

# 2Q 2017 Investor Presentation

Noah Holdings Limited (NYSE: NOAH)

*September 2017*

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## Who We Are

### Industry Overview

### Overview of Noah

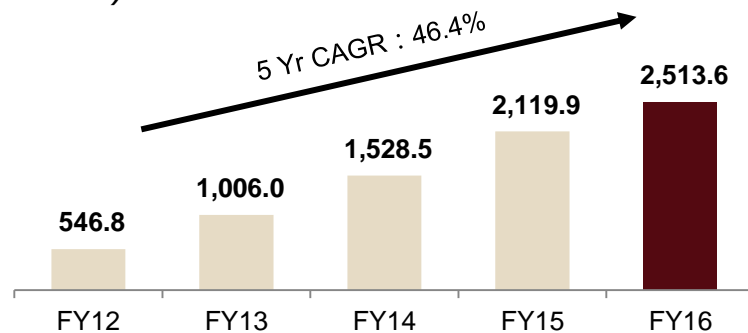
### Financial Performance

### Appendices

# WE HAVE BEEN GROWING AT A RAPID RATE

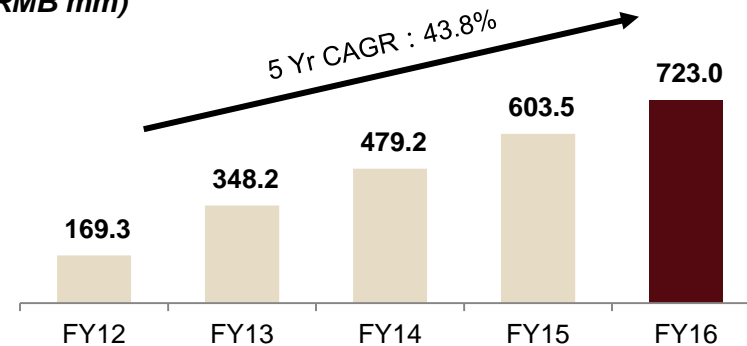
## Net Revenues

(RMB mm)



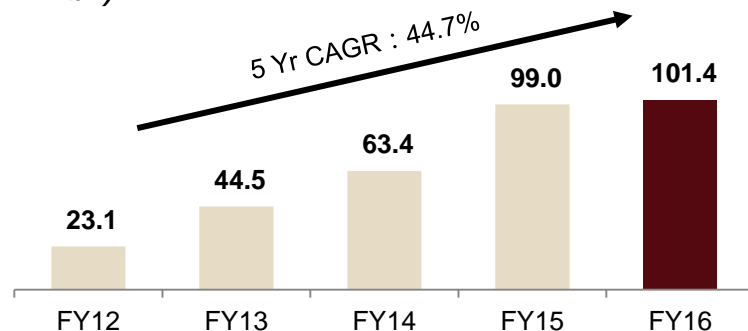
## Non-GAAP Net Income<sup>(1)</sup>

(RMB mm)



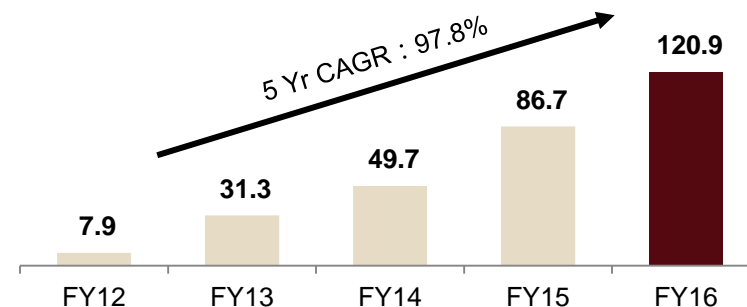
## Transaction Value

(RMB bn)



## Gopher AUM

(RMB bn)



Source: Company Filings

(1) Representing non-GAAP net income attributable to Noah Shareholders, based on non-GAAP financial measures that exclude the effects of all forms of share-based compensation

# WE ARE MORE THAN A WEALTH MANAGER

## Comprehensive Financial Platform



### Wealth Management

- 1H17 Transaction Value of USD9.7bn
- Transaction Value 5-Year CAGR 44.7%
- 164,728 Registered Clients



### Asset Management

- 1H17 Total AUM at USD20.5bn
- AUM 5-Year CAGR 97.8%
- 55% AUM in PE Investment



### Global Platform

- Noah Hong Kong
- Noah US
- Ark Trust (HK & Jersey)
- 1H17 Overseas AUM at USD2.7bn



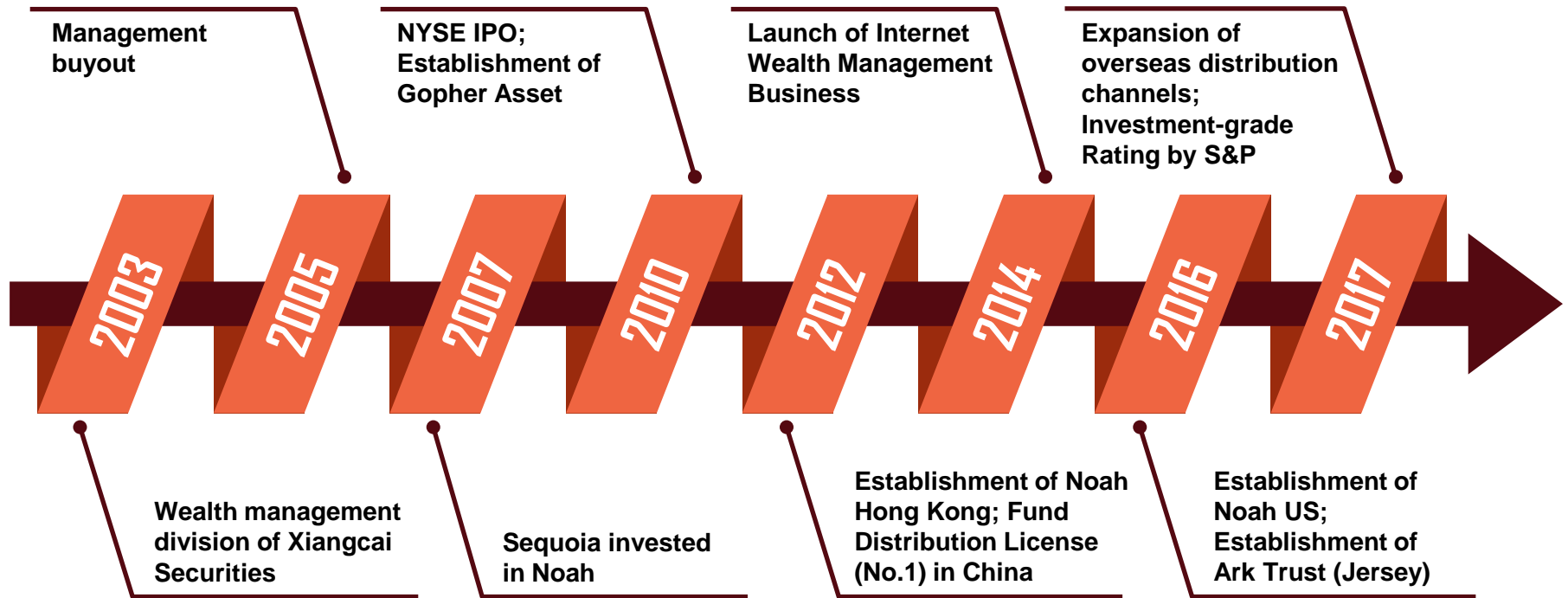
### Internet Financial Services

- 1H17 Transaction Value of USD1.9bn
- 2Q17 Average Transaction Value of USD40k
- 438,981 Caifupai\* Clients

## Open Architecture Product & Service Platform

\* Caifupai is Noah's brand for internet wealth management services

# OUR HISTORY AND KEY MILESTONES



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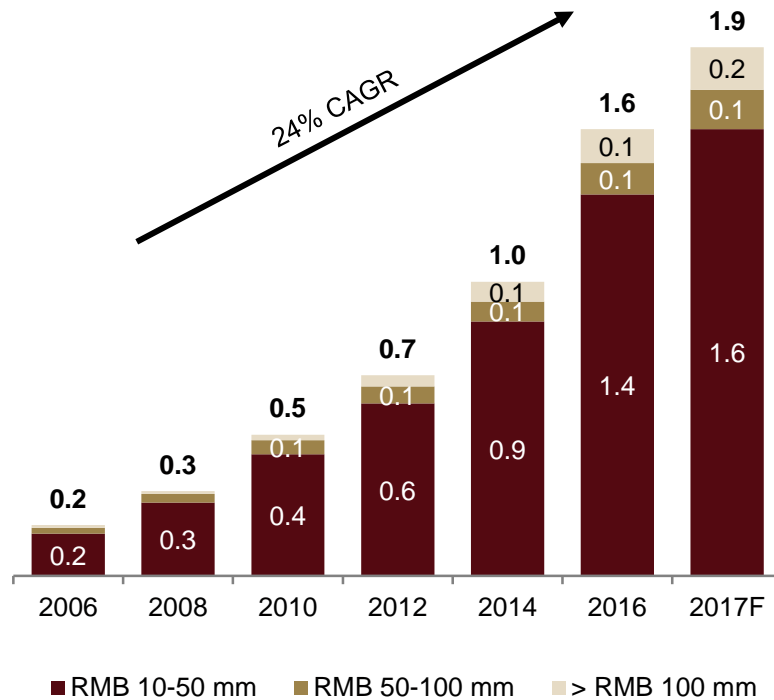
Financial Performance

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# STRONG WEALTH CREATION IN CHINA

## Number of HNWI<sup>(1)</sup> in China

HNWI (mm)

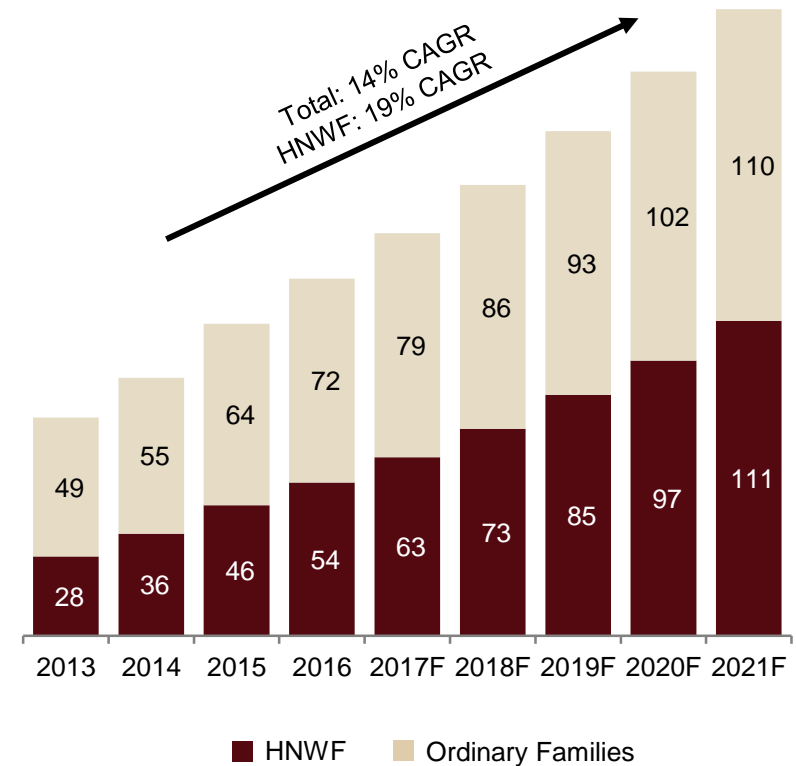


Source: Bain & Company & CMB report, 2017

(1) HNWI stands for High Net Worth Individuals, whose investable assets exceed RMB 10 million

## Total Household Assets in China from 2013 to 2021F

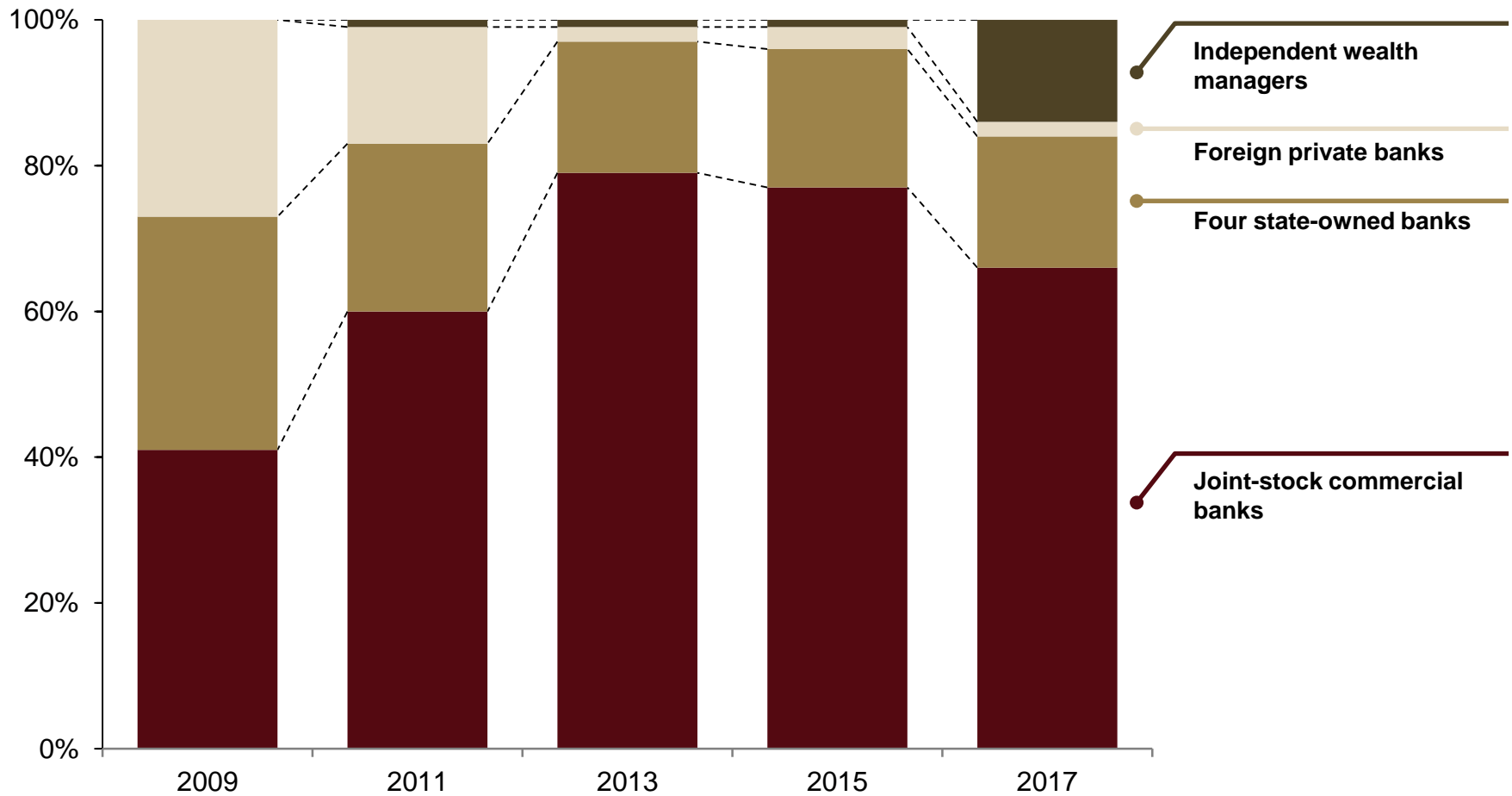
(RMB tn)



Source: Industrial Bank & BCG report, 2017



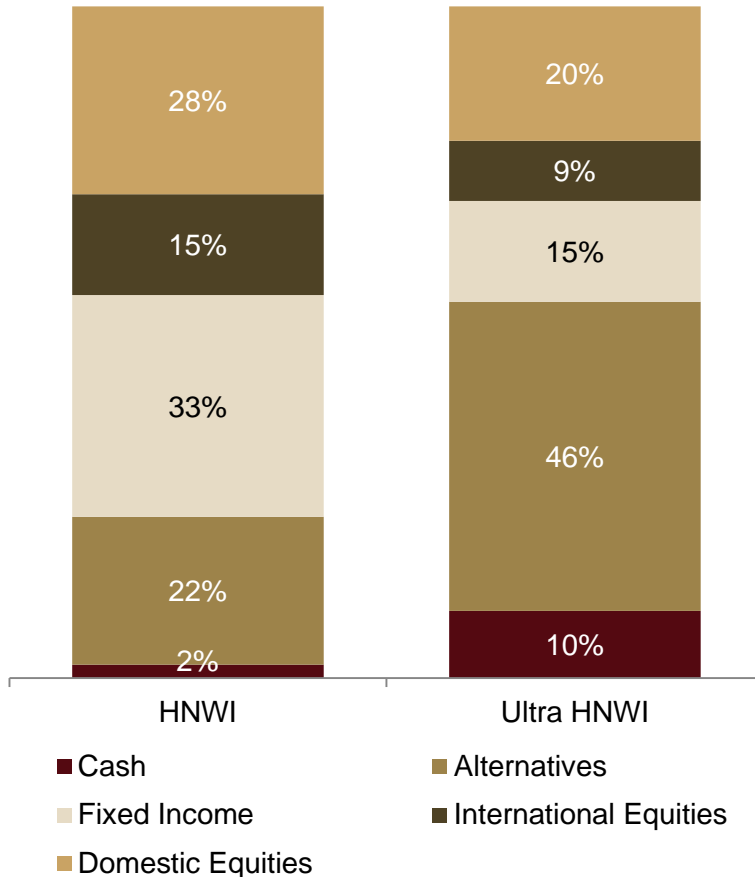
# INDEPENDENT WEALTH MANAGEMENT COMPANIES GAINING MORE MARKET SHARE



Source: Bain & Company & CMB report, 2017

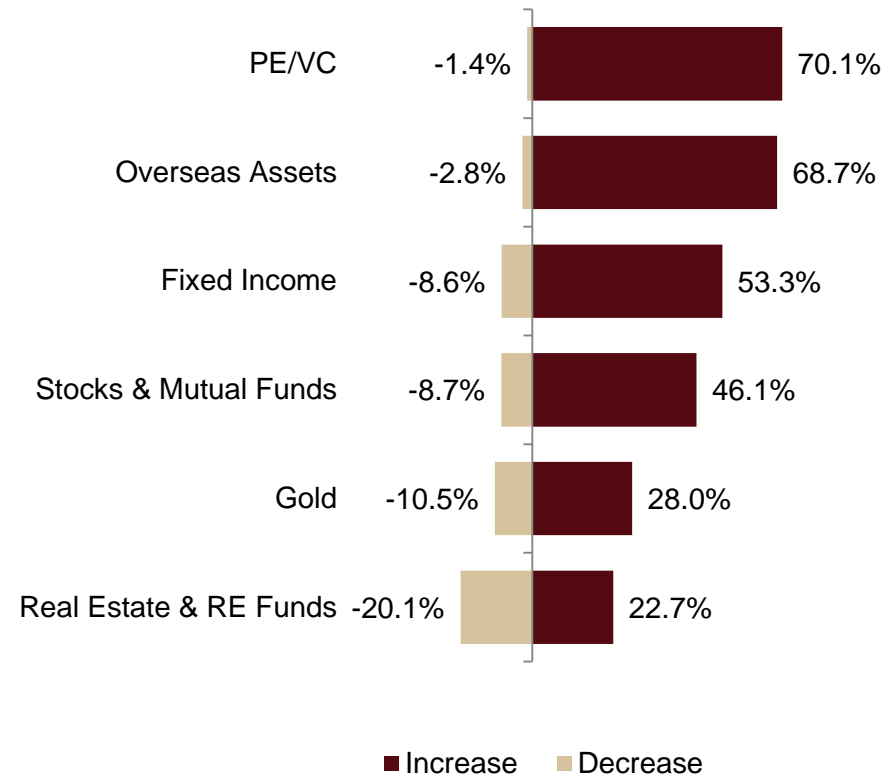
# HNWIs HAVE STRONG PREFERENCE FOR ALTERNATIVE INVESTMENTS

## Global HNW & Ultra HNW Asset Allocation



Data Source: The Ultra High Net Worth Investor White Paper by KKR (May 2017)

## Chinese HNWIs' Plans for Asset Allocation



Data Source: 2016 Noah Wealth Management White Book

## WM & AM INDUSTRY FACING UNIFIED SUPERVISION

“ The asset management industry in China should **return to the Beneficiary-Trustee principle** -- the investors should bear both investment risk and return, whereas the asset managers should only be remunerated for the management services provided. **The asset managers shall never guarantee either the principal or the yield** but reinforce the client suitability management and investor education. As part of their fiduciary duty, the asset management institutions should put in place a firewall between their asset management business and the proprietary business. **Products with expected yields should be gradually phased out and substituted by NAV-based products**, with their fair value reflecting the inherent risks of the underlying assets.

”

— *China Financial Stability Report*  
PBOC, July 4, 2017

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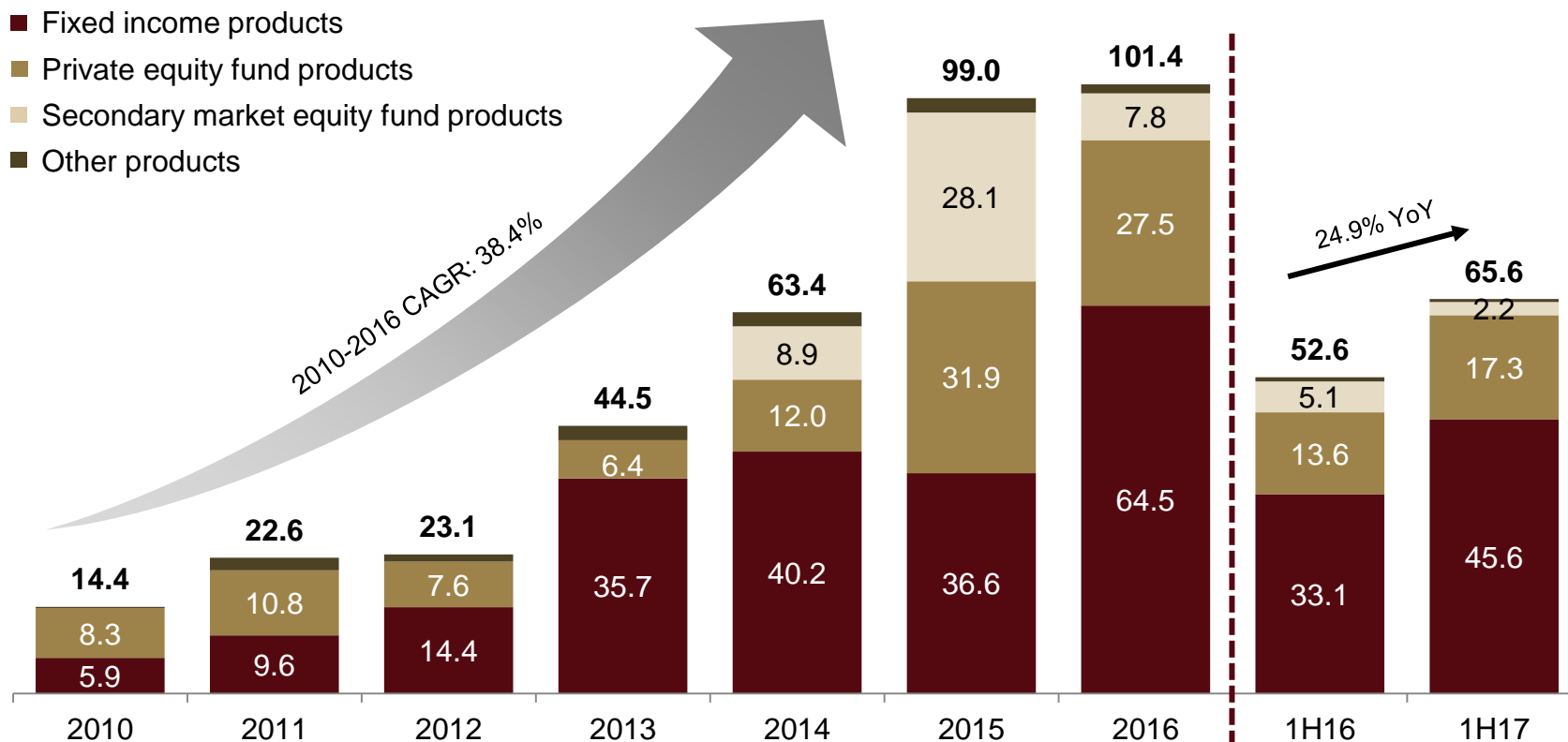
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# OVERVIEW OF WEALTH MANAGEMENT BUSINESS

## Transaction Value of Wealth Management Products

(RMB bn)

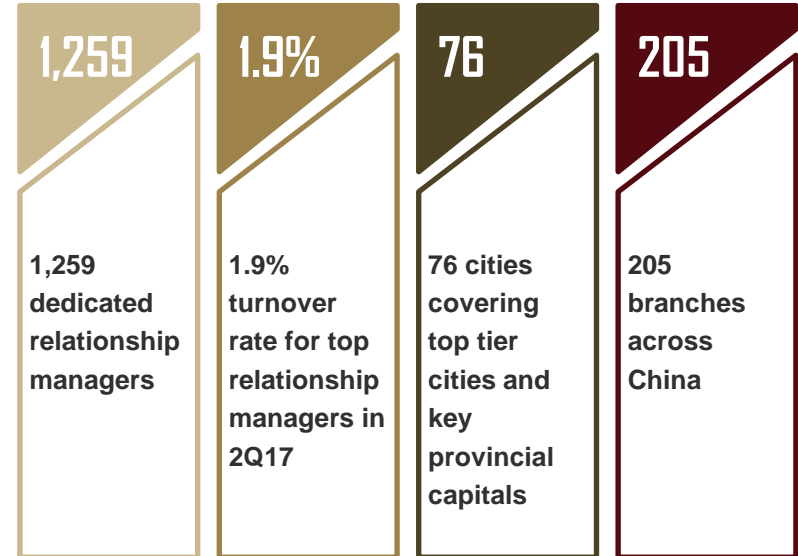
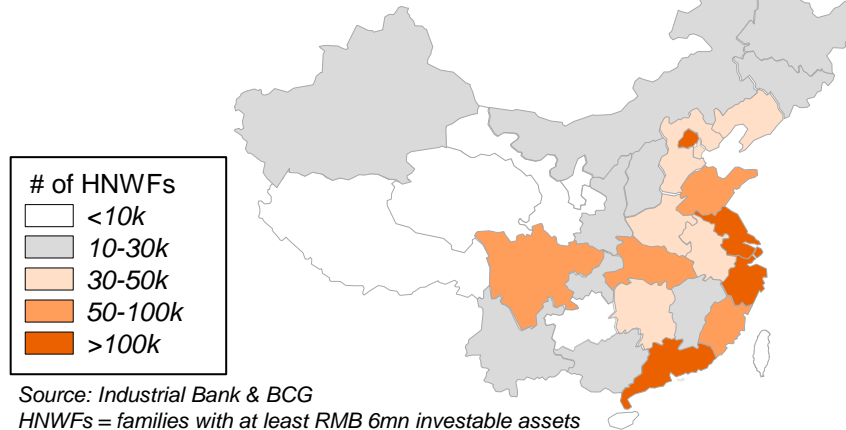


\* Secondary market equity products were included in "other products" before 2013

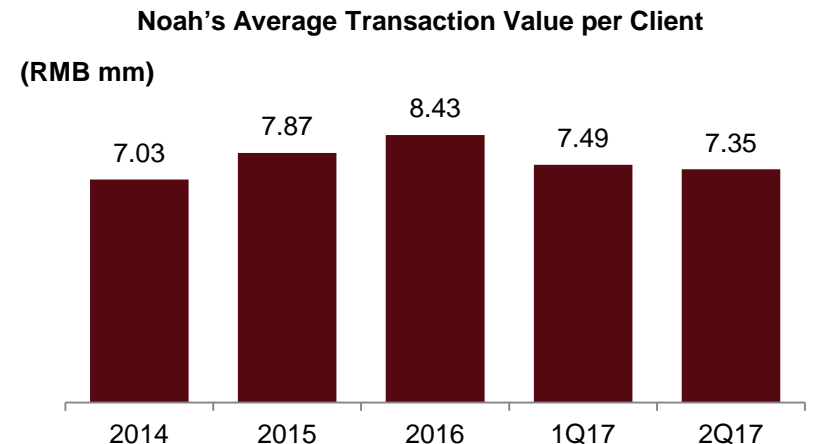
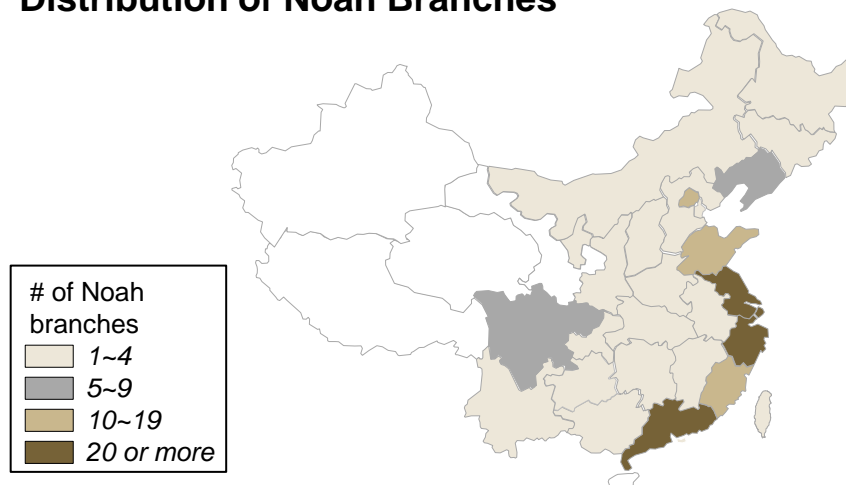
\*\* Mutual fund products were not included in "other products" since 2016

# NATIONWIDE NETWORK COVERAGE & STABLE SALES TEAM

## Distribution of Chinese High-Net-Worth Families



## Distribution of Noah Branches



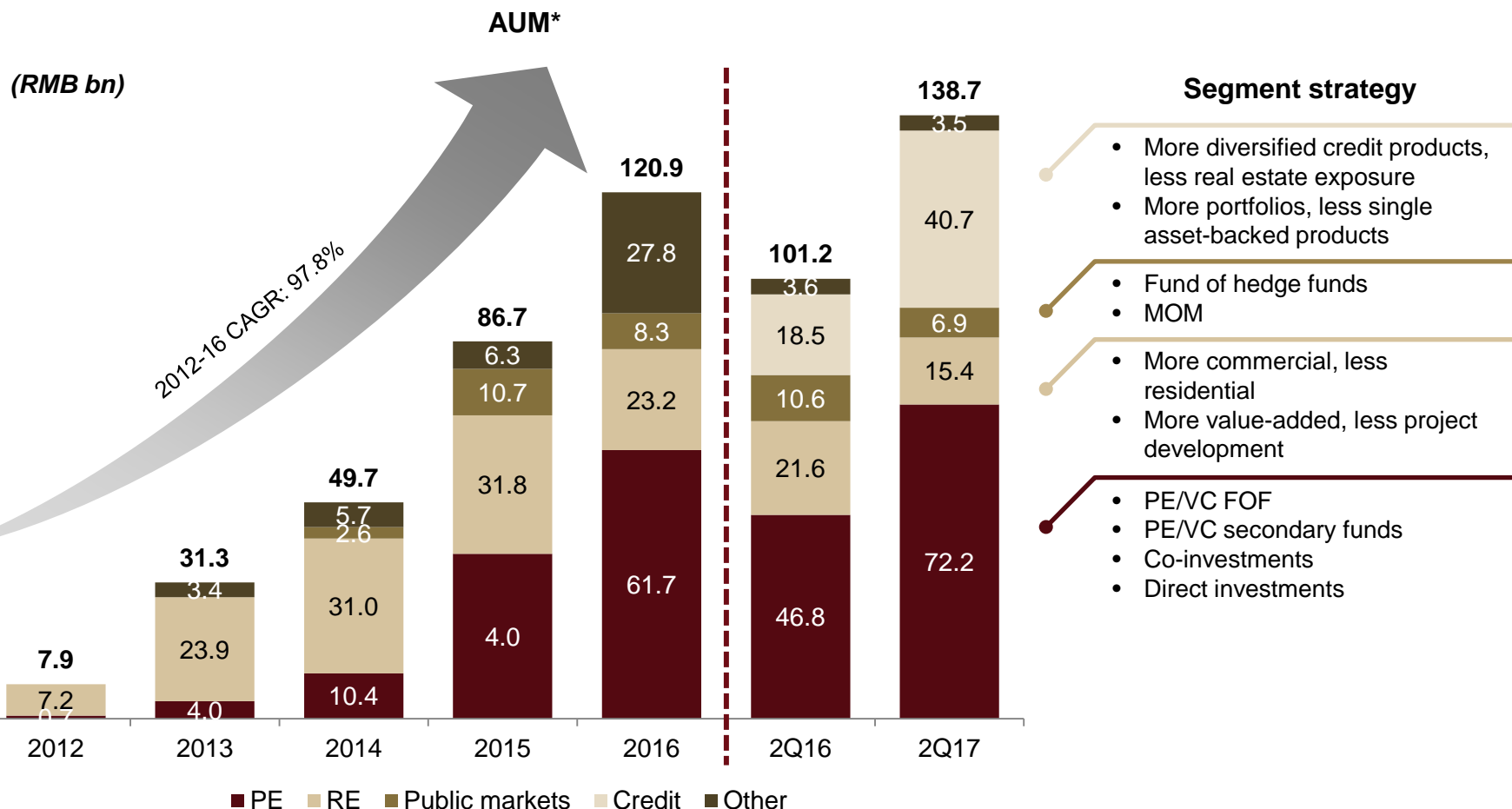
# WEALTH MANAGEMENT FROM PRODUCT DRIVEN TO COMPREHENSIVE SERVICES DRIVEN



# OVERVIEW OF ASSET MANAGEMENT BUSINESS

## 歌斐資產 GOPHER

ASSET MANAGEMENT



\* Assets under management figures shown is on historical cost basis, not NAV, except for public market products

\*\* Credit investments were included in "other" investments before 2Q17, and AUM balance is restated for comparison purpose

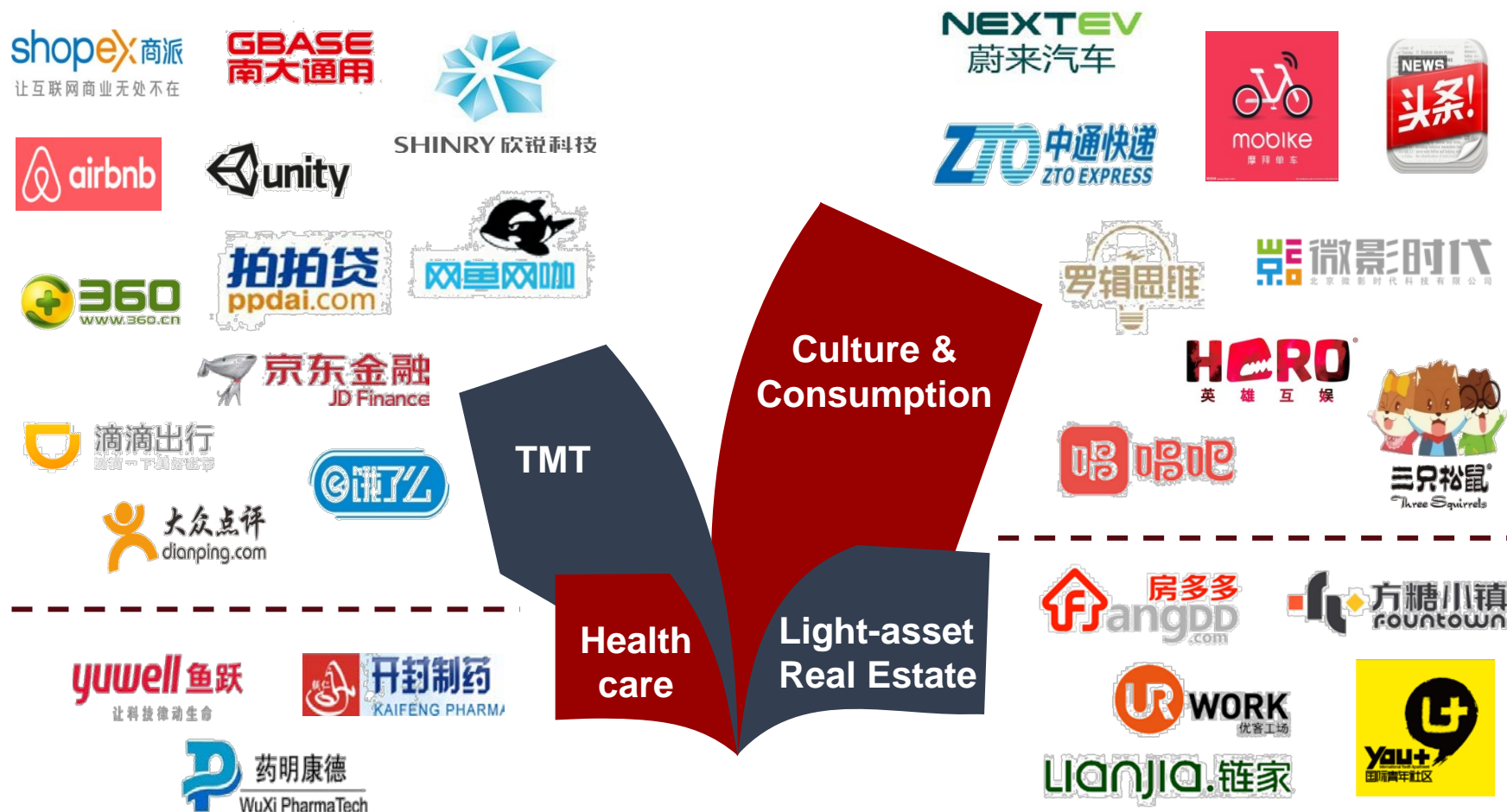


# WE PARTNER WITH LEADING GPs



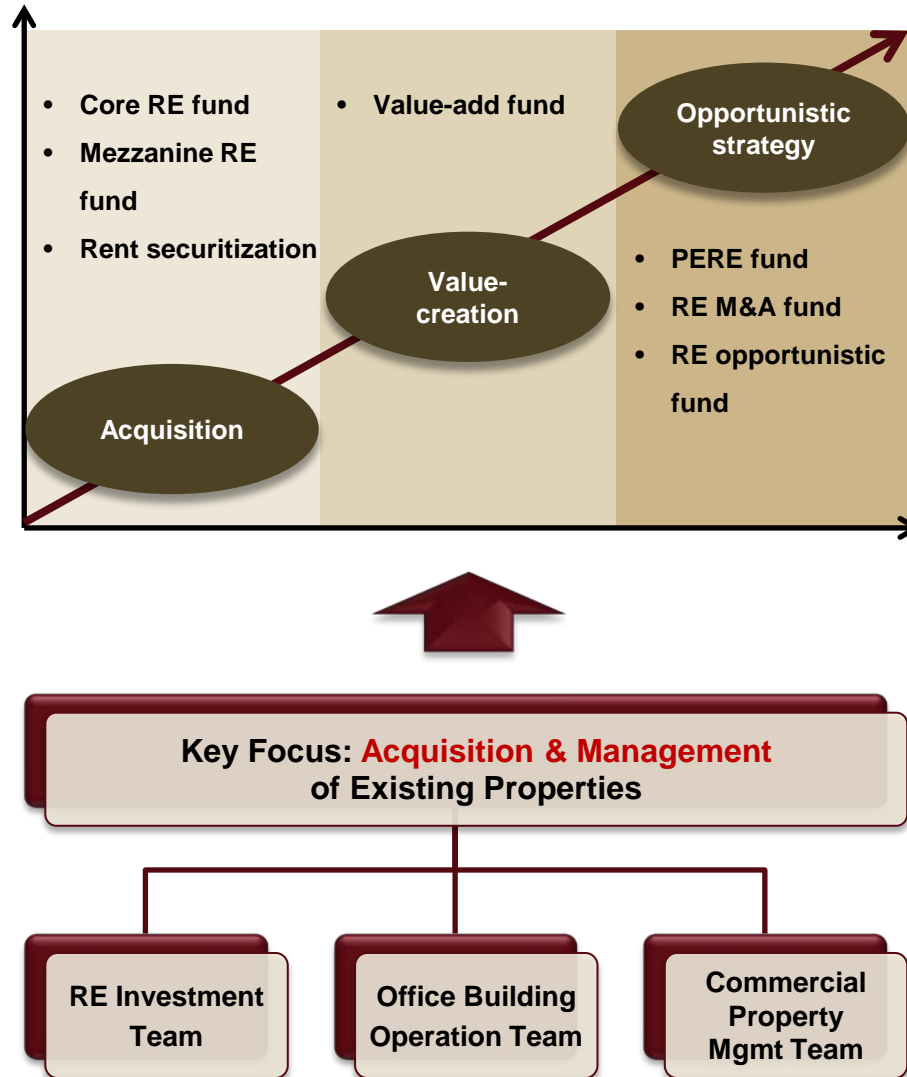
\* Asterisk and bolding indicate the partners Noah and (or) Gopher have cooperated with

# OUR PE/VC PRODUCTS FOCUS ON NEW ECONOMY SECTORS



\* Companies shown here are invested by GPs for which Noah helps with fund raisings or indirectly invested by Gopher FoFs

# NEW REAL ESTATE INVESTMENT STRATEGIES



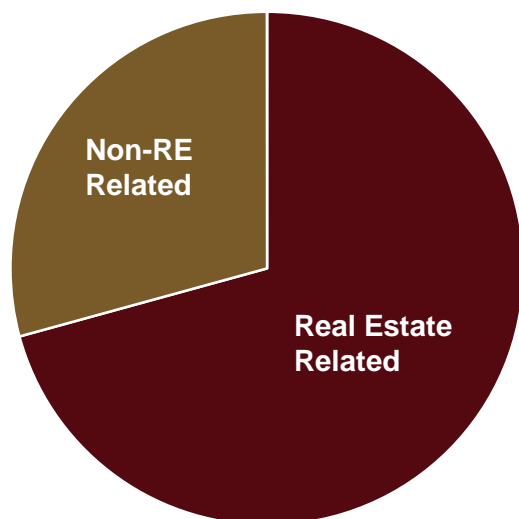
**Gopher Center** is the office building acquired and operated by Gopher Asset

- Property Acquisition: **December 2014**
- Construction Completion : **June 2016**
- Covered Area: **32 stories, 75,000 square meters**
- Cost Base: **RMB 42k/square meters**
- Comparable Sales Price: **RMB 75-80k/square meters**
- Current Rent: **RMB 7-9/sqm/day**
- Current Rental Occupancy Rate: **80%+**



# DIVERSIFICATION OF FIXED INCOME PRODUCTS

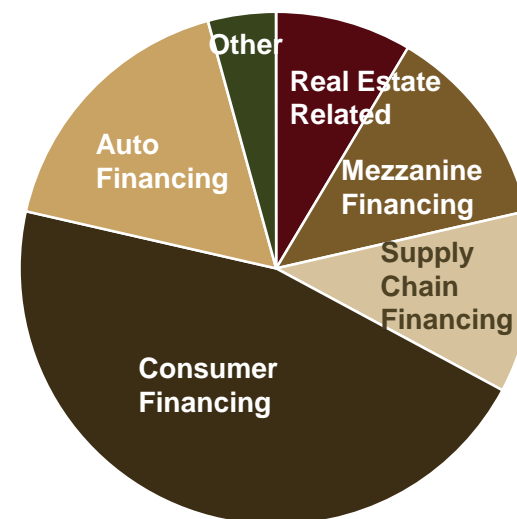
**FY2015 Fixed Income  
Product Mix**



**FY2016 Fixed Income  
Product Mix**



**1H2017 Fixed Income  
Product Mix**



**Supply Chain  
Financing**



**Auto  
Financing**



**Consumer  
Financing**

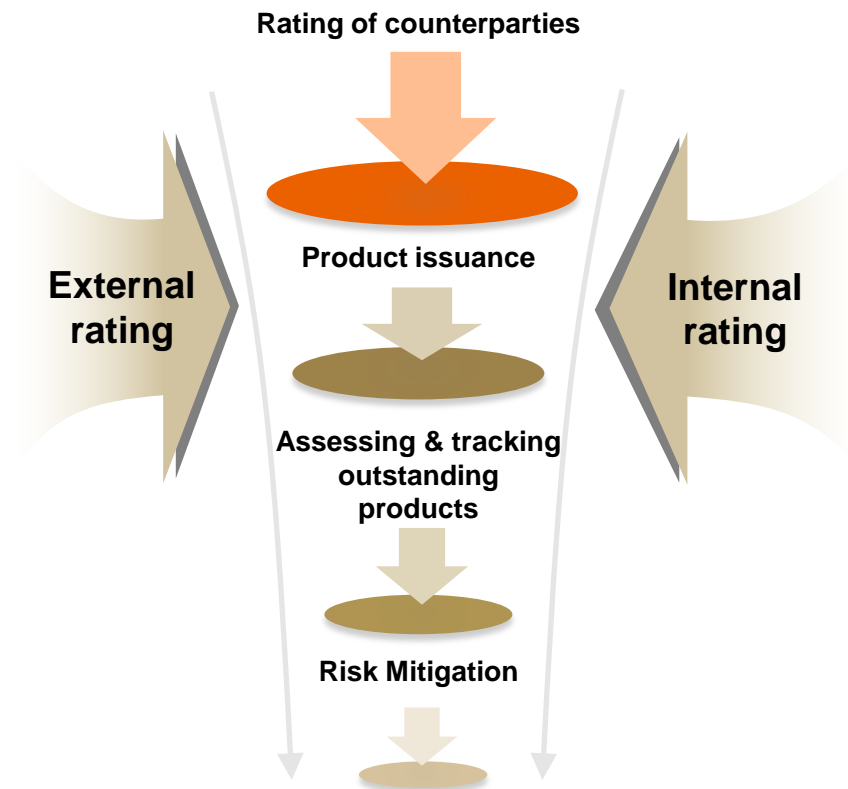


**Mezzanine  
Financing**

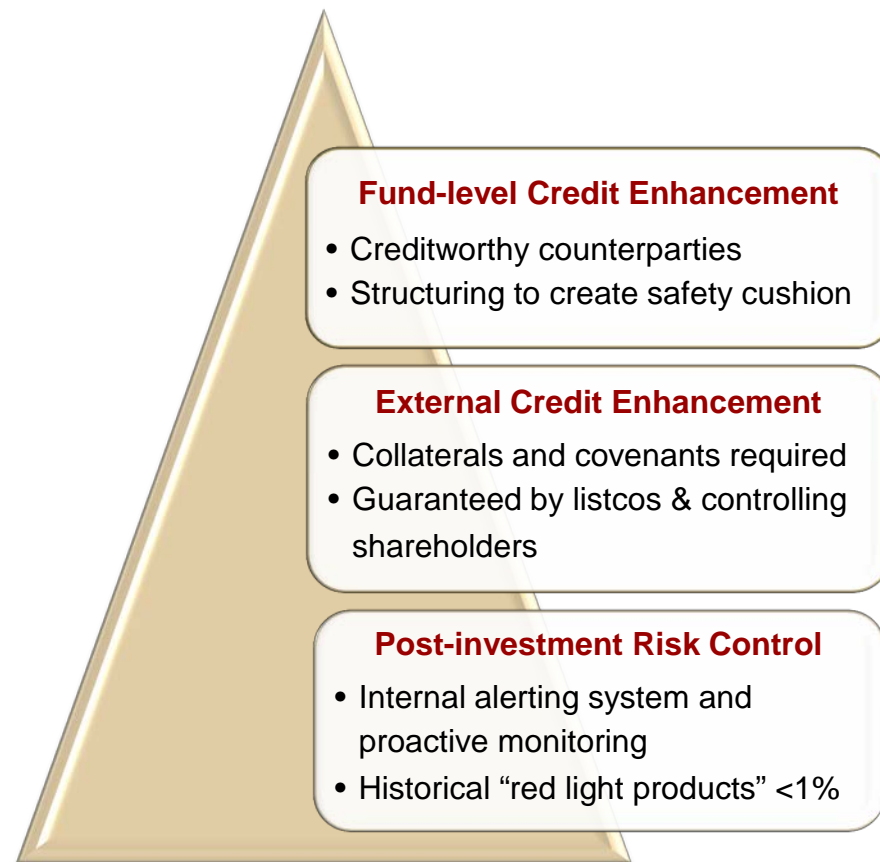


# STRINGENT RISK MANAGEMENT PROCESS

## Risk Assessment Process at Noah



## Structuring and Execution Methods



**Whole process risk management system**

# SECONDARY MARKET PRODUCT HIGHLIGHTS

## Hedge Funds Distributed by Noah (May 2015 – May 2017)

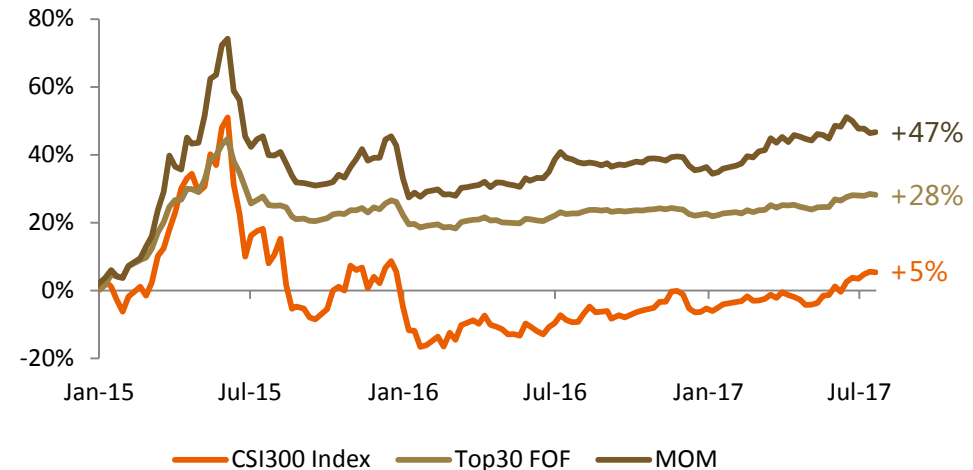
- **94%** outperformed benchmark (CSI Free Float Index -34.7%)
- **81%** outperformed Chinese hedge funds median (-18.8%)
- **41%** outperformed Chinese hedge funds top quartile (-0.7%)
- Top 5 products average yield: **+34.7%**

## Mutual Funds Distributed by Caifupai (June 2016 – June 2017)

- **100%** outperformed respective benchmarks & median of peers
- **80%** outperformed top quartile of peers
- Top 5 products average yield: **+19.7%**

\* Source: [www.simuwang.com](http://www.simuwang.com), WIND, Noah CBS

## Gopher Long/Short FOF & MOM NAV vs CSI 300



\* All the performance results are dated between Jan. 1 2015 and July 28 2017



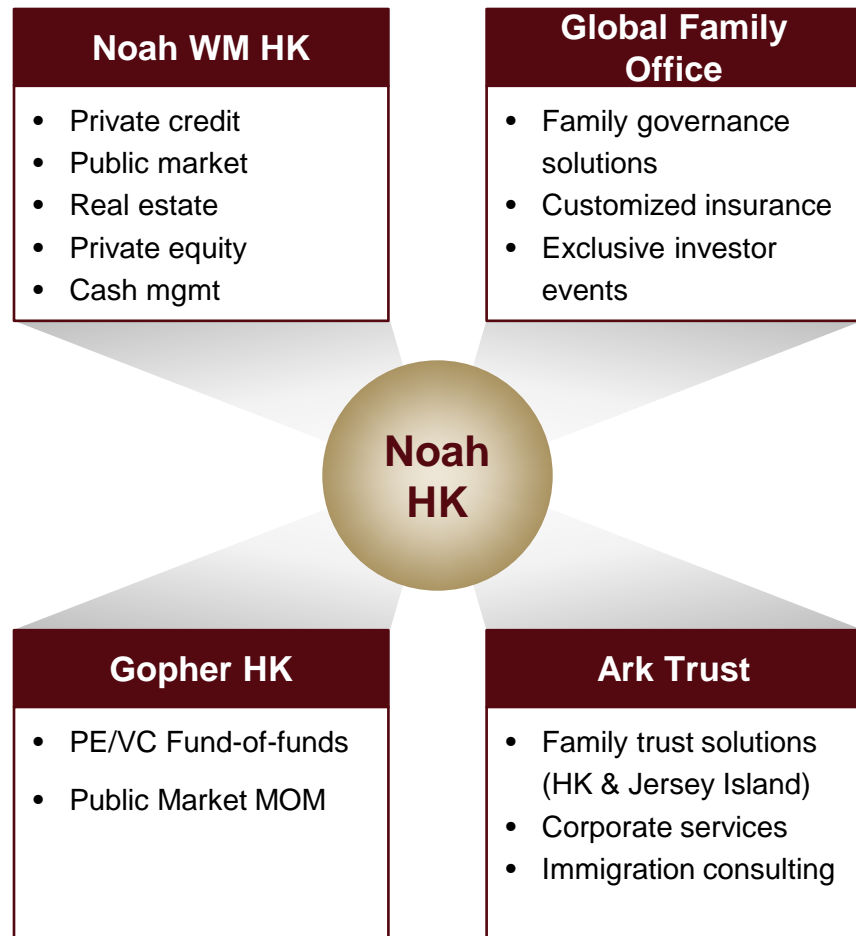
## Gopher Offshore Select Hedge Fund of Funds

- Past **12** months compound annual return: **19.46%** (June 2016 – May 2017)
- Past **36** months compound annual return: **16.60%** (June 2014 – May 2017)
- **Top Performing Hedge Funds – Emerging Markets Fund of Fund** (ranked by Barclay Hedge)

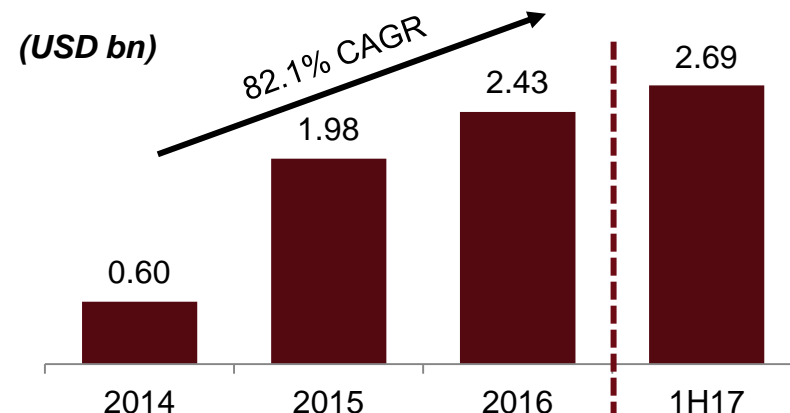


# NOAH / GOPHER GLOBALIZATION 2.0

## About Noah Hong Kong



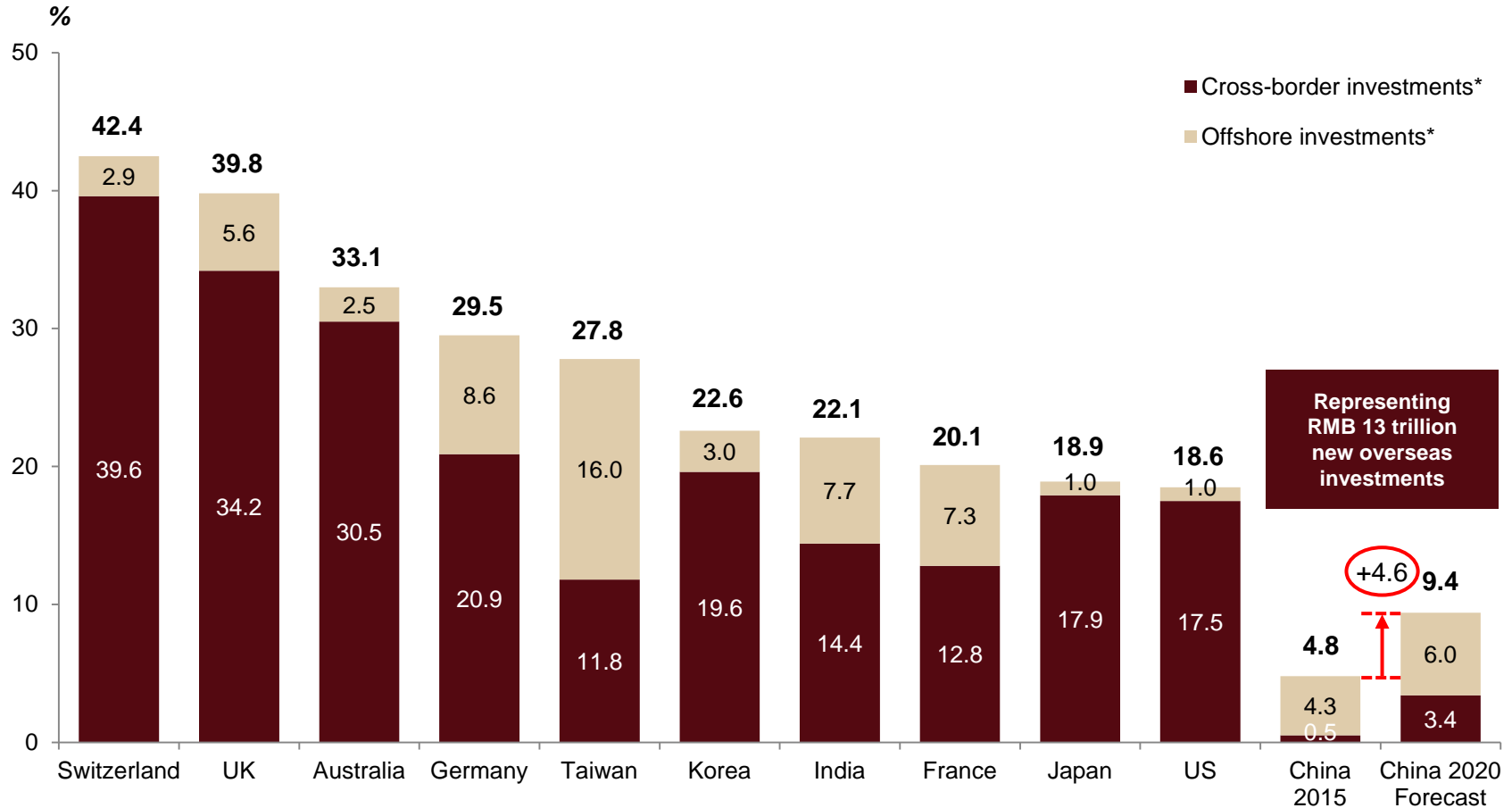
## Overseas AUM



## Noah's Global Platforms Recent Updates



# CHINESE HNWI<sup>s</sup> EXPECTED TO MAKE MORE OUTBOUND INVESTMENTS



\* Cross-border investments refer to investments conducted via pilot capital account programs such as QDII, QDLP, SH-HK Connect programs; direct overseas investments are classified as offshore investments

Source: Industrial Bank & BCG report, 2016



# OVERVIEW OF INTERNET FINANCIAL SERVICE (IFS) BUSINESS



## Online WM platform

Offers mutual fund products and related services targeting mass affluent individuals in China



## Transaction data processing and related services

Facilitates transaction data processing by transferring customer data to licensed third-party payment companies



## Small short-term loans

Provides small short-term loan services as the loan originator to create synergies with other services

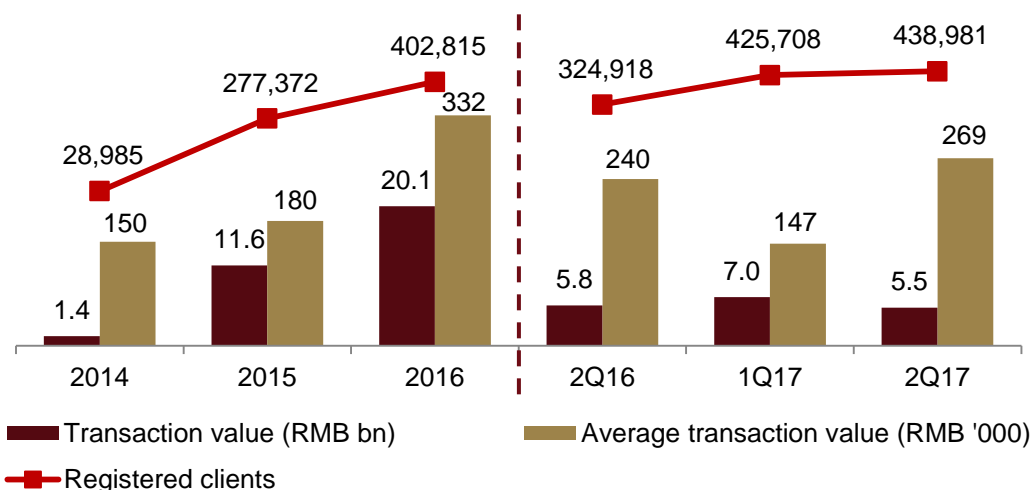


## Online IFA services

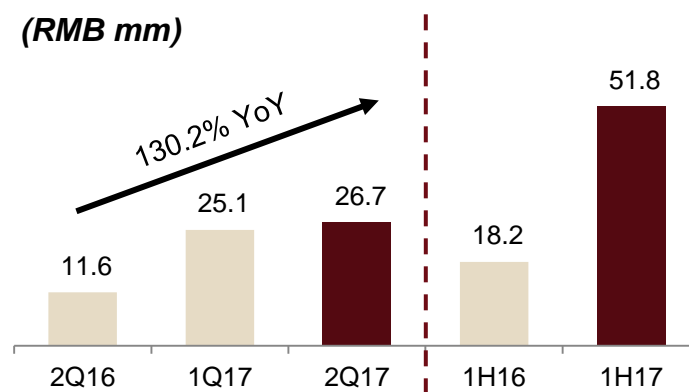
Provide registered independent financial advisors with online tools to attract and maintain client relationships



## Caifupai Operational Metrics



## IFS Segment Revenues



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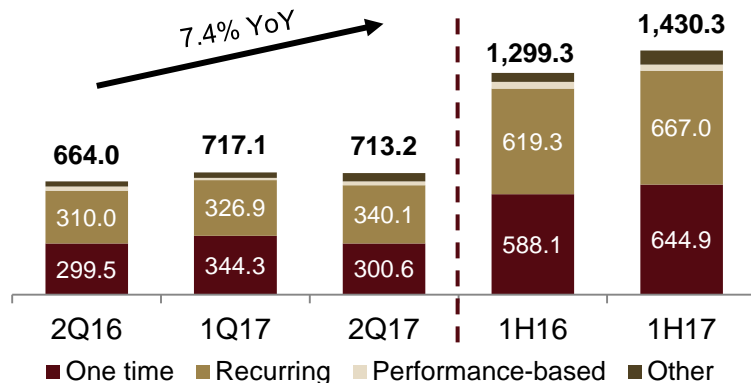
**Financial Performance**

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# SOLID 1Q17 PERFORMANCE

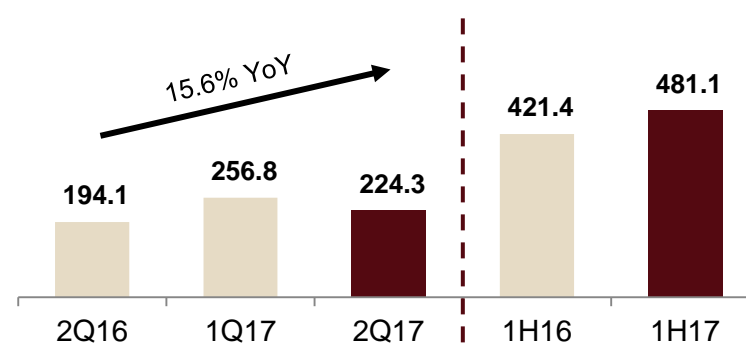
## Revenues

(RMB mm)



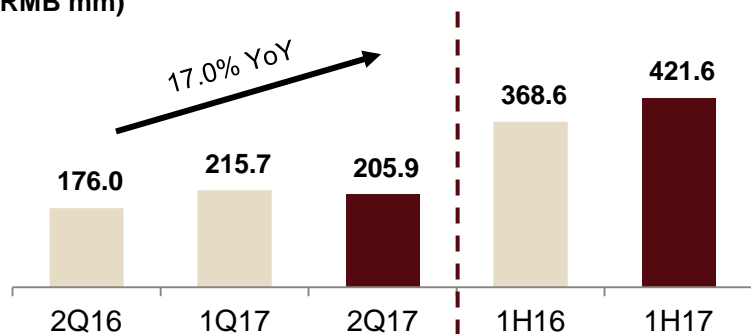
## Income from Operations<sup>(1)</sup>

(RMB mm)



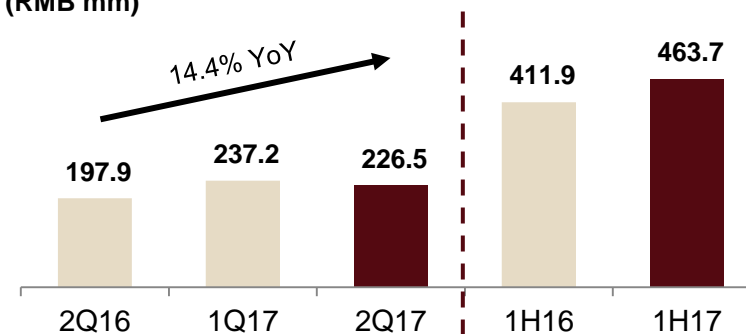
## Net Income

(RMB mm)



## Non-GAAP Net Income

(RMB mm)



Source: Company Filings

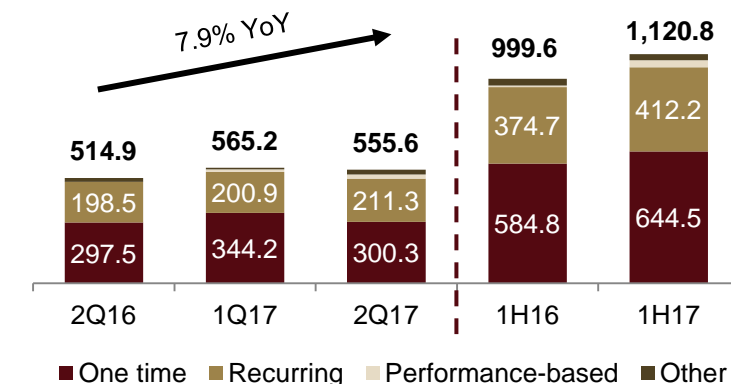
(1) Company received RMB 68.9mm, RMB 14.1mm, RMB 33.9mm in government subsidies in 2Q16, 1Q17 and 2Q17 respectively

# 1Q17 FINANCIAL BREAKDOWN BY SEGMENT

## Wealth Management

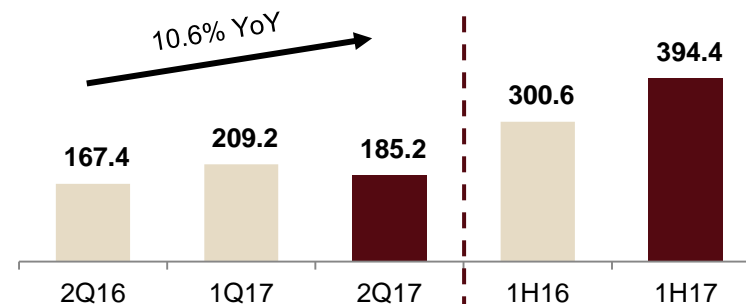
### Revenues

(RMB mm)



### Income from Operations

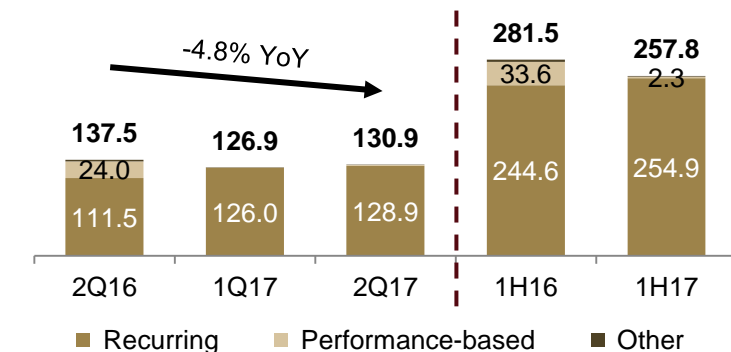
(RMB mm)



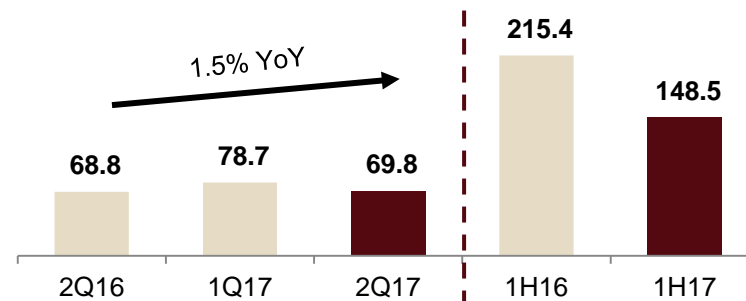
(1) Wealth management business received RMB 34.2mm, RMB 15.4mm and RMB 9.7mm government subsidies in 2Q16, 1Q17 and 2Q17 respectively

## Asset Management

(RMB mm)



(RMB mm)



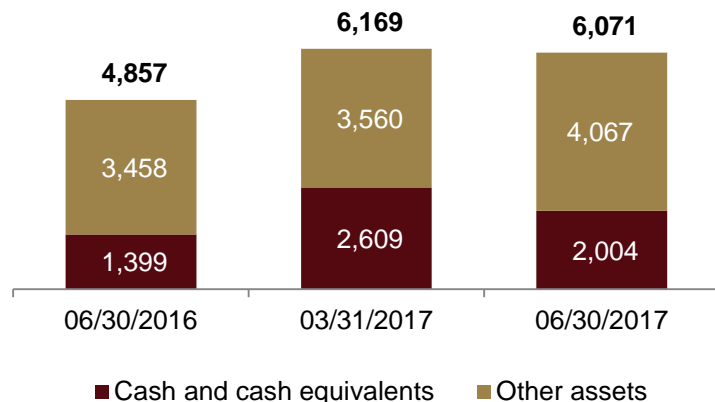
(1) For asset management, one-time commissions are included in other revenues

(2) Asset management business received RMB 2.0mm, RMB 18.5mm and RMB 0.0mm government subsidies in 2Q16, 1Q17 and 2Q17 respectively

# A CASH-GENERATIVE ASSET-LIGHT BUSINESS

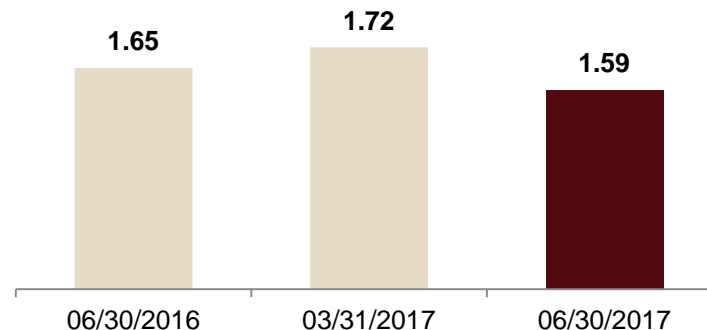
## Total Assets vs Total Cash

(RMB mm)



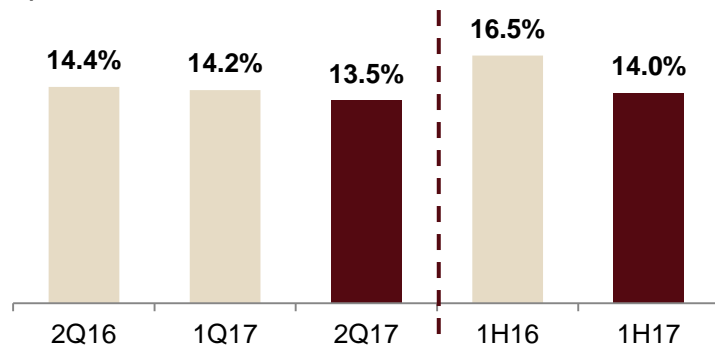
## Total Assets / Total Equity

(Ratio)



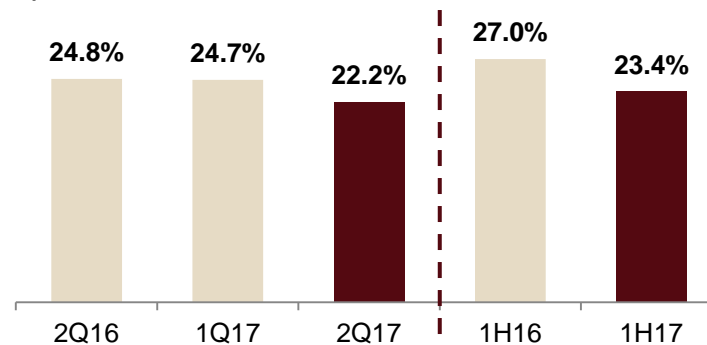
## Return on Asset (Annualized)

(Ratio)



## Return on Equity (Annualized)

(Ratio)



Source: Company data

# NOAH'S LONG TERM GROWTH DRIVERS



**FY2017 Guidance:**

**RMB 825mn to RMB 860mn**

Non-GAAP net income  
attributable to Noah shareholders  
Implied 14.1%-18.9% YoY growth

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## Appendix 1: Major Shareholders

### Major Share Ownership As of June 30, 2017

Shareholder	Ownership %	Title
Jingbo Wang*	24.6%	Chairman, CEO, Co-Founder
Sequoia China	10.6%	
Frances Chia-Yue Chang	7.6%	Chief Marketing Officer
Zhe Yin**	5.9%	Co-Founder, CEO of Gopher AM
Boquan He	5.8%	
Ward Ferry Management	5.3%	
Greenwoods Asset Management	4.6%	
Yiheng Capital	2.9%	
Tiger Pacific Capital	2.5%	
Davis Selected Advisors	2.5%	
Fidelity Worldwide	2.4%	
Wellington Management	2.3%	
<b>Total</b>	<b>77.0%</b>	






\* Under the Dual-Class Share Structure, Class B shareholder Ms. Jinbo Wang has 51% of total voting rights

\*\* Under the Dual-Class Share Structure, Class B shareholder Mr. Zhe Yin has 12% of total voting rights

Source: Company data, Nasdaq



## Appendix 2: Noah's Licenses and Certifications

 <b>Mainland China</b>	 <b>Hong Kong</b>
<ul style="list-style-type: none"> <li>• Fund Distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Dealing in Securities (#1)</li> </ul>
<ul style="list-style-type: none"> <li>• Qualified Private Fund Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Advising in Securities (#4)</li> </ul>
<ul style="list-style-type: none"> <li>• Insurance Brokerage</li> </ul>	<ul style="list-style-type: none"> <li>• Asset Management (#9)</li> </ul>
<ul style="list-style-type: none"> <li>• Micro Lending</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance Brokerage</li> </ul>
<ul style="list-style-type: none"> <li>• Financial Leasing</li> </ul>	 <b>U.S.A</b>
<ul style="list-style-type: none"> <li>• Factoring Business (Supply Chain Financing)</li> </ul>	<ul style="list-style-type: none"> <li>• Registered Investment Advisor (RIA)</li> </ul>
<ul style="list-style-type: none"> <li>• 3rd Party Payment Business</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance Brokerage</li> </ul>
 <b>Hong Kong</b>	 <b>Jersey Island</b>
<ul style="list-style-type: none"> <li>• Family Trust</li> </ul>	

## Appendix 3-1: Management Profiles



**Jingbo Wang**

Co-founder,  
Chairman, Group CEO

- Over 20 years of experience in asset management and wealth management services
- Head of the private banking department at Xiangcai Securities
- Deputy head of ABN AMRO Xiangcai Fund Management Co., Ltd
- Head of the asset management department at Xiangcai Securities



**Zhe Yin**

Co-founder, and  
CEO of Gopher AM

- Over 15 years of experience in asset management and wealth management services
- Deputy general manager of the wealth management department at Xiangcai Securities
- Wealth and product manager at Bank of Communications of China
- Executive MBA degree from China Europe International Business School



**Kenny Lam**

Group President

- Global Partner, McKinsey & Company
- Co-leader, McKinsey Asia Financial Services Practice and Head of McKinsey Asia Private Banking and Wealth Management Practice
- Over 17 years of experience in strategic and operational transformations for global and regional leading financial institutions
- M.A. (Honors) in Law from Oxford University and B.S. in Finance Magna Cum Laude from the Wharton School of the University of Pennsylvania

## Appendix 3-2: Management Profiles



**Shang Chuang**

Chief Financial Officer

- CEO and Executive Director, Noah Hong Kong
- Vice President, IBD & Asia Private Equity, Bank of America Merrill Lynch
- Over 13 years of experience in financial services
- B.S. in Finance Magna Cum Laude from the Stern School of Business, New York University



**Frances Chang**

Chief Marketing Officer

- CEO for China, ABN AMRO Asset Management Asia
- CEO for Greater China and South East Asia, Robeco
- 25+ years of experience in asset management
- MA in Library Science from UCLA



**Harry Tsai**

Chief Operating Officer

- COO for North Asia, ABN AMRO
- COO and Executive Vice President, Yuanta Securities of Taiwan
- 25+ years of experience in securities, asset management and lending
- M.S. in Chemical Engineering from University of Southern California
- MBA in Finance from University of Illinois, Urbana-Champaign



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