

2023 Annual Results Announcement

China Cinda Asset Management Co., Ltd.

March 2024

A pioneer and leader in distressed assets management
industry in China



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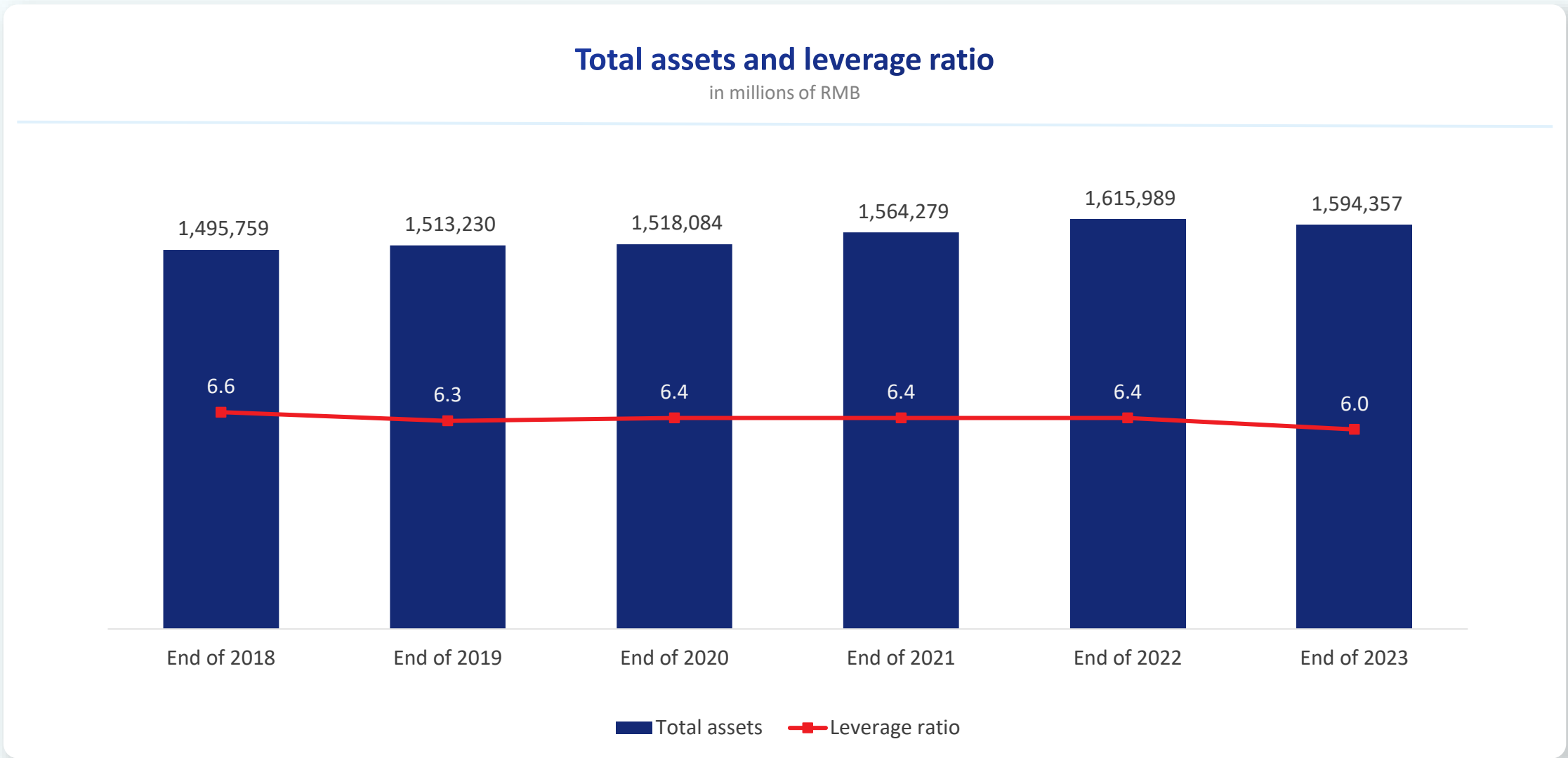
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Contents

- 01** Performance Overview • P₅
- 02** Business Development • P₁₁
- 03** Future Prospect • P₃₀

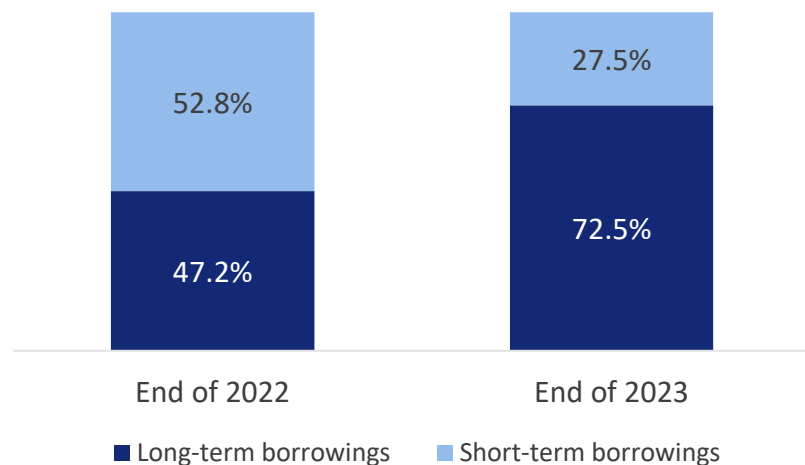
Performance Overview

Remained asset scale stable and stabilized leverage level with slight decline

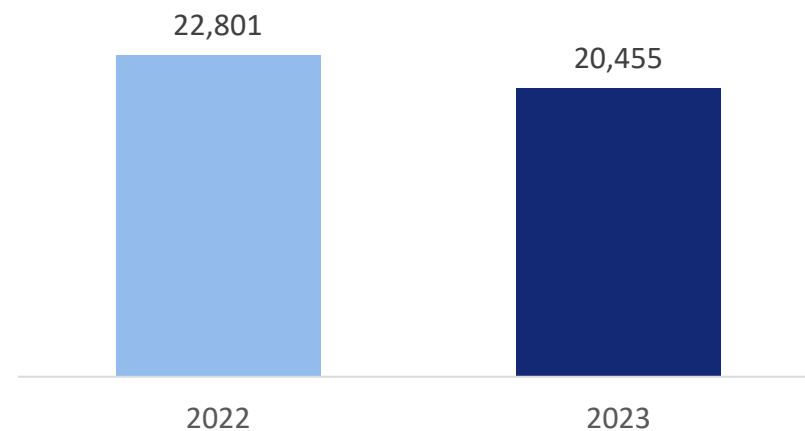


Optimized debt structure and improved asset turnover efficiency

Optimized borrowings structure



Effectively reduced interest expenses of parent company in millions of RMB



Continuously innovated financing channels and financing products

First continuous ABS for ensuring the delivery of housing projects in the AMC industry and exchange market RMB10.04 billion

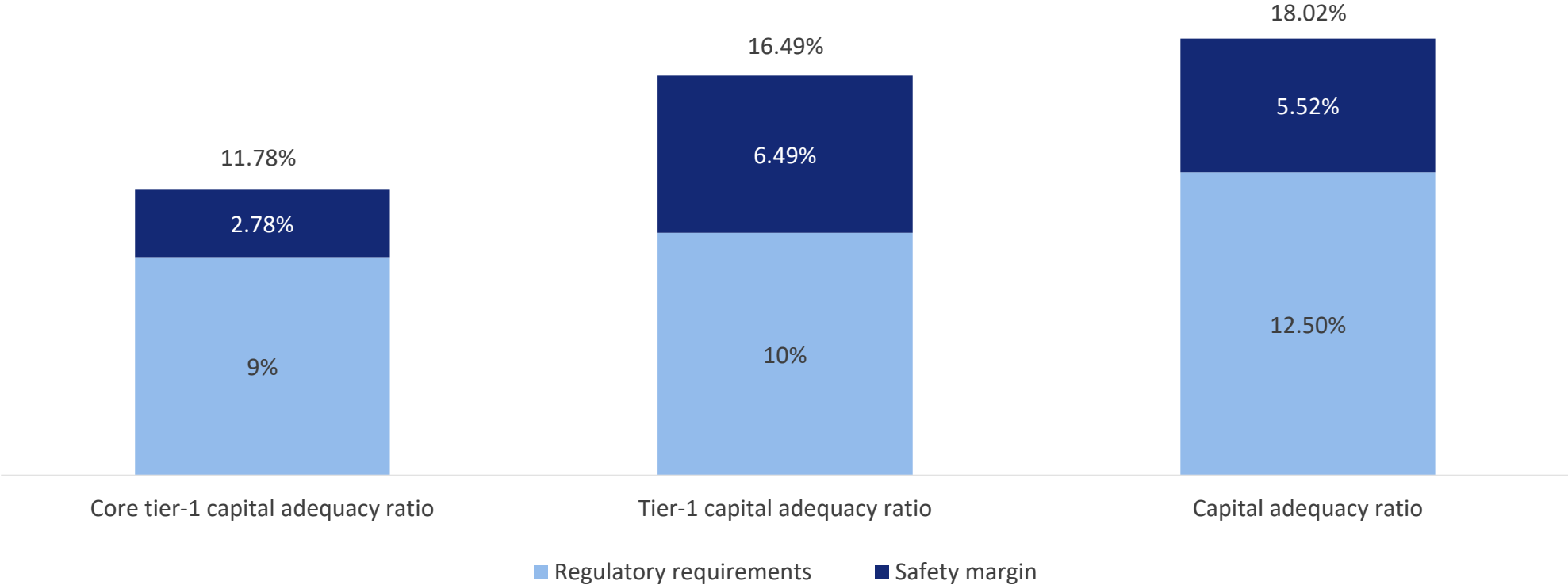
Largest single ABS for scientific and technological innovation in the exchange market RMB10.69 billion

First urban village renovation ABS in China RMB7.57 billion

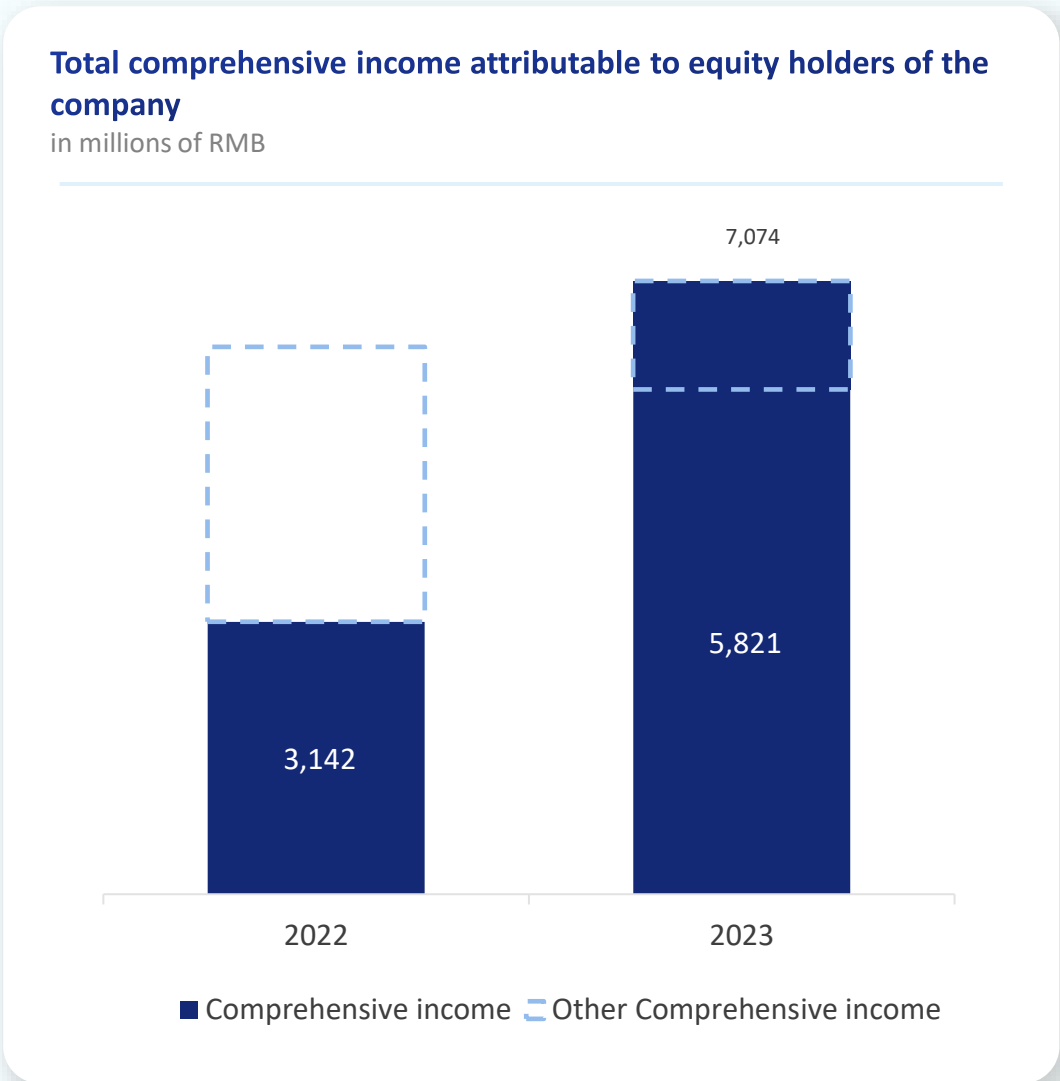
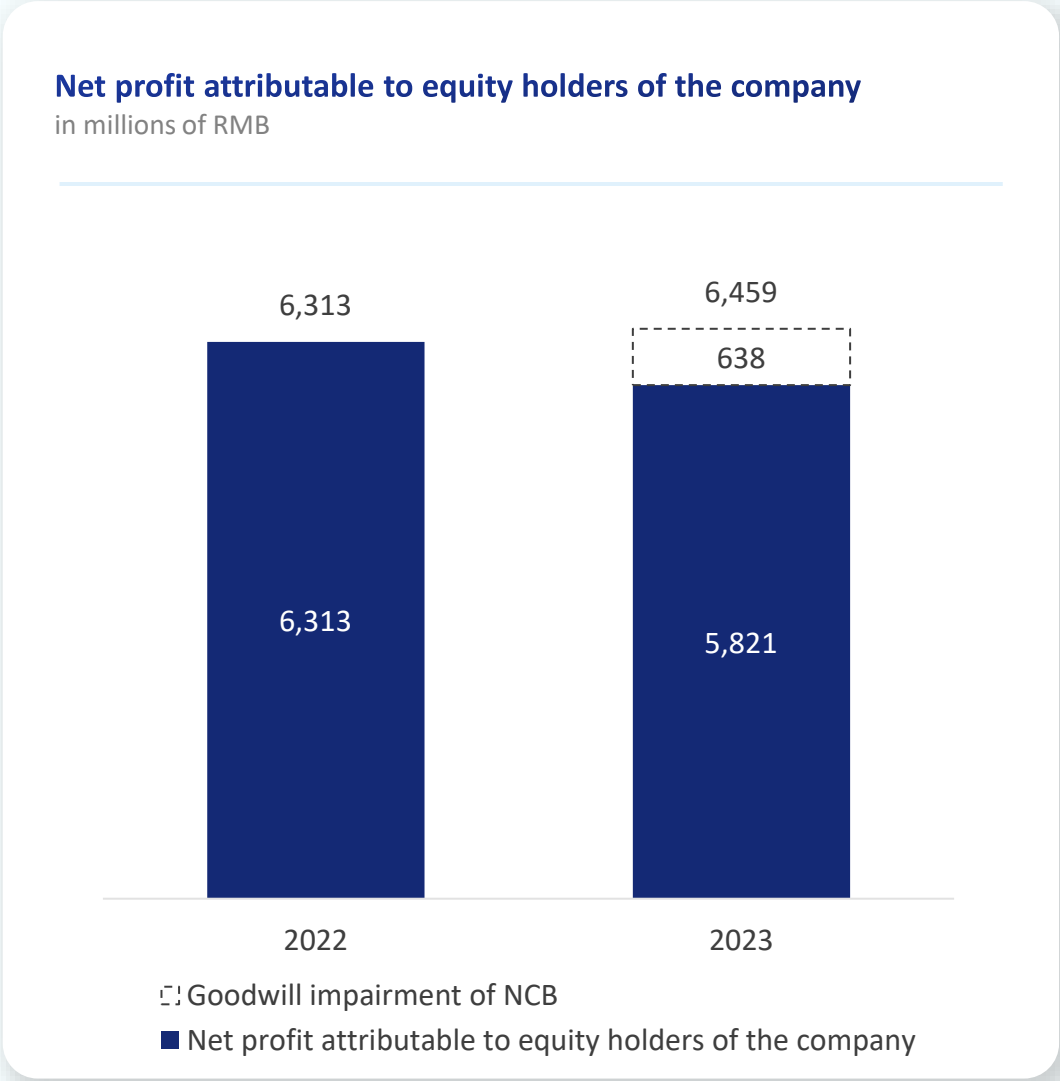
Largest scale ABN in inter-bank market and first issued by a financial institution RMB10.58 billion

Maintained reasonable and secure capital and strengthened risk resilience

Capital adequacy ratio at the end of 2023

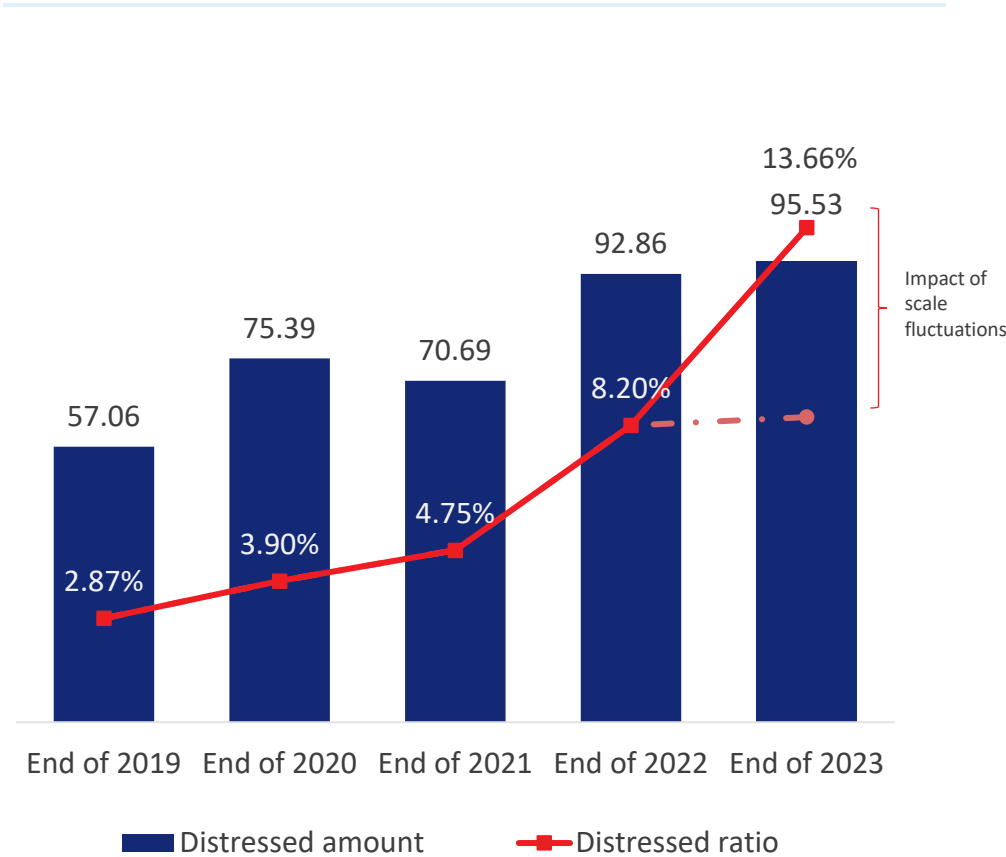


Achieved robust overall operational results and significantly increased comprehensive income

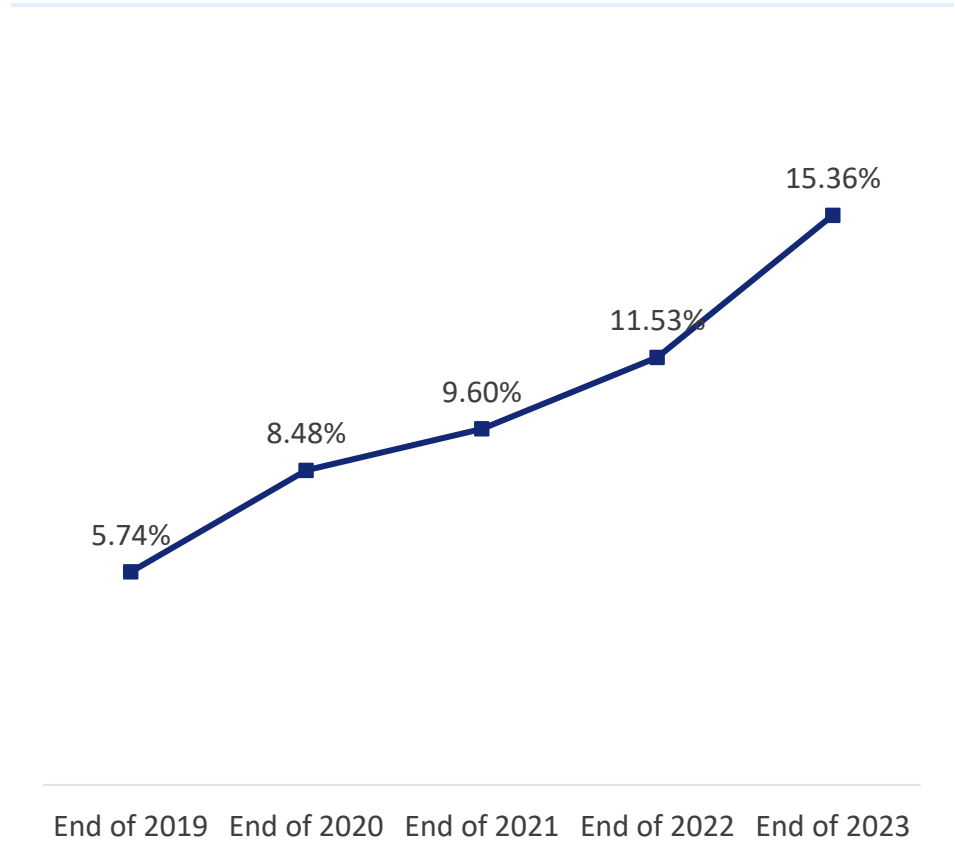


Effectively reduced risk exposure with ample and reasonable allowance for impairment losses

Distressed amount and ratio of Restructured Distressed Assets
in hundreds of millions of RMB



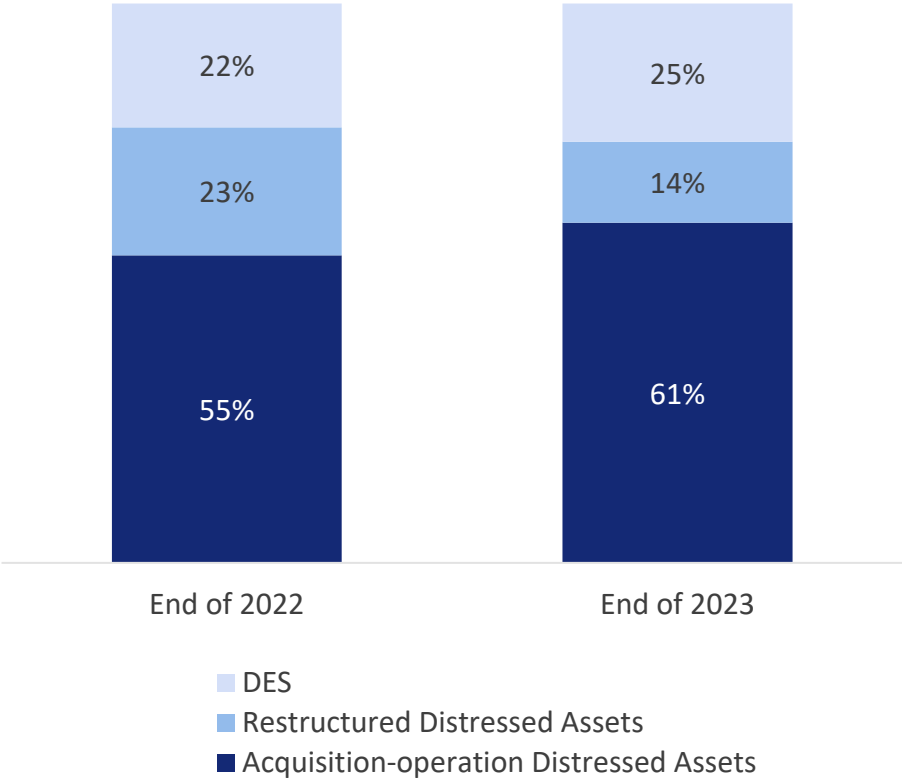
Allowance to total balance of Restructured Distressed Assets Ratio



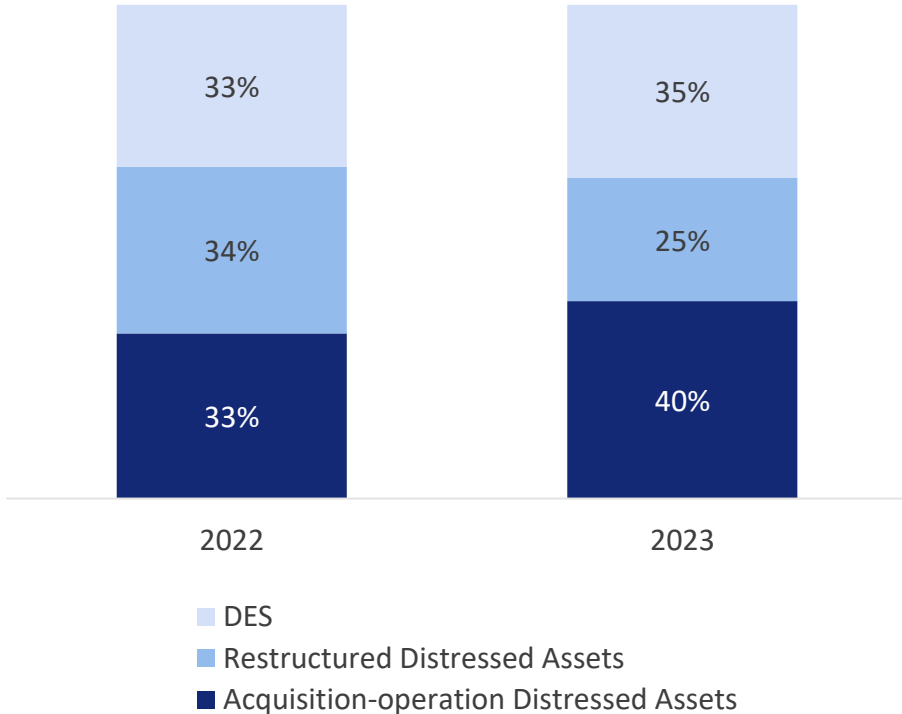
Business Development

Continuously optimized the structure of the main business

Asset structure for distressed asset management

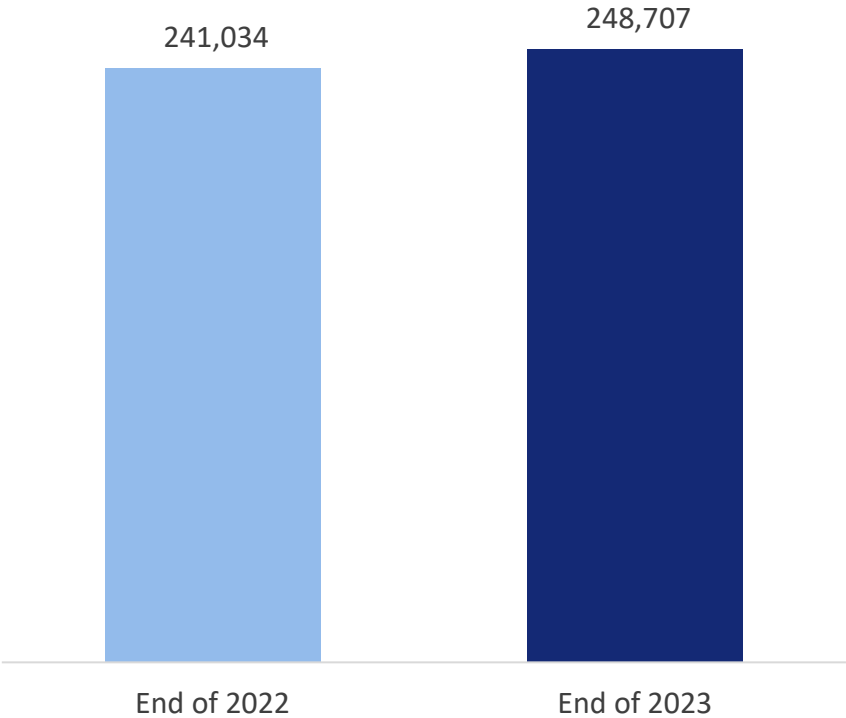


Income structure for distressed asset management

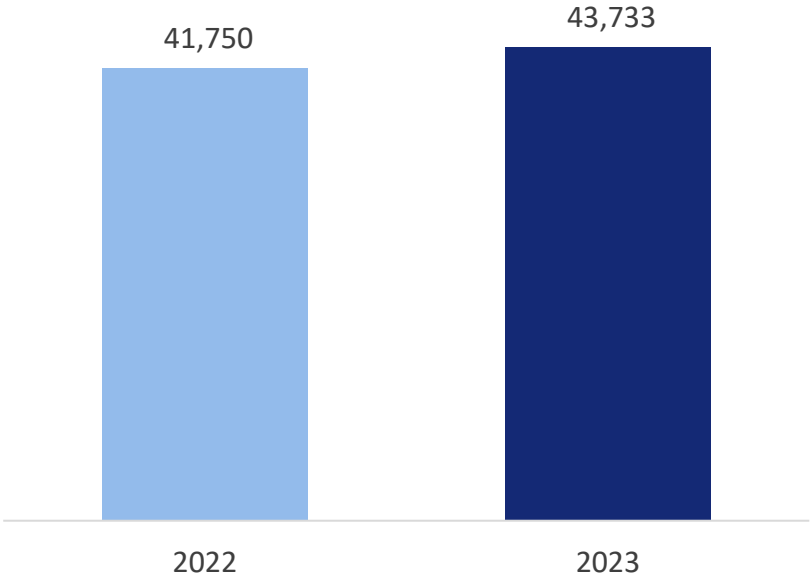


Increased volume and stabilized price of core business

Net balance of Acquisition-operation Distressed Assets
in millions of RMB



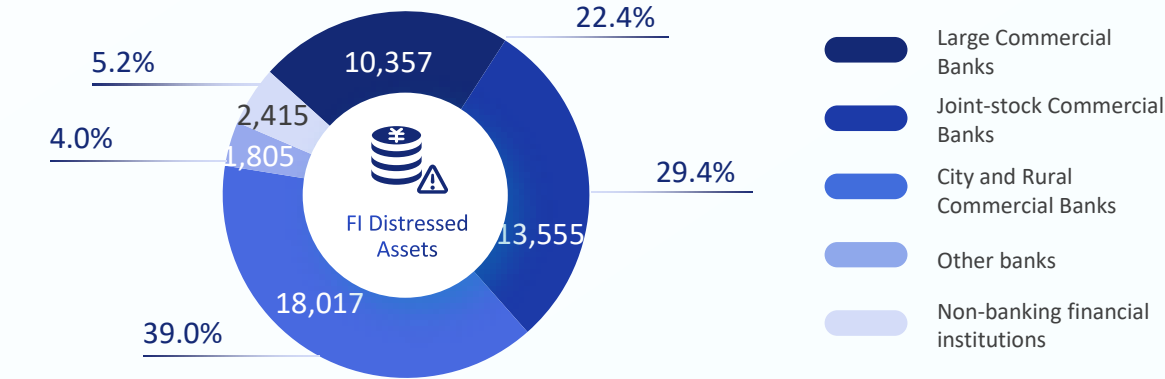
Acquisition cost of Acquisition-operation Distressed Assets from banks
in millions of RMB



Increased volume and stabilized price of core business

Acquisition of FI Distressed Assets

In 2023, the newly added FI Distressed Assets amounted to RMB46.148 billion



Business Innovation

“1st transaction involving non-performing assets from individual loans since batch transfer of non-performing personal loans pilots”

Debt Principal

RMB295 million

Reform and Risk Mitigation of Small and Medium-sized Banks

Main business models



Local small and medium-sized banks involved in the acquisition of debt

79



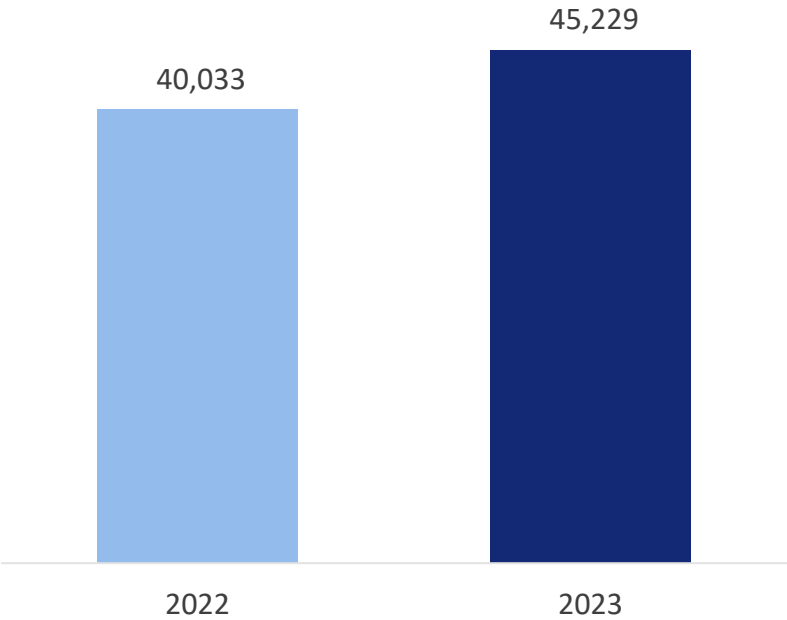
Total amount of distressed debt acquired

RMB88.9 billion, up 199% YoY

Increased volume and stabilized price of core business

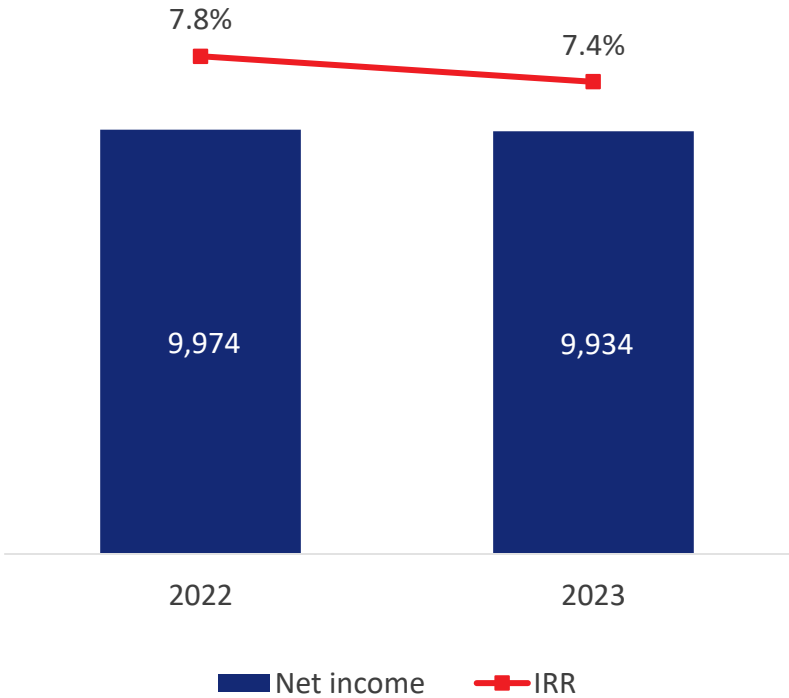
Carrying amount of Acquisition-operation Distressed Assets disposed

in millions of RMB



Net income from Acquisition-operation Distressed Assets

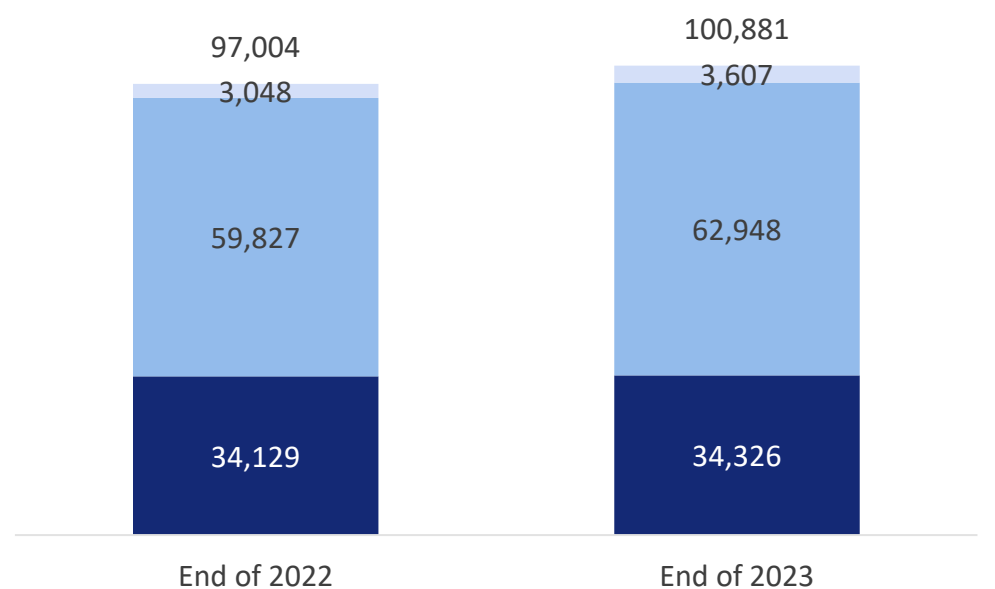
in millions of RMB



Optimized income structure of DES assets

Total book value of DES Assets

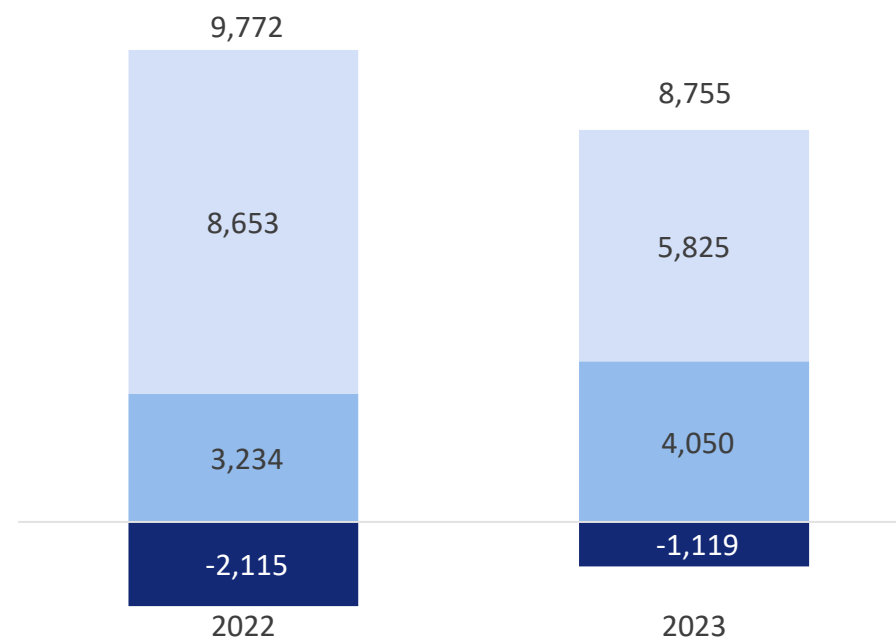
in millions of RMB



- DES Assets at fair value through other comprehensive income
- DES Assets at interests in consolidated structured entities and associates and joint ventures
- DES Assets at fair value through profit or loss

DES Assets Income

in millions of RMB

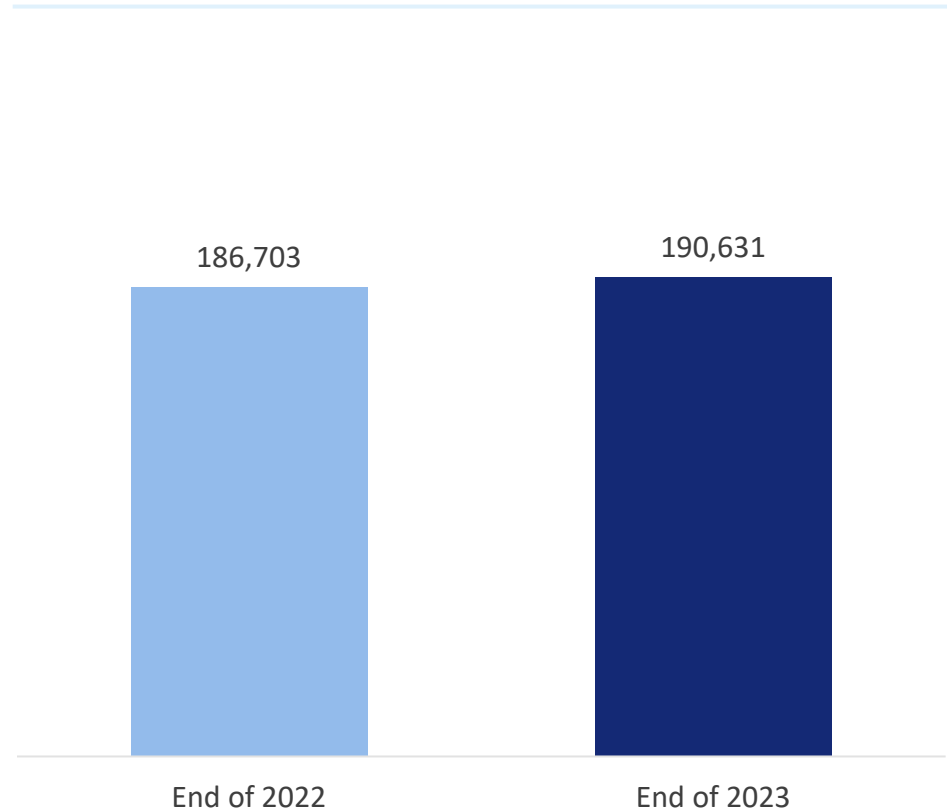


- Gains realized with other accounting approaches
- Realized fair value changes
- Unrealized fair value changes

Deepened business transformation

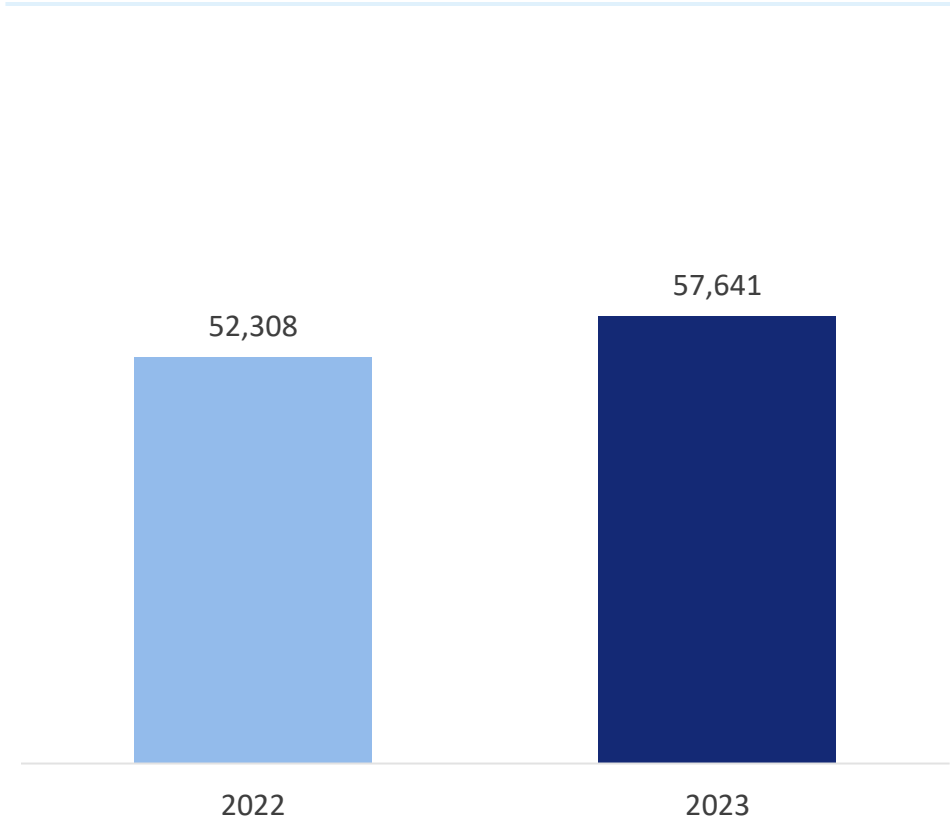
Balance of other distressed asset businesses

in millions of RMB



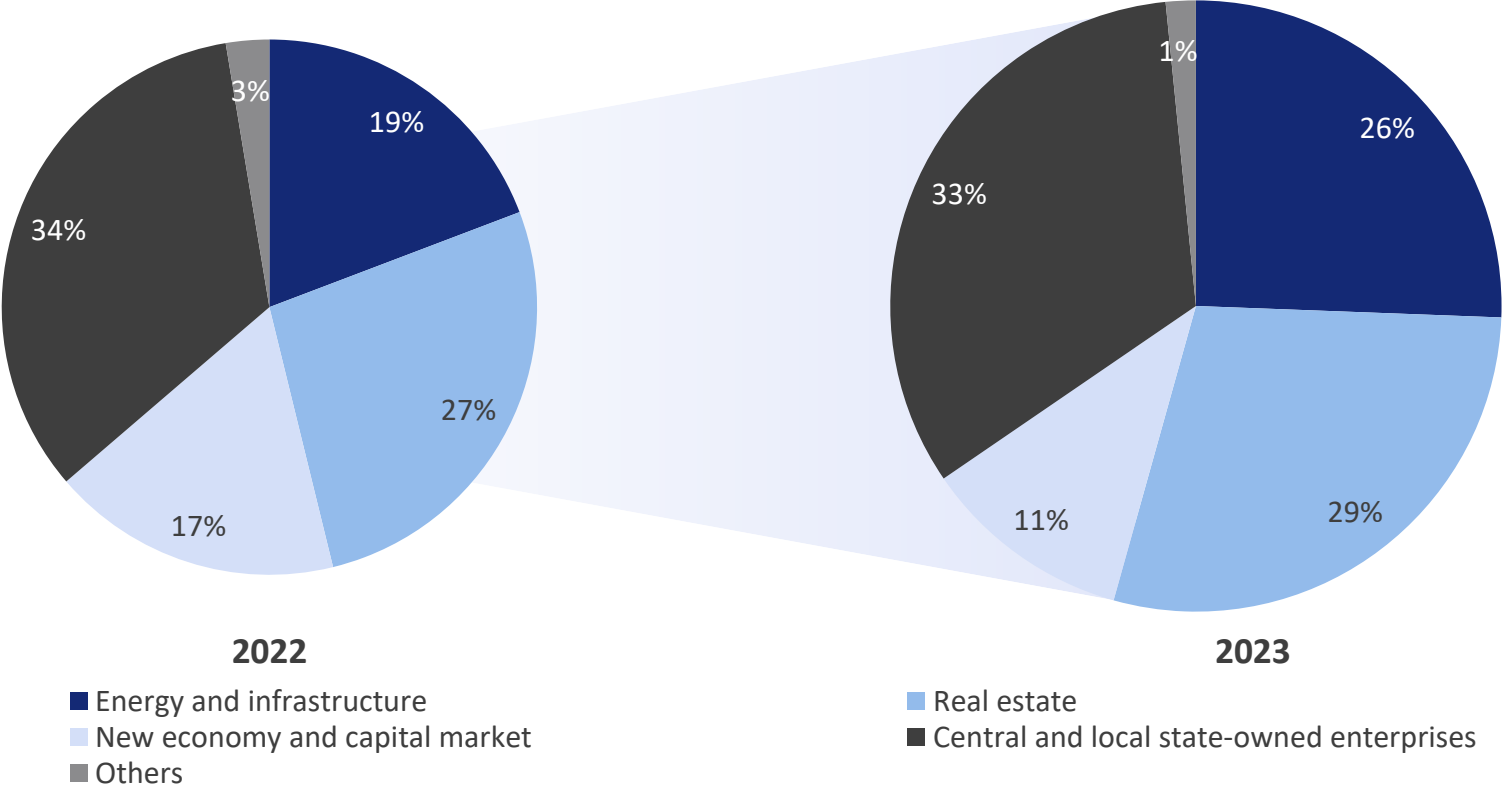
New investments in other distressed assets

in millions of RMB



Deepened business transformation

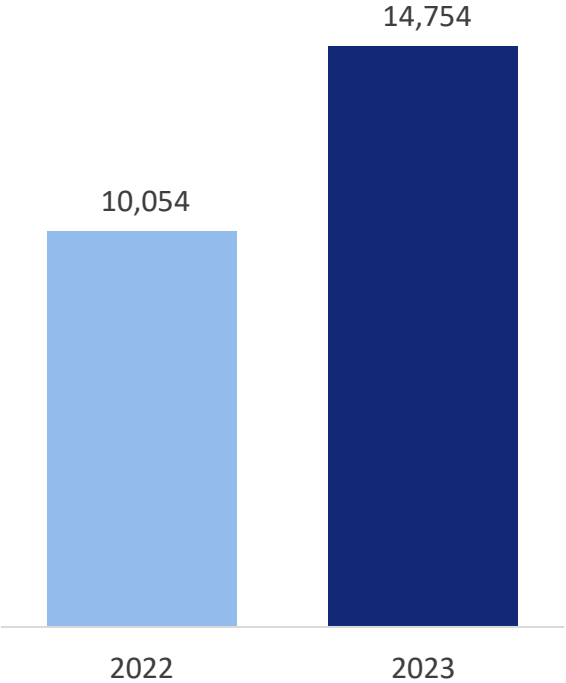
Sector distribution of new investments in other distressed assets



Energy and infrastructure

New Investments in energy and infrastructure sector

Unit: RMB million



Served energy security and “Dual-Carbon” goals

- Alleviated the debt pressure for traditional energy enterprises and assisted certain listed energy companies in acquiring high-quality resources, thereby improving the industrial chain
- Increased financial support for new energy enterprises
- Set up a new energy industry fund in cooperation with SPIC
- Supported the Chinese Academy of Sciences in incubating, investing in and constructing the first sodium battery production line in China

Main industries

New energy

Coal

Chemical

Steel

Non-ferrous metals

Infrastructure

Monitored business opportunities in traditional sectors

Industry integration

Green transformation

Industrial upgrading

Deepened cooperation in emerging sectors

M&A restructuring

Enterprise bailout

Key regions

Xinjiang

Shanxi

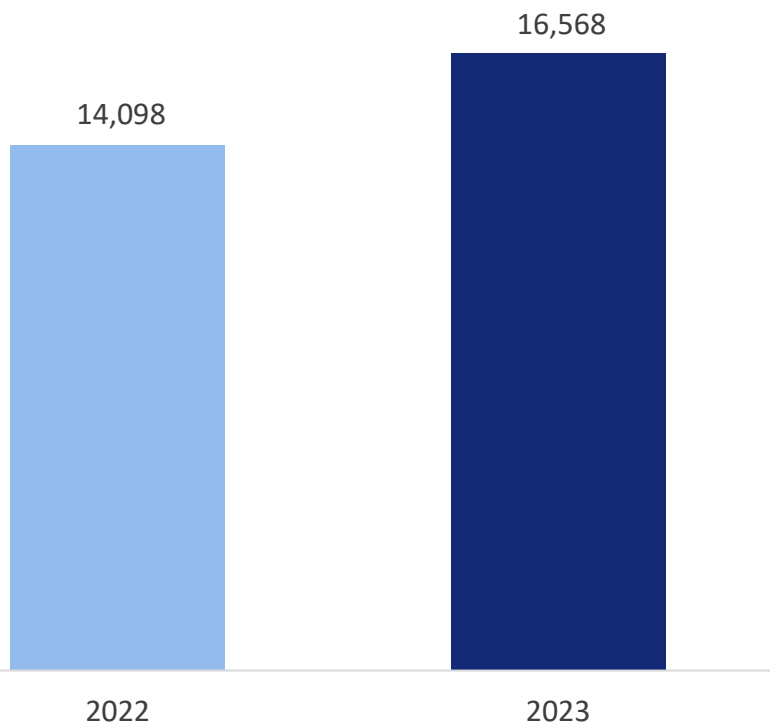
Shaanxi

Inner Mongolia

Real estate

New investments in real estate sector

in millions of RMB



Business Direction

Three major projects

Ensuring the delivery of housing projects

Pension finance

Business Models

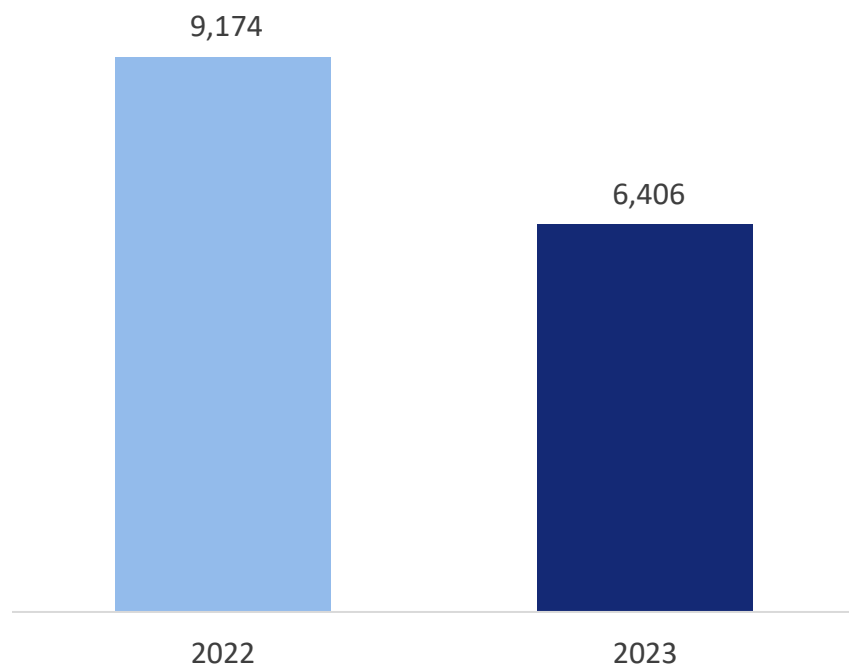
Initiate from "acquisition of distressed debts, revitalization of distressed projects, and restructuring of distressed enterprises"

Focus on the core sectors in key cities

New economy and capital market

New investments in new economy and capital market sector

in millions of RMB



Increased efforts in serving the new economy sector

1

Actively participated in investments in big healthcare, semiconductor, new materials, high-end equipment manufacturing, and big consumption industry chain, supporting sci-tech self-reliance and self-strengthening at higher levels

2

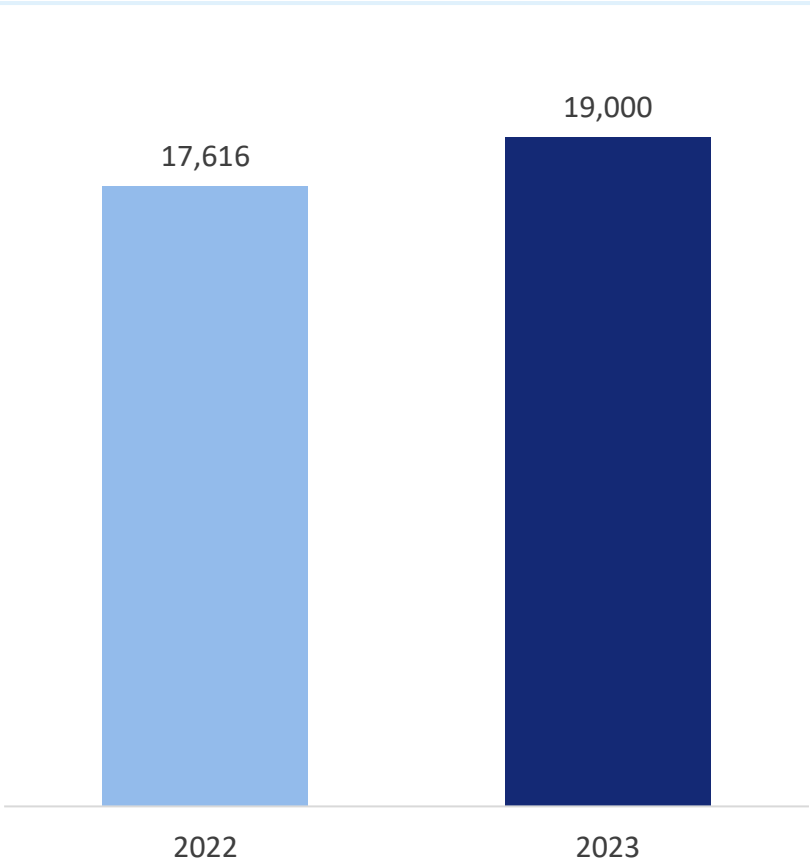
Fully leveraged the advantages of the ecosystem for distressed assets and utilized diverse tools such as the acquisition of distressed debts, and special opportunity investments to provide comprehensive financial services

3

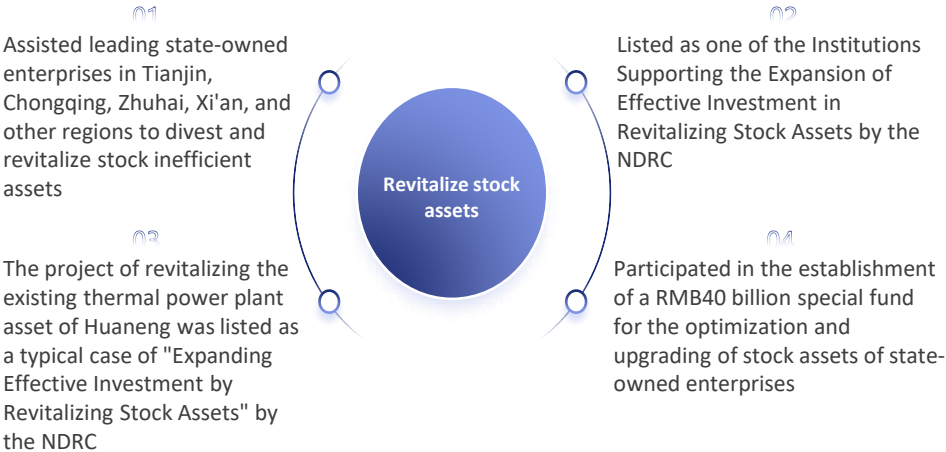
Jointly set up the fund for “SRDI” enterprises with the MIIT, CAS and other institutes to explore models for supporting high-tech enterprises

Central and local state-owned enterprises

New Investments in central and local state-owned enterprises sector
in millions of RMB



Explore stock asset business



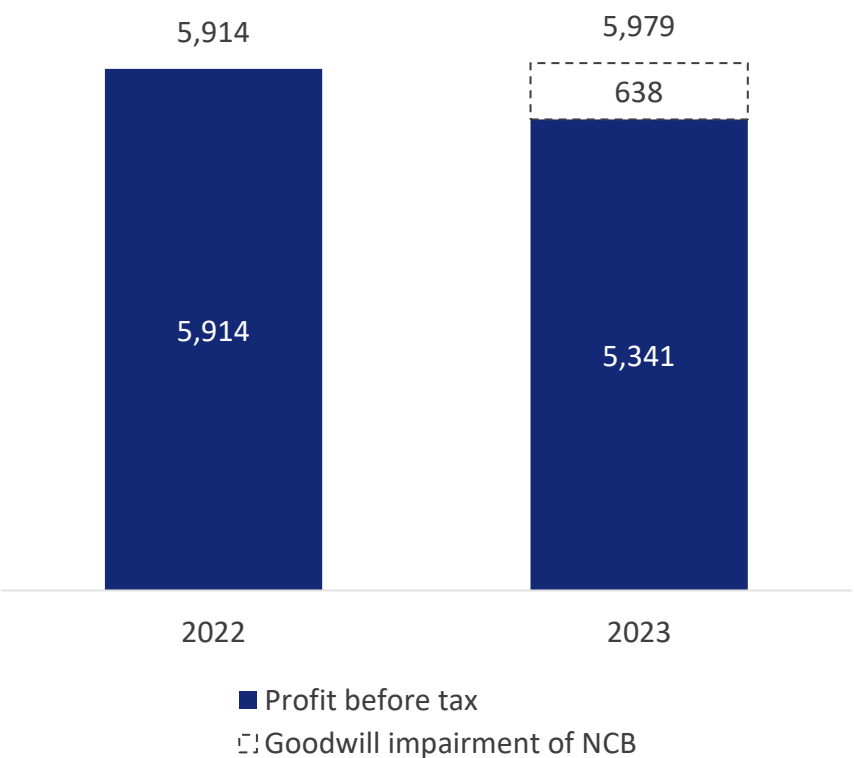
Empowered state-owned enterprises to enhance performance and strength

- Participated in a specialized integration project of a central enterprise group, further improving the industrial chain of the listed company, eliminating intra-group competition, and optimizing capital structure

Performed prudent operation and significant achievements in Financial Services

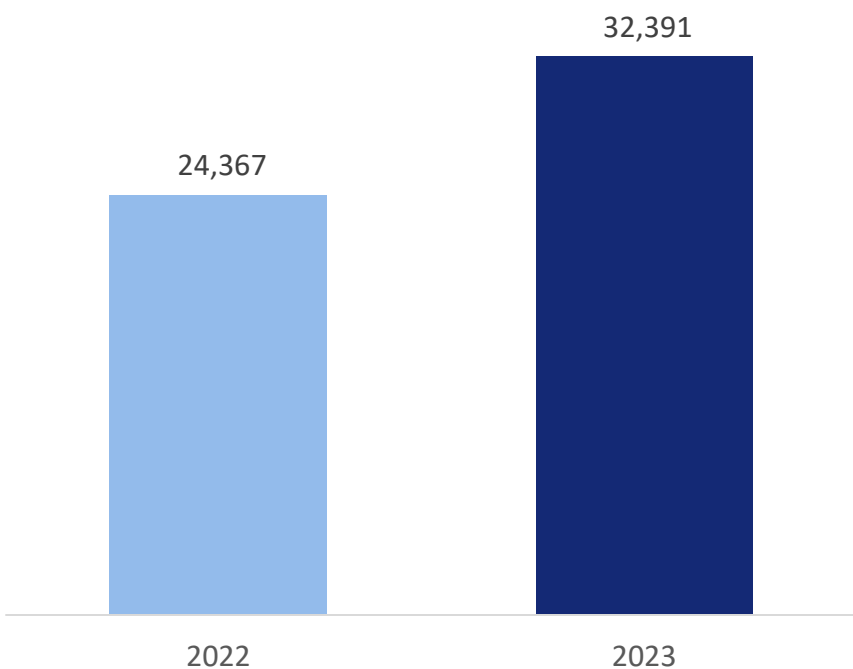
Profit before tax of Financial Services

in millions of RMB

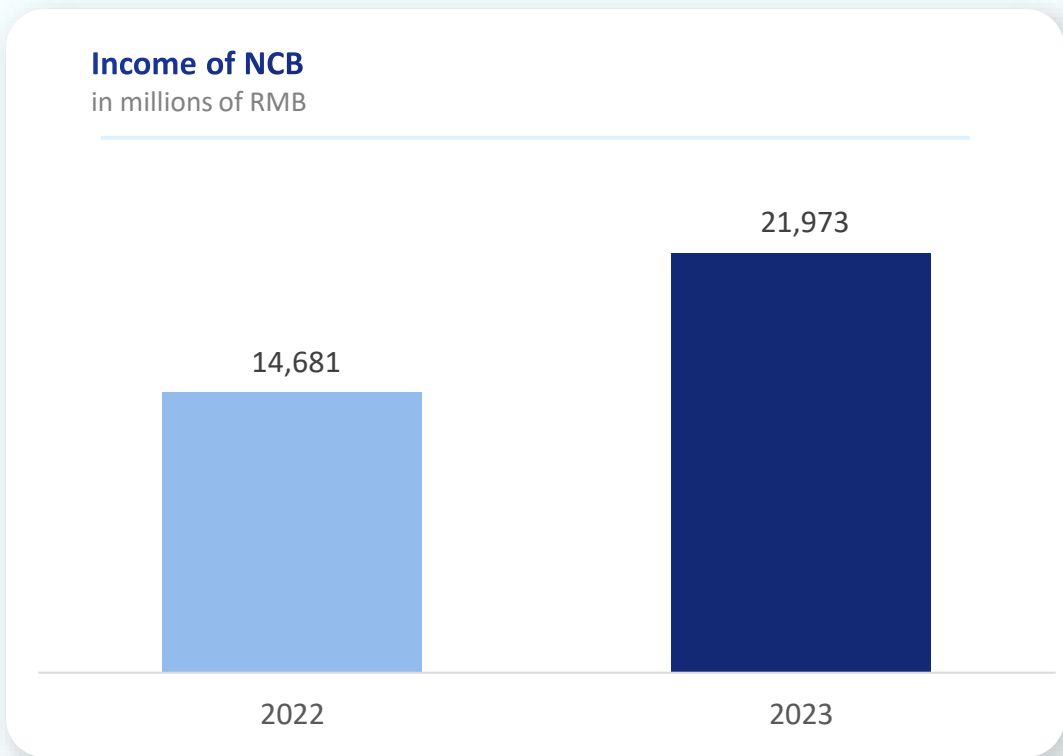
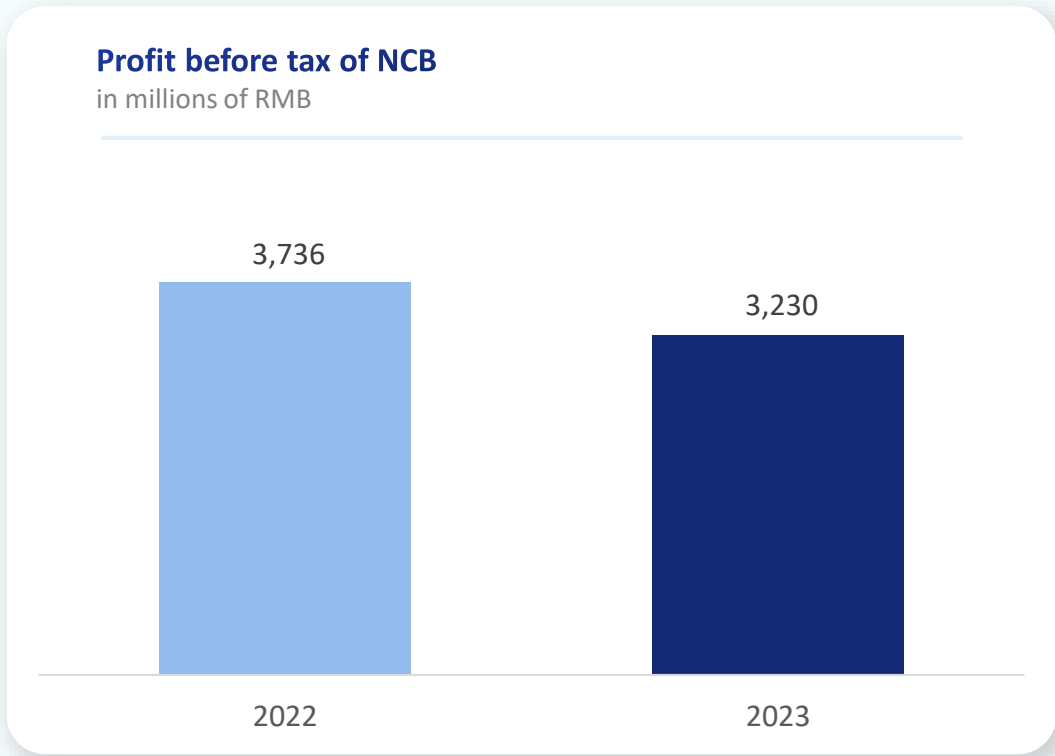


Income of Financial Services

in millions of RMB



Prudently operated subsidiaries with significant achievements in Financial Services



- 1

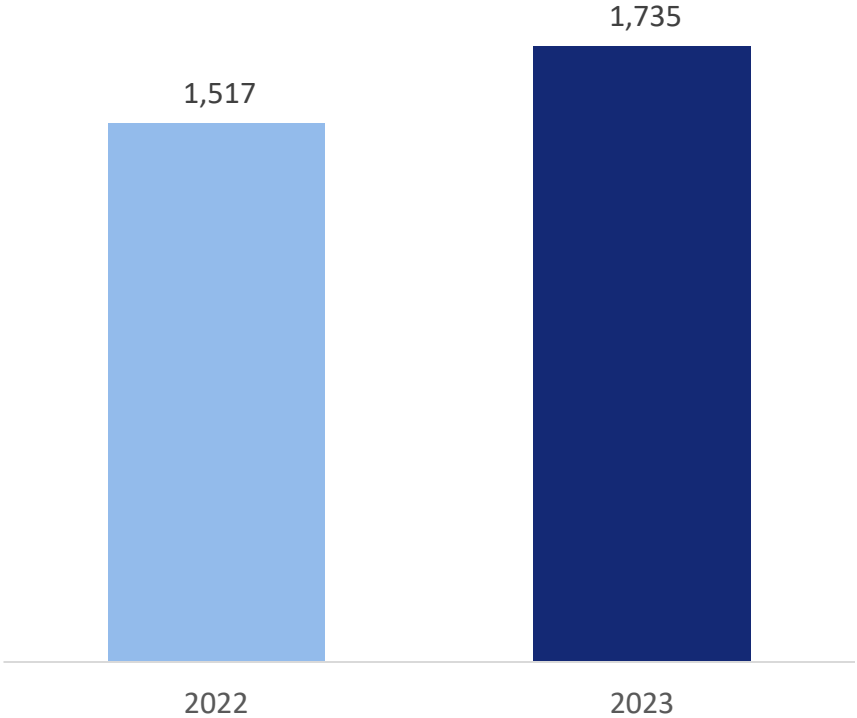
Synergetic development of the Greater Bay Area
- 2

Expand cross-border financial services
- 3

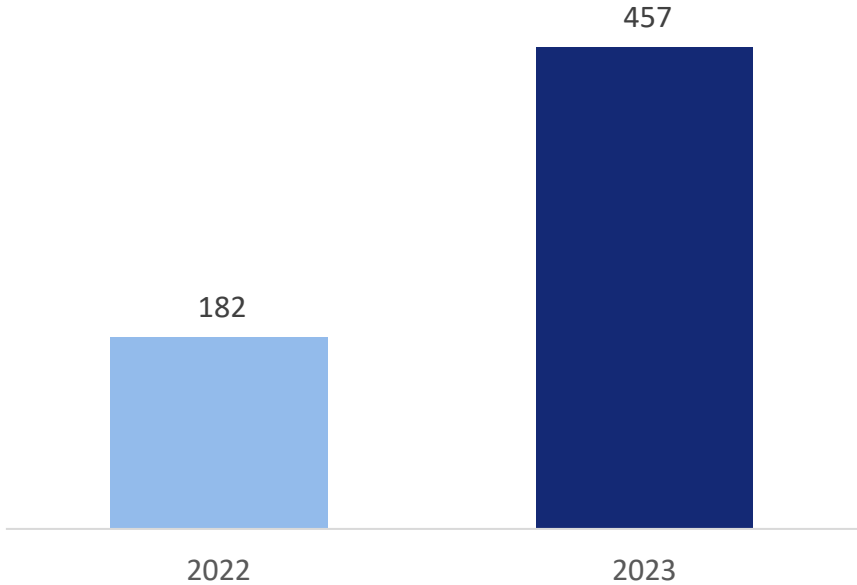
Investment banking + commercial banking business models

Prudently operated subsidiaries with significant achievements in Financial Services

Profit before tax of Cinda Securities
in millions of RMB

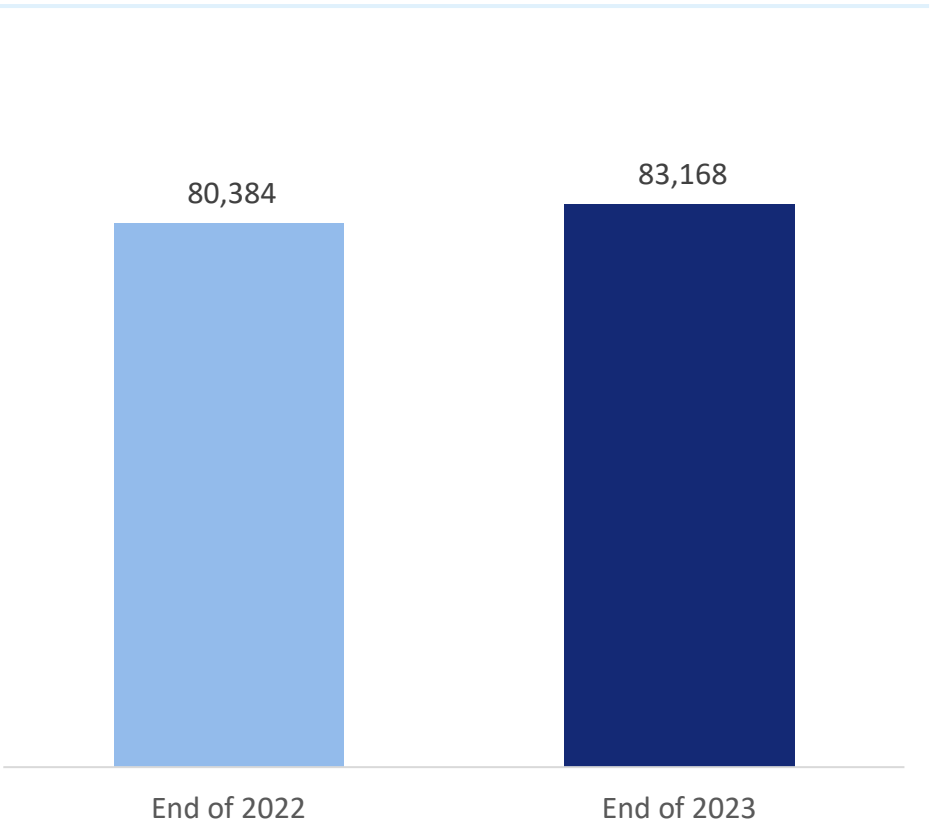


Profit before tax of Jingu Trust
in millions of RMB

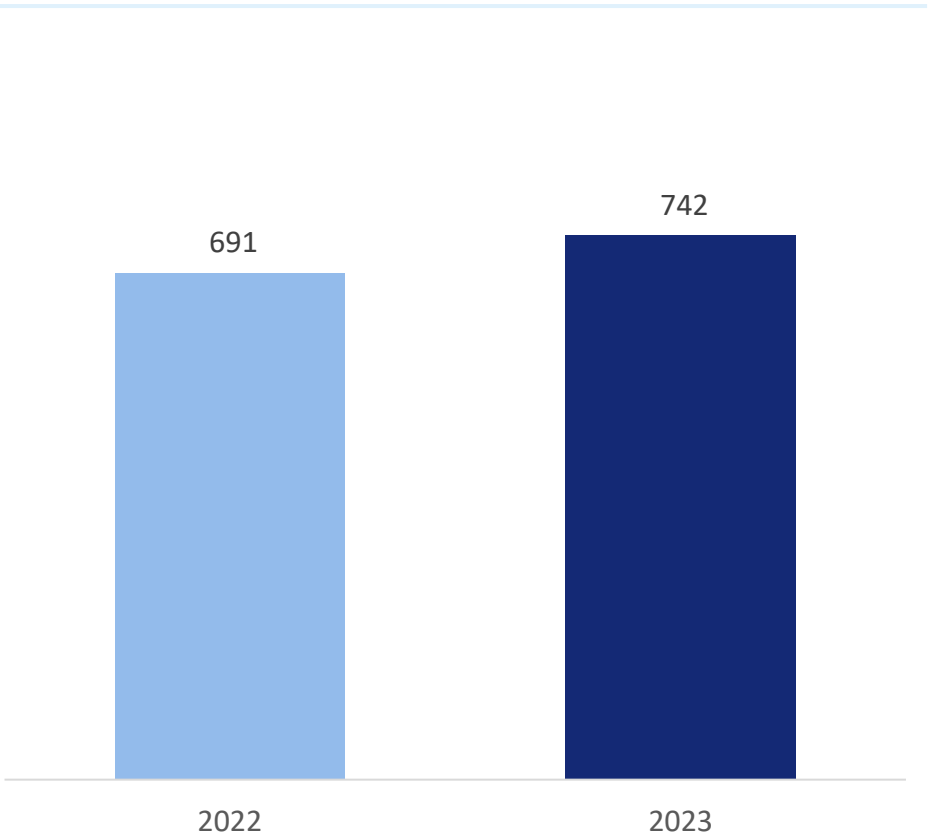


Prudently operated subsidiaries with significant achievements in financial services

Total assets of Cinda Financial Leasing
in millions of RMB



Profit before tax of Cinda Financial Leasing
in millions of RMB



Implemented the client-centric strategy and accelerated the development of the core ecosystem



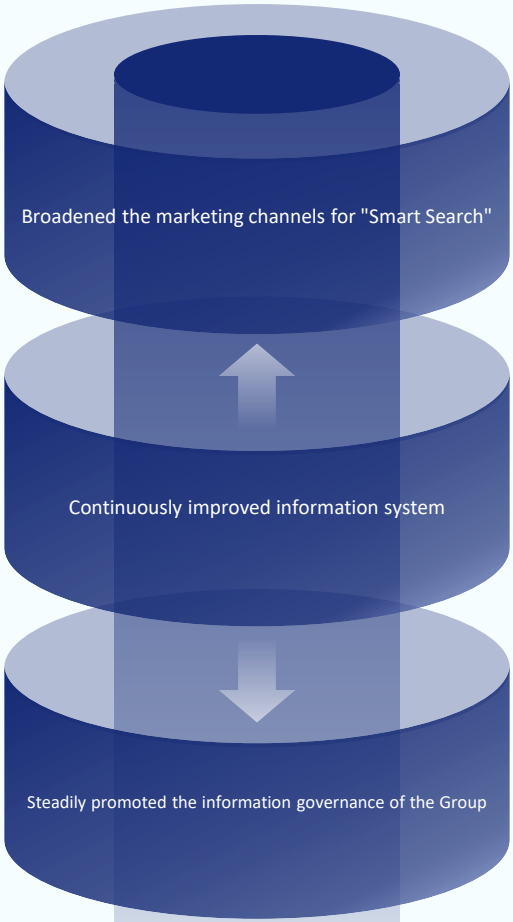
Solidly advanced digital finance and accelerated digital transformation



Enhanced the Company's digital capabilities, deepened the application of data in the Company's business operations and risk management, and accelerated the digital transformation

Promoted enhancement of key information projects of subsidiaries

- ✓ NCB
- ✓ Cinda Financial Leasing
- ✓ Cinda Investment



Drove the iterative upgrade of the computer terminal, mobile web terminal, and mini-program ("One Website, Three Terminals"), and established direct connection to Ali Asset's investment information

- Released over **3,900** pieces of information
- Involved assets totaling over **RMB660** billion
- Over **170,000** clicks
- Received **139** effective investment intentions
- Assisted external clients such as Beidahuang Group in promoting over **50** assets on Smart Search

Launched and continuously constructed new business systems

Launched new system project to support steady business operations

- Initiated over **1,700** plans
- Established over **5,600** assets
- Applied for over **510** funds
- Processed over **35,000** accounting vouchers

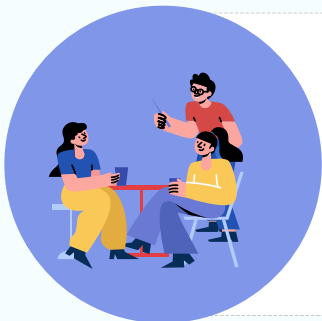
Optimized and iterated the system to expand business scenarios

- Optimized the functionality of **50** features
- Added support for **16** new business scenarios

Initial results of embedding compliance risk control

- Optimized **27** rules
- Investigated **18,000** suspicious transactions
- Issued **7** customers high risk alerts

Enhanced talent development to effectively improve employees' professional capabilities



Practical training camps

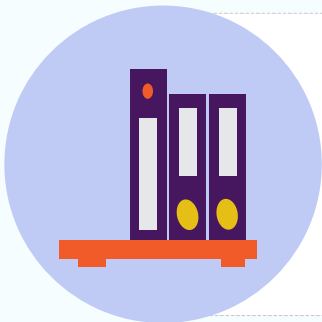
With eight topics including risk mitigation for small and medium-sized banks, energy, and bankruptcy restructuring, notable progress was made in practical training camps

69
cases

101
internal and external
experts

450
key business
personnel

5,000 instances of
online learning



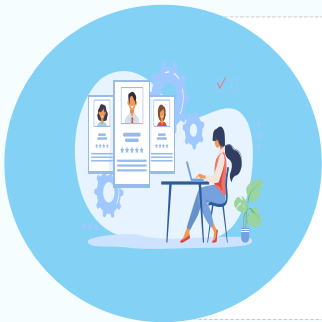
Enhanced case efficiency

Conducted multiple sessions of case-based training and achieved platform-based management of case libraries

Immersive comprehensive business
case training

Outstanding case award
selection

Platform-based management of case libraries
Incorporated over 2,000 internal and external
typical cases Over 48,000 participants completed
case studies



Flexible work organizations

Established various flexible organizations and strengthened human resources coordination to unlock business potential

Task Force of Risk
Defusing for Small and
Medium-sized Banks

New Energy Fund
Project Team

Flexible Organizations for
Real Estate Business
Expansion

Expert Panel for
Bankruptcy Reorganization

Flexible Organizations for
New Economy
.....

Future Prospects

Potential business opportunities

Background

- The international landscape is complex and challenging. Major developed economies maintain high interest rates. Global economic growth remains resilient but lacks momentum
- China's economy is recovering and gaining momentum, with solid advancement in high-quality development. However, it still faces challenges such as insufficient effective demand, overcapacity in certain industries, and weak social expectations
- Confronted with challenging situation in risk prevention and mitigation, asset management companies play a more prominent role in mitigating risks in key areas

Target market and business opportunities

1 The supply of FI Distressed Assets continues to rally as new sources of supply gradually mature, including reform and risk mitigation of small and medium-sized financial institutions, distressed assets of non-bank financial institutions, and defaulted bonds

2 The transformation of the real estate market presents new development opportunities, while business opportunities increase in sectors such as stock assets revitalization, project bailout, mergers and acquisitions of real estate enterprises, and the construction of the "three major projects", offering more diversified means and methods for risk mitigation

3 Since the deepening and upgrading of the reform of state-owned enterprises are further implemented, business including the revitalization of stock assets, and mergers and acquisitions of state-owned enterprises require financial asset management companies to provide differentiated and specialized financial services

4 With the acceleration of revitalizing stock social assets and the vibrancy of the bankruptcy restructuring market, asset management companies are presented with vast business opportunities

Key works in 2024

Prevent and defuse risks and serve the real economy

Leverage the advantages of financial asset management companies and participate in risk mitigation in key areas



Increase efforts in acquiring FI Distressed Assets and actively participate in the reform and risk mitigation efforts of small and medium-sized financial institutions



Deeply engage in risk mitigation of the real estate industry, support the advancement of the "three major projects", and prudently and reasonably develop the operational real estate business



Prudently participate in risk mitigation of local government debts, participate in intellectual support services such as plan formulation and consulting, or carry out light asset business such as entrusted asset disposal

Optimize business layout to enhance the quality and efficiency of serving the real economy



Focus on infrastructure sectors such as energy and chemicals, seize opportunities arising from strategic transformation of leading enterprises, and support reasonable financial demands



Strengthen financial services for technology enterprises and strategic industries throughout the entire value chain and lifecycle



Vigorously expand the business of revitalization of stock assets of central and local state-owned enterprises, and actively participate in merger and reorganization of state-owned enterprise

Promote high-quality transformation and development, and enhance competitiveness of main responsibilities and business



Continuously conduct customer marketing activities to further develop the ecosystem for distressed assets



Enhance Group coordination and solidly promote the high-quality development of subsidiaries



Consolidate and expand financing channels and arrange the timing of financing in a forward-looking manner to further enhance the stability of the financing system



Accelerate the iterative upgrades for the digital information system and push forward development of Digital Cinda

Appendix

Financial Information

Summary of consolidated statement of profit or loss

(in millions of RMB)

| | 2023 | 2022 | Change |
|--|-----------------|-----------------|---------------|
| Income from distressed debt assets at amortized cost | 6,084 | 10,071 | (39.6%) |
| Fair value changes on distressed debt assets | 7,618 | 11,284 | (32.5%) |
| Fair value changes on other financial instruments | 11,214 | 5,410 | 107.3% |
| Investment income | 289 | 217 | 33.4% |
| Interest income | 33,062 | 27,395 | 20.7% |
| Revenue from sales of inventories | 9,502 | 16,068 | (40.9%) |
| Other income and other net gains or losses | 8,398 | 10,543 | (20.3%) |
| Total income | 76,168 | 80,988 | (6.0%) |
| Impairment losses on assets | (9,750) | (13,258) | (26.5%) |
| Interest expenses | (44,081) | (40,081) | 10.0% |
| Purchases and changes in inventories | (7,717) | (12,859) | (40.0%) |
| Other costs and expenses | (12,850) | (13,268) | (3.2%) |
| Total costs and expenses | (79,397) | (79,467) | (6.4%) |
| Profit before tax | 8,186 | 10,458 | (21.7%) |
| Profit for the year | 6,994 | 7,231 | (3.3%) |
| Profit attributable to equity holders of the Company | 5,821 | 6,313 | (7.8%) |

Summary of consolidated statement of financial position

(in millions of RMB)

| | 2023.12.31 | 2022.12.31 | Change |
|---|------------------|------------------|---------------|
| Cash and balances with central banks | 15,238 | 16,677 | (8.6%) |
| Deposits with banks and financial institutions | 81,998 | 97,830 | (16.2%) |
| Financial assets at fair value through profit or loss | 518,310 | 503,496 | 2.9% |
| Financial assets at fair value through other comprehensive income | 170,876 | 130,488 | 31.0% |
| Financial assets at amortized cost | 119,750 | 169,994 | (29.6%) |
| Loans and advances to customers | 403,162 | 396,530 | 1.7% |
| Others | 285,025 | 300,974 | (5.3%) |
| Total assets | 1,594,357 | 1,615,989 | (1.3%) |
| Borrowings | 558,871 | 615,358 | (9.2%) |
| Bonds issued | 302,762 | 292,883 | 3.4% |
| Due to customers | 339,220 | 323,041 | 5.0% |
| Others | 176,349 | 176,713 | (0.2%) |
| Total liabilities | 1,377,201 | 1,407,994 | (2.2%) |
| Total equity | 217,156 | 207,995 | 4.4% |
| Equity attributable to equity holders of the Company | 192,829 | 188,206 | 2.5% |
| Key ratios | | | |
| ROA | 0.44% | 0.45% | (0.01%) |
| ROE | 2.70% | 3.38% | (0.68%) |
| Cost-income ratio | 22.96% | 19.22% | 3.74% |