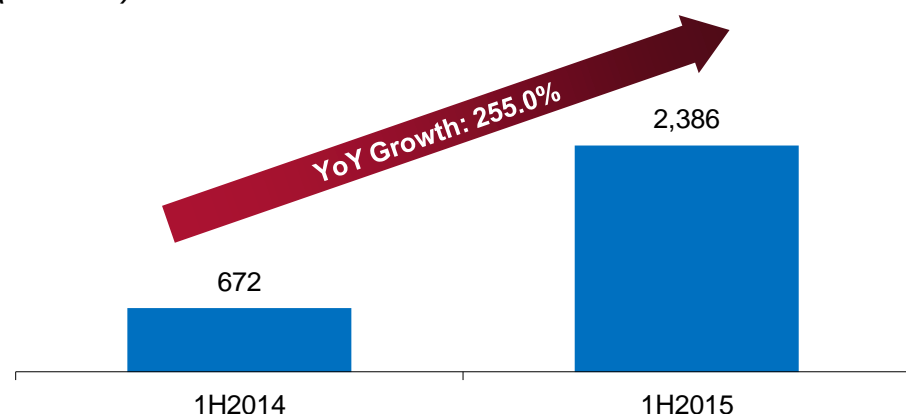
Total Income of Financial Subsidiaries⁽¹⁾

(RMB mm)



Pre-tax Profit of Financial Subsidiaries⁽¹⁾

(RMB mm)



Strong Growth Momentum of Financial Subsidiaries

Life Insurance

- Gross Written Premium: RMB 4.82 bn (↑ 38.4%)
- Pre-tax Profit: RMB446 mm (first time turnaround)

P&C Insurance

- Gross Written Premium: RMB1.64 bn (↓ 4.7%)
- Pre-tax Profit: RMB99 mm (↑ 8918.2%)

Securities & Futures⁽²⁾

- Pre-tax Profit: RMB1.33 bn (↑ 309.6%)
- AUM balance: RMB50.2 bn (↑ 37.2%)

Leasing

- Pre-tax Profit: RMB440 mm (↑ 23.1%)
- Net lease receivable : RMB39.7 bn (↑ 9.5%)

(1) Total income and PBT of financial service sector

(2) Including Cinda Securities, First State Cinda Fund, Cinda Futures and Cinda International

4 Risk Management and Internal Control

Further improved risk management capability and aggressively optimized management mechanism

Continuously Improving Risk Management Capability

- Strengthened client credit rating system, quota management and connected transaction management, improve risk identification capability
- Implemented internal rating system and PBOC credit system, improved the IT system for credit risk management
- Established routine risk monitoring and assessment system, and enhanced risk control mechanism
- Strengthened risk monitoring and improved risk accounting mechanism
- Enhanced risk screening to prevent operation risks

Endeavour to Optimize the Management Mechanism to Effectively Stimulate Business Development

- Continued to improve centralized evaluation system to better incentivize business operation
- Continued to improve branch performance evaluation system, establish economic capital management system, enhance group management efficiency



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1 Business Development

2 Financial Results

3 Outlook

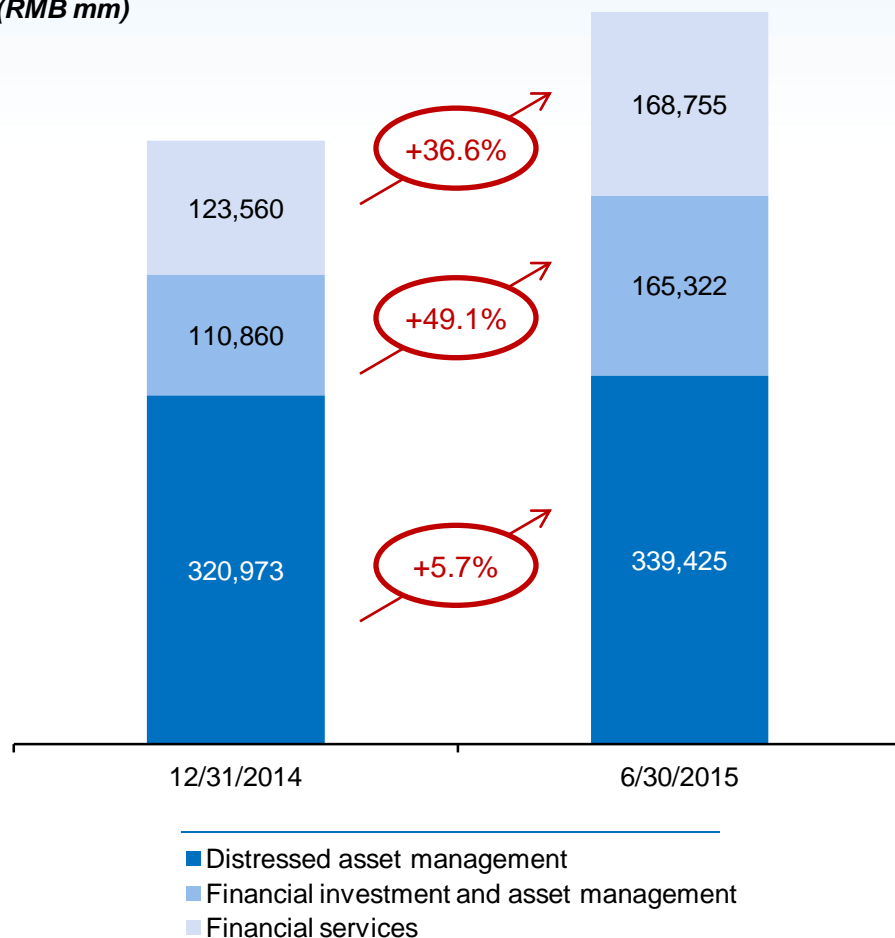
Summary of Key Financials

<i>(RMB mm, except per share data and ratios)</i>	12/31/2014 or 1H2014	6/30/2015 or 1H2015	Change
Total assets	544,427	657,957	+20.9%
Equity attributable to equity holders of the Company	93,369	100,534	+7.7%
Total income	25,774	37,856	+46.9%
Profit before tax	7,266	10,740	+47.8%
Profit attributable to equity holders of the Company	5,296	7,824	+47.7%
EPS	0.15	0.22	+46.7%
Cost-to-income ratio	22.1%	23.4%	+1.3 ppt
ROAA (Annualized)	2.5%	2.7%	+ 0.2 ppt
ROAE (Annualized)	13.3%	16.1%	+ 2.9 ppt
Capital Adequacy Ratio	18.08%	17.04%	- 1.04 ppt

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

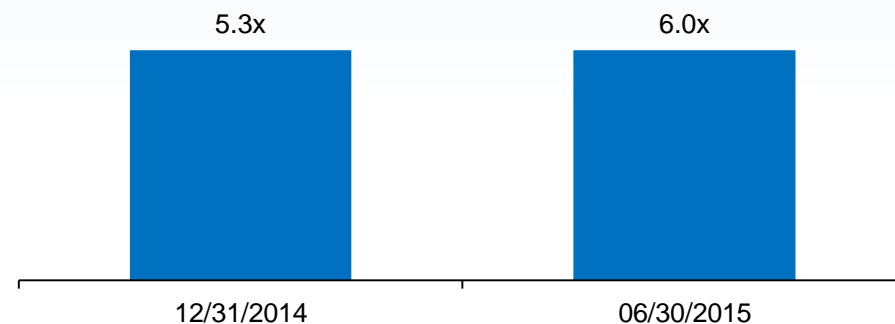
Increasing Asset Scale⁽¹⁾

(RMB mm)

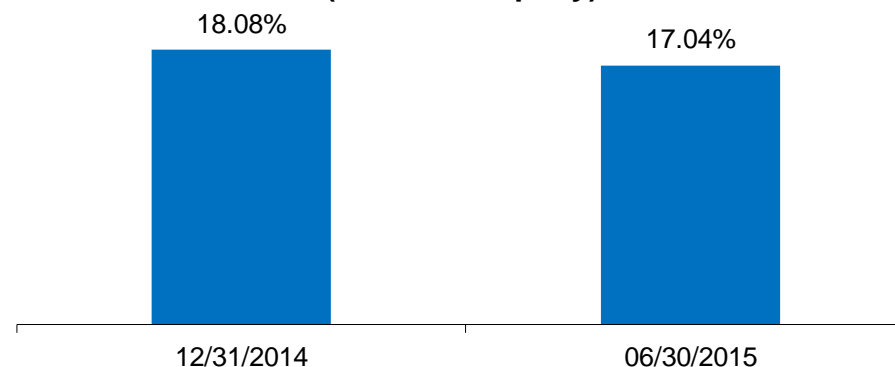


Stable Leverage Ratio ⁽²⁾ and Capital Adequacy Ratio

Total Assets / Total Equity



Capital Adequacy Ratio (Parent Company)



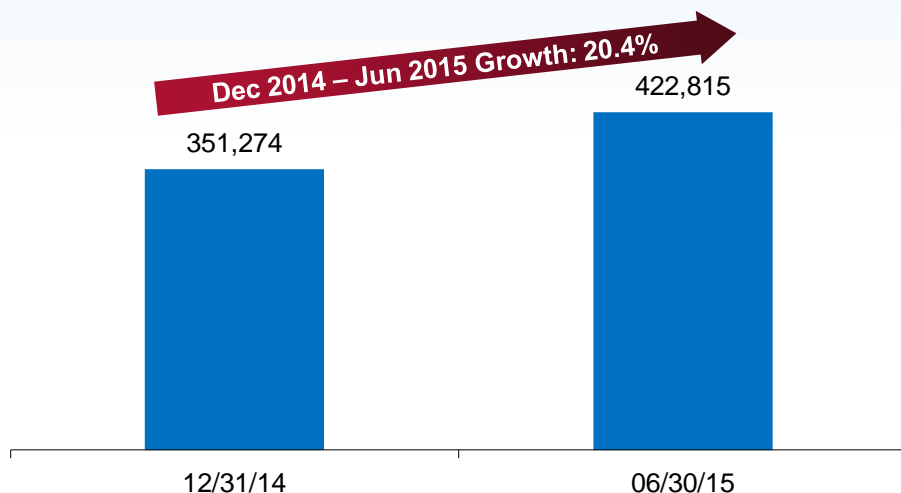
(1) Exclude elimination

(2) Total assets divided by total equity

2 Diversified and Commercialized Funding Channel

Balance of Interest Bearing Liabilities

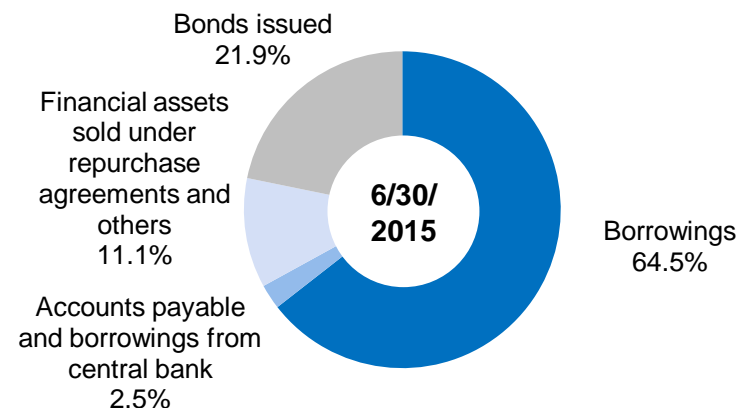
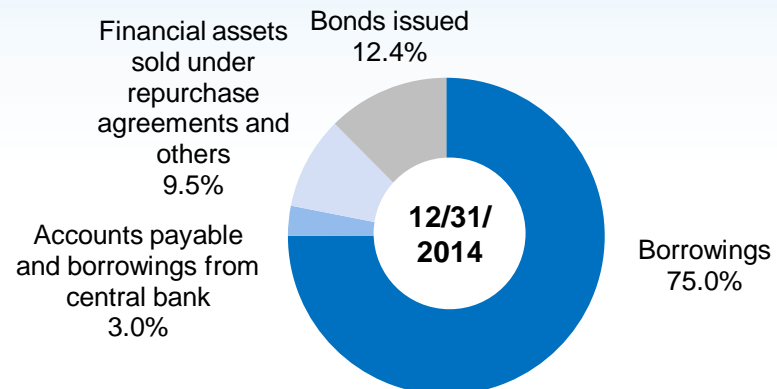
(RMB mm)



Interest Rate Range of Borrowings of Parent Company

	12/31/2014	6/30/2015
Fixed rate	4.95% - 7.30%	4.95% - 7.30%
Variable rate	4.98% - 6.00%	4.50% - 5.81%

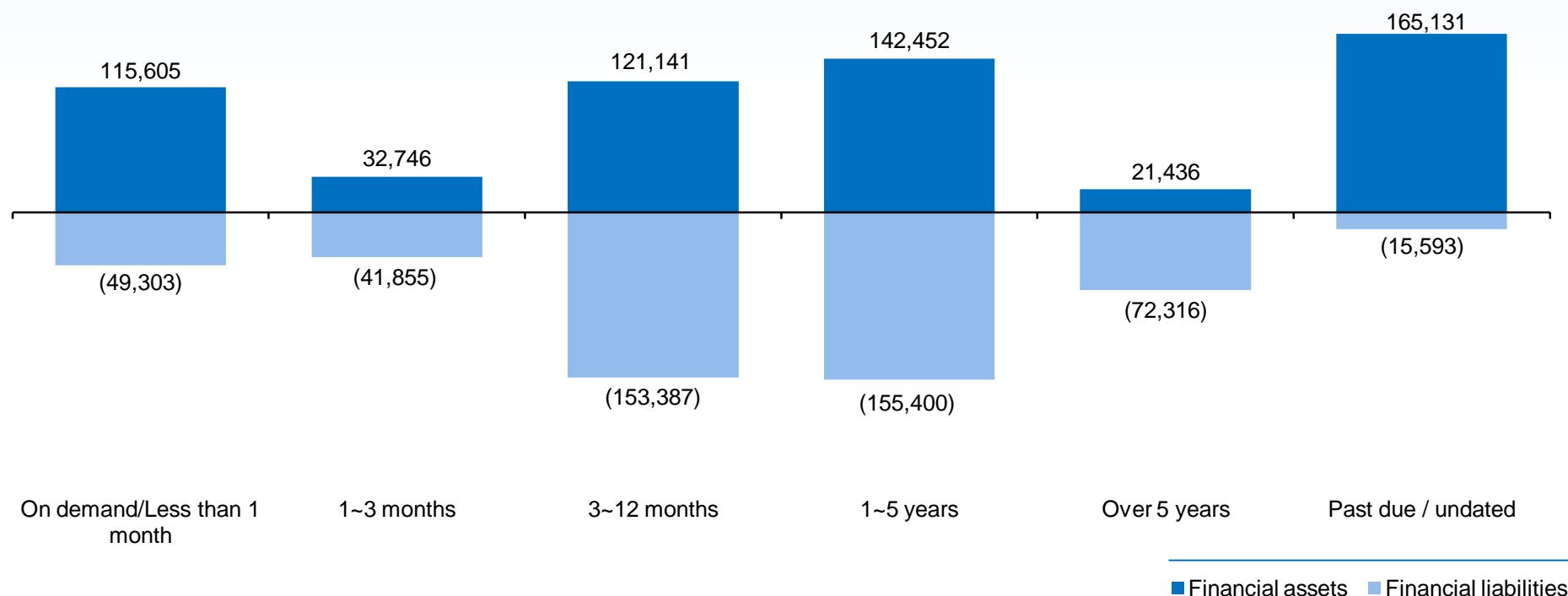
Interest Bearing Liabilities Breakdown



3 Well Matched Maturity of Financial Assets and Liabilities

Analysis of Remaining Maturity of the Financial Assets and Liabilities as of 6/30/2015

(RMB mm)



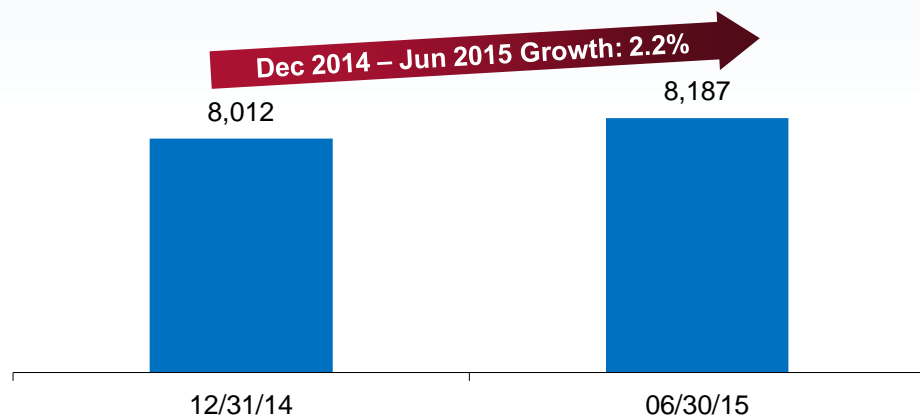
As of 6/30/2015, the balance of financial assets due within one year amounted to RMB269.5 bn, the financial liabilities due within one year amounted to RMB244.5 bn. The maturity of financial assets and liabilities is closely matched

4 Improved Operational Efficiency Driven by Economies of Scale

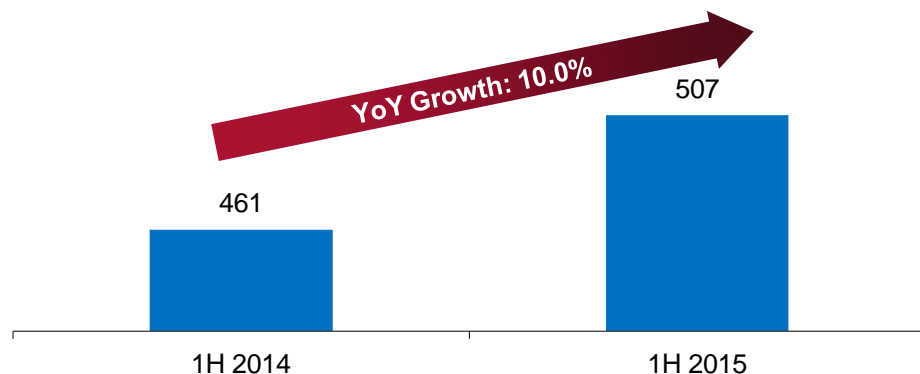
Further Enhancement in Operational Efficiency

(RMB mm)

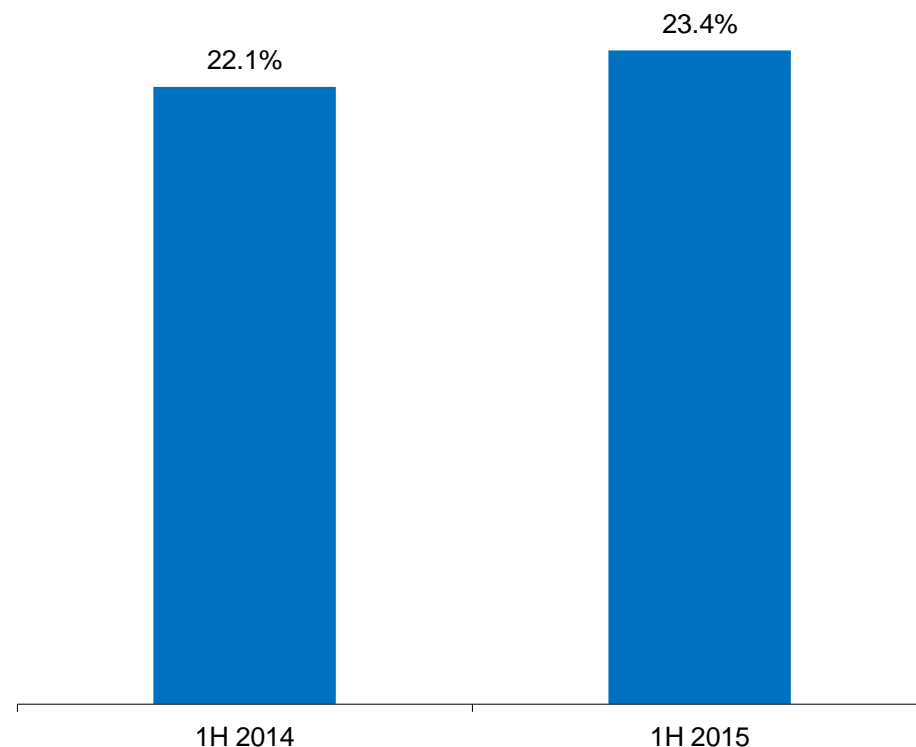
Average of Distressed Assets Managed Per Branch ⁽¹⁾



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

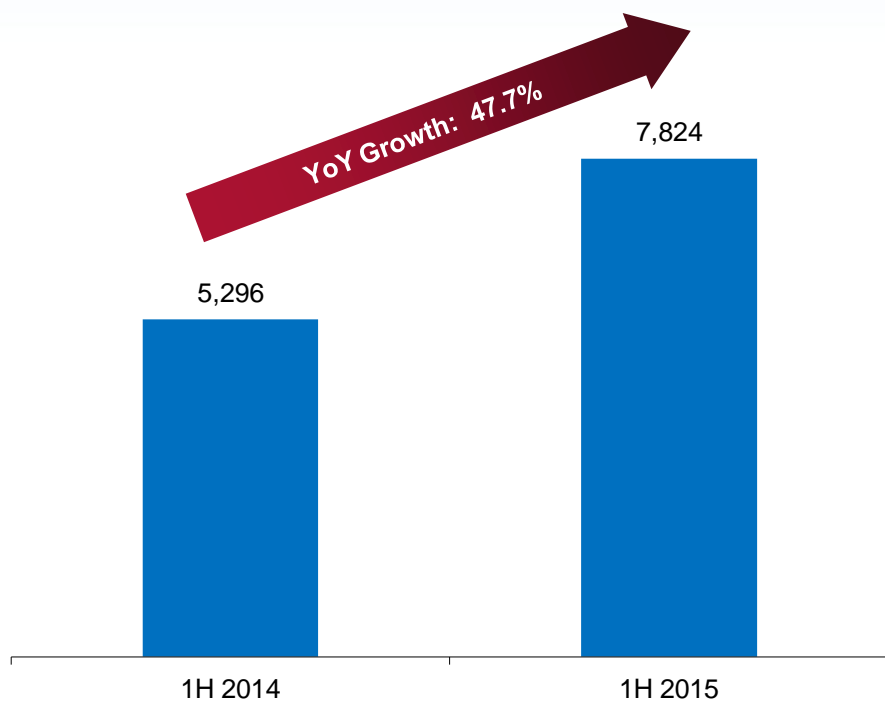
(2) Calculated based on total income from distressed asset management divided by 31 branches

(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

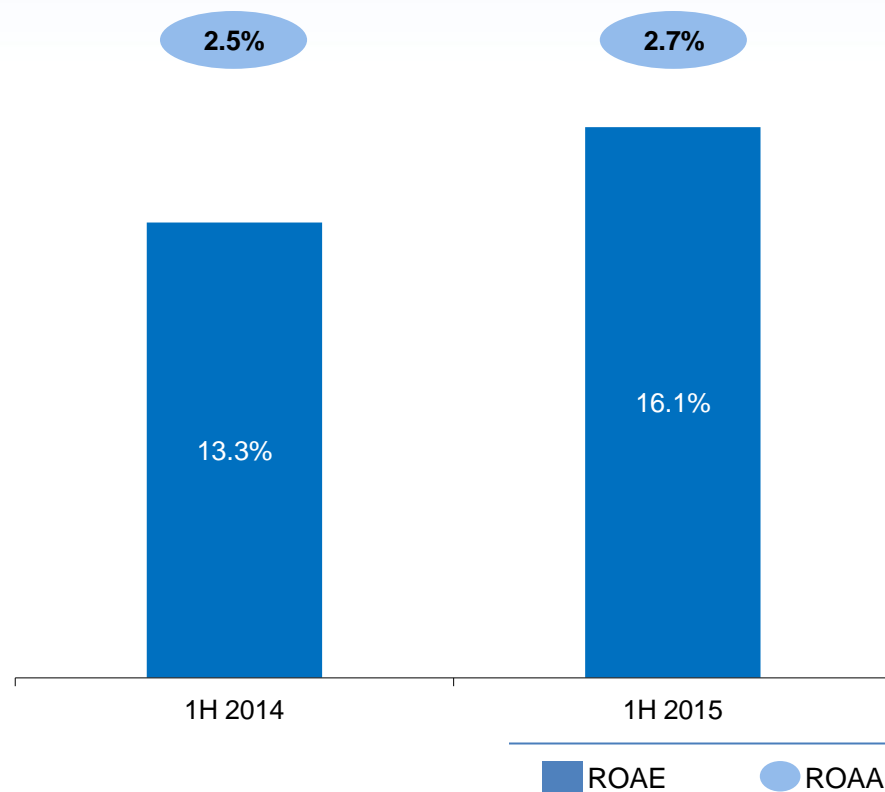
5 Superior Profitability

Profit Attributable to Shareholders

(RMB mm)



ROAE / ROAA (Annualized)





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China Cinda's Potential Business Opportunities




Background

- While the economy is facing downward pressure, the long term development is still promising and reform is the driven force for long term economic growth
- Structural adjustments and industry upgrade could provide China Cinda with numerous business opportunities

Target Markets and Business Opportunities

- 1** China's economy is still impacted by “superimposition of the Three Periods” is growing. With larger downward pressure on economy, banks' NPLs continue to grow, traditional distressed assets business is expanding rapidly
- 2** With economic adjustment, industry transformation and upgrade, large amount of SMEs are desperately transforming. Restructured distressed asset business is well positioned to capture the business opportunities
- 3** Risks from large enterprises occur occasionally, which brings potential opportunities for special situation investments
- 4** With the implementation of “One Belt, One Road” strategy, the domestic and international markets are integrating. More domestic companies are expanding overseas, which creates more opportunities in investment and financial services
- 5** With deepening of financial system reform, regional financial risk exposed occasionally, the market for mitigating such risk will continue to expand
- 6** Liberalization reform is expediting and innovation is boosting the economy development. With the implementation of SOE reform and PPP mode, new sectors are emerging with huge potential in investment, M&A, asset management and financial services
- 7** Alternative asset management and “Comprehensive asset management” are rapidly developing while financial products and services are innovating. Corporate reformation will boost various market opportunities

Focus in 2H2015

-  Implement the disposal plan for traditional distressed asset, expand business scope, and maintain our leading market position
-  Focus on premier client, strengthen product innovation, to ensure robust growth of Restructured distressed assets business
-  Participate in industry restructuring, promote innovative development of DES asset management business and broaden DES asset management scope
-  Aggressively develop asset management and special situation investment business, and drive the business structure optimization
-  Cultivate the differentiated advantages of subsidiaries to increase the profit contribution from financial services segment
-  Strengthen the risk control basis, and improve risk management and liquidity management
-  Formulate the second “Five-Year Plan” to promote sustainable growth



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Appendix

Selected Financials

Consolidated Income Statement

(RMB mm)

	1H2015	1H2014	Change
Income from distressed debt assets classified as receivables	9,498	7,577	25.4%
Fair value changes on distressed debt assets	1,468	2,302	(36.3%)
Investment income	8,281	3,975	108.3%
Net insurance premiums earned	6,398	3,269	95.7%
Commission and fee income	2,350	1,298	81.1%
Revenue from sales of inventories	2,039	1,799	13.4%
Interest income	5,205	3,807	36.7%
Others	2,617	1,748	49.7%
Total	37,856	25,774	46.9%
Insurance costs	(6,618)	(2,939)	125.2%
Employee benefits	(2,723)	(1,885)	44.4%
Impairment losses on assets	(1,580)	(2,686)	(41.2%)
Interest expense	(9,806)	(6,817)	43.9%
Others	(5,197)	(3,645)	42.6%
Total	(25,925)	(17,972)	44.3%
Profit before tax	10,740	7,266	47.8%
Profit for the period	8,256	5,360	54.0%
Profit attributable to shareholders	7,824	5,296	47.7%

Consolidated Balance Sheet

(RMB mm)

	6/30/2015	12/31/2014	Change
Cash and bank balances	76,969	43,891	75.4%
Financial assets at fair value through profit or loss	82,833	57,221	44.8%
Available-for-sale financial assets	101,163	85,795	17.9%
Financial assets classified as receivables	172,210	180,913	(4.8%)
Loans and advances to customers	108,537	80,225	35.3%
Others	116,246	96,383	20.6%
Total assets	657,957	544,427	20.9%
Borrowings	272,505	263,452	3.4%
Bonds issued	92,129	43,695	110.8%
Others	182,768	135,417	35.0%
Total liabilities	547,402	442,564	23.7%
Total equity	110,556	101,863	8.5%
Equity attributable to equity holders of the Company	100,534	93,369	7.7%
Key Ratios			
ROAA (Annualized)	2.75%	2.48%	
ROAE (Annualized)	16.1%	13.3%	
Cost-to-income ratio	23.4%	22.1%	
Total assets / total equity	6.0x	5.3x	